



CPI CARD GROUP INC. CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of CPI Card Group Inc. (the “Company”) has adopted the following Corporate Governance Guidelines (these “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders in a manner that is consistent with its fiduciary duties and the Company’s mission and core values. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Amended and Restated Certificate of Incorporation (the “Certificate”), the Amended and Restated By-laws (the “By-laws”) and other corporate governance documents then in effect, as they may be amended from time to time. The Board intends that these Guidelines serve as a flexible framework within which the Board may conduct its business and are not intended as a set of binding legal obligations. These Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate and in the best interest of the Company and its stockholders or as otherwise required by applicable law and regulations.

I. The Board

Size

The number of directors that constitutes the Board will be fixed from time to time by a resolution adopted by the Board in conformity with the Company’s Certificate and By-laws. The Nominating and Corporate Governance Committee (the “NCGC”) periodically reviews the size of the Board and recommends the number of directors that most effectively support the Company.

Composition

There will at all times be a majority of independent directors on the Board. An “independent director” is a person who meets the definition of independent director under the listing requirements, standards or rules of any applicable securities exchange and/or inter-dealer quotation system on which the Company’s securities are listed and/or traded, and in the event the Company does not qualify as an SEC foreign issuer, in accordance with section 1.4 of Canadian National Instrument 52-110, does not have any other relationship with the Company that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out director responsibilities.

The independent directors of the Board will determine its leadership structure from time to time in a manner that it determines to be in the best interests of the Company and its stockholders. When the chairperson of the Board is not an independent director, the independent directors of the Board shall appoint an independent director to act as “lead director” who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The chairperson, if independent, or the lead director if the chairperson is not independent, shall serve as a liaison between the chairperson of the Board (if not independent) and the independent directors; lead executive sessions of the Board; have authority to call meetings of the independent directors; lead the Board in discussions concerning the Chief Executive Officer’s performance and Chief Executive Officer succession; approve meeting agendas and meeting schedules for the Board; approve information sent to the Board; and perform such other duties and responsibilities as requested by the Board.

Executive Sessions

The Company's independent directors will meet in executive sessions without management directors or management present on a periodic basis but no less than two (2) times a year, or as otherwise necessary.

Director Qualifications

The NCGC works with the Board to determine periodically, as appropriate, the desired Board qualifications, expertise and characteristics, including such factors as business experience and diversity of experience; and with respect to diversity, the NCGC may consider such factors as differences in professional background, education, skill, and other individual qualities and attributes that contribute to the total mix of viewpoints and experience represented on the Board.

The NCGC and the Board evaluate each individual in the context of the membership of the Board as a group, with the objective of having a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of background and experience in the various areas. Each director should be an individual of high character and integrity. In determining whether to recommend a director for re-election, the NCGC also considers the director's past attendance at meetings, participation in and contributions to the activities of the Board and the Company and other qualifications and characteristics that may be set forth in the NCGC Charter.

Limitation on Other Board Service

Directors should advise the NCGC of any invitations to join the board of directors of any other public company prior to accepting such directorship. The Board does not believe that its members should be prohibited from serving on the board of other organizations and has not adopted any guidelines limiting such activities. However, the NCGC may take into account the nature of and time involved in a director's service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Board.

Service on other boards and/or committees should be consistent with the Company's conflict of interest policies set forth below.

Selection of New Directors

Each year, at the annual meeting of stockholders, the Board will recommend directors for election by the stockholders. In accordance with the By-laws, the Board will also be responsible for filling vacancies or newly-created directorships on the Board that may occur between annual meetings of stockholders. The NCGC is responsible for identifying and screening candidates for Board membership, and recommending candidates to the entire Board for Board membership.

Directors Who Become Aware of Circumstances that May Adversely Reflect Upon the Director or the Company and Directors Who Experience a Material Change in their Circumstances

When a director, including any director who is currently an officer or employee of the Company, becomes aware of circumstances that may adversely reflect upon the director, any other director, or the Company, the director shall notify the NCGC of such circumstances. The NCGC will consider the circumstances, and may, in certain cases, request the director to cease the conflicting activity, or in more severe cases, require that the director submit his or her resignation from the Board. In addition, when a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer or otherwise has a material change in his or her circumstances from the time the director was elected to serve on the Board, the director shall notify the NCGC of such circumstances and offer to tender his or her resignation to the NCGC. The NCGC will consider the circumstances and will determine whether to request such director's resignation. Management directors must tender their resignation from the Board upon their resignation, removal or retirement as an officer of the Company. The NCGC will consider the circumstances and will determine whether to accept any such management director's resignation.

Term Limits

Term limits may result in the loss of long-serving directors who over time have developed unique and valuable insights into the Company's business and therefore can provide a significant contribution to the Board. Because each director is periodically subject to nomination by the Board and election by the Company's stockholders, the Board does not believe it is in the best interests of the Company to establish term limits.

Mandatory Retirement Age

Directors must retire, and will not stand for re-election, at the first annual meeting of stockholders following his or her 74th birthday; provided, however, that the Board may grant an exception to a director's mandatory retirement if, on recommendation of the NCGC, the Board determines that it would be of substantial benefit to the Company for the director to continue to serve after the mandatory retirement date.

Director Compensation

All forms of director compensation (including stock option grants and other equity-based compensation) will be approved by the Board upon recommendation of the Compensation Committee. Senior management of the Company or a compensation consultant will report once a year to the Compensation Committee regarding the status of the Company's director compensation in relation to comparable U.S. public companies. This report will include consideration of independence, employee status and both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a non-employee director is involved. Following a review of the report, the Compensation Committee will recommend any changes in director compensation to the Board, which will then approve the director compensation. The Company's employees will not receive additional compensation for their service as directors.

Members of the Audit Committee may not directly or indirectly receive any compensation from the Company other than their compensation as a director, including any compensation for service on committees of the Board and the receipt of equity-based compensation.

Stock Ownership

The Company encourages directors to own shares of the Company's stock. The ownership thresholds applicable to the Company's non-employee directors are set forth in the CPI Card Group Inc. Stock Ownership Guidelines for Executive Officers and Outside Directors.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the director, as well as any director that becomes aware of such actual or potential conflict of interest, should immediately report all facts regarding the matter to the Company's Audit Committee and Board for evaluation and appropriate resolution. Any material conflict must be resolved or the director should resign. If a director has a personal interest in a matter before the Board, the director must disclose the interest to the Board, excuse him or herself from the discussion, and abstain from voting on the matter.

Confidentiality

The proper functioning of the Board requires a candid and open exchange of information, ideas and opinions among directors in an atmosphere of trust, confidence and mutual respect. Directors have an affirmative duty to protect and hold confidential all non-public information obtained in the role of a Board or committee member. Accordingly:

- no director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
- no director shall disclose Confidential Information to any person or entity outside the Company (which prohibits a director designated by any other person or entity from disclosing Confidential Information to such person or entity), either during or after his or her service as a director of the Company, except with express prior authorization of the Company's Chief Legal Officer or as may be otherwise required by law (in which event a director shall promptly advise the Chief Legal Officer of such anticipated disclosure and take all reasonable steps to minimize the disclosure of such Confidential Information). In considering whether to permit a director to share Confidential Information, the Chief Legal Officer may consider, among other things, whether sharing the information would give rise to a conflict and/or potential harm, including whether the information is protected by attorney-client privilege.

For purposes of these Guidelines, "Confidential Information" is all non-public information (whether or not material to the Company) entrusted to or obtained by a director by reason of his or her position as a director of the Company. In addition to information regarding Board and committee meetings, discussions, deliberations and decisions, Confidential Information includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Company, its customers, suppliers or other stakeholders if disclosed, including but not limited to:

- non-public information about the Company’s financial condition, forecasts, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock splits and divestitures;
- non-public information concerning possible transactions with other companies or information about the Company’s customers, suppliers or joint venture partners, which the Company is under an obligation to maintain as confidential; and
- non-public information about discussions, deliberations and decisions relating to business issues between and among Company employees, officers and directors.

Interaction with the Press, Investors and Others

The Board believes that management speaks for the Company. Each director should refer all inquiries from the press, investors or others regarding the Company’s operations to management. Individual Board members may, from time to time at the request of management, meet or otherwise communicate with various constituencies that are involved with the Company. In most circumstances, when comments from the Board are appropriate, they will come from the Chief Executive Officer in his or her Board capacity, or from the Chairperson of the Board.

Board Access to Senior Management

The Board has access to management in order to ensure that directors can ask any question and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract management from their jobs or disturb the business operations of the Company.

Board Access to Independent Advisors

The Board and each of its committees may direct the hiring of independent advisors, such as auditors, compensation consultants, legal counsel and other advisors, as they may consider necessary, without obtaining the approval of management. The Board as a whole will have access to these advisors and other independent advisors that the Company retains or that the Board considers necessary or advisable in performing its responsibilities.

Director Orientation and Continuing Education

The directors and the Company are committed to ensuring that all directors receive orientation and continuing education. At least annually, the NCGC shall review the Company’s orientation and continuing director development programs.

Annual Self-Evaluation

The NCGC will oversee a periodic self-evaluation by the Board, each committee and each Board member. The NCGC will be responsible for establishing the evaluation criteria and implementing the process for this evaluation, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review of the committee structure and an assessment of the Board's compliance with the principles set forth in these Guidelines. The NCGC will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and for current directors seeking re-election in an effort to further the interests of the Company and its stockholders.

II. Board Meetings; Stockholder Meetings; Involvement of Senior Management

Board Meeting Attendance

The Board will meet at least four (4) times annually. In addition, special meetings may be called from time to time. Directors are expected to attend each meeting and to invest the time and effort necessary to understand the Company's business and financial strategies and challenges. The basic duties of the directors include being prepared for and attending Board meetings and actively participating in Board discussions. Directors are also expected to make themselves available outside of Board meetings for advice and consultation. A director who is unable to attend a Board or committee meeting should notify the Board or committee chairperson and the Chief Executive Officer in advance of the meeting.

Annual Stockholder Meeting Attendance

Each director is strongly encouraged to attend each annual stockholder meeting.

Attendance of Non-Directors

The Board encourages invitations to management and outside advisors or consultants from time to time to participate in Board and/or committee meetings to (i) make presentations and provide insight into items being discussed by the Board and/or committee that involve the invitee and (ii) bring managers with high potential into contact with the Board. Attendance of any non-directors at Board and/or committee meetings is at the discretion of the Board and/or committee.

Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for review of the agenda and materials. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

III. Committee Matters

Number, Name, Responsibilities and Independence of Committees

The Board currently has three (3) standing committees: Audit, Compensation and Nominating and Corporate Governance. The Audit, Compensation and NCGC are each composed solely of independent directors. From time to time, the Board may form or disband an ad hoc or

standing Board committee, depending upon the circumstances. Each committee will perform its duties as assigned by the Board in compliance with the By-laws and the committee's charter.

Assignment and Rotation of Committee Members

Based on the recommendation of the members of the NCGC, the Board appoints committee members and committee chairpersons in accordance with applicable law and according to criteria set forth in the applicable committee charter and other criteria that the Board determines to be relevant to the responsibilities of each committee. Committee membership and the position of committee chairperson will not be rotated on a mandatory or regular basis unless the Board determines that rotation is in the best interest of the Company.

Frequency of Committee Meetings and Agendas

The committee chairpersons and appropriate members of management, in accordance with the committee's charter and, as appropriate, in consultation with the committee members, will determine the frequency and length of the committee meetings and develop the meeting agendas. Committee chairpersons will summarize committee discussions and actions with the full Board. It is the responsibility of directors to attend the meetings of the committees on which they serve.

Committee Charters

Each committee will periodically review its charter and recommend to the Board any changes it deems necessary.

IV. Leadership Oversight Development and Succession Planning

Annual Review of Chief Executive Officer

The non-employee directors, or the Compensation Committee at the election of the non-employee directors, will establish the evaluation process and determine the specific goals and objectives on which the performance of the Chief Executive Officer is evaluated and conduct a review at least annually of the performance of the Chief Executive Officer.

Succession Planning

The Board or a committee designated by the Board shall, in consultation with the Company's Chief Executive Officer, annually review the Company's management succession planning, including policies for selection and succession in the event of the incapacitation, retirement or removal of the Chief Executive Officer and other key executives and evaluations of, and development plans for, any potential successors to the Chief Executive Officer and other key executives.

V. Stockholder-Director Communications

Policy

The Board believes that stockholders should have an opportunity to send communications to the Board.

Procedures

Any communication from a stockholder to the Board generally, to the independent directors generally or to a particular director should be in writing and should be delivered to the Chief Legal and Compliance Officer at the principal executive office of the Company. Each communication should set forth (i) the name and address of the stockholder, as it appears on the Company's books, and if the stock is held by a nominee, the name and address of the beneficial owner of the stock, and (ii) the class and number of shares of the Company's stock that are owned of record by the record holder and beneficially by the beneficial owner.

The Chief Legal and Compliance Officer will, in consultation with appropriate directors as necessary, generally screen communications from stockholders to identify communications that (i) are solicitations for products and services, (ii) relate to matters of a personal nature not relevant for the Company's stockholders to act on or for the Board to consider or (iii) matters that are of a type that render them improper or irrelevant to the functioning of the Board or the Company. All appropriate communications will be forwarded to the Board or the particular director or group of directors, as appropriate, for review.

VI. Ethics Helpline

The Audit Committee will cause the Company to implement, maintain and monitor an ethics helpline that is designed to receive reports, which may be submitted anonymously, of any known or suspected violations of the Company's Code of Business Conduct and Ethics or any applicable laws and regulations. The Audit Committee will establish procedures for the investigation of reports received through the ethics helpline, oversee or manage investigations of allegations of misconduct by executive officers, fraud or other critical matters as determined by the Audit Committee, and will report to the Board periodically with respect to the reports received through the ethics helpline and investigations that it oversees or manages.

VII. Strategic Planning

Strategic Plans

The Board will adopt a strategic plan for the Company. At least annually, the Board shall review and, if advisable, approve the Company's strategic planning process and the Company's annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management's assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products.

Business and Capital Plans

At least annually, the Board shall review and, if advisable, approve the Company's annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

Monitoring

At least annually, the Board shall review management's implementation of the Company's strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

VIII. Risk Management

General

At least annually, the Board shall review reports provided by management of principal risks associated with the Company's business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

Oversight of Controls

The Board, or one or more of its committees pursuant to their charters, shall oversee the establishment and maintenance by management of internal, financial, non-financial and business control and management information systems.

IX. Interpretation

These Guidelines should be interpreted and construed in the context of all applicable laws and the Certificate, the By-laws and other corporate governance documents.

X. Amendment

The Company is committed to continuously reviewing and updating its policies, and the Company therefore reserves the right to amend these Guidelines at any time, for any reason, subject to applicable law.

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