

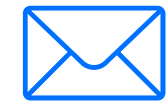
 CompoSecure

# ESG Report

2023



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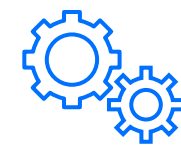


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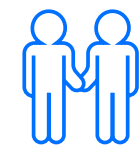
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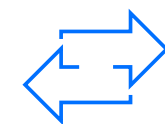
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# Letter from the CEO

Dear Fellow Stakeholder,

While many of you are familiar with CompoSecure and the impact we have made in the payment card industry over the past 20 plus years, others may be newer to our story. With that in mind, I want to start where every CompoSecure journey begins—with our mission:



We combine elegance, simplicity and security to deliver exceptional experiences and peace of mind in the digital and physical worlds.



Our mission drives how we approach everything from innovation to customer engagement to our ESG initiatives. It means that the impact our business has on our environment, our customers, our people and our communities is a priority in CompoSecure's day-to-day operations.

Although this is our inaugural ESG Report, we have been active in implementing leading sustainability practices within the payment card manufacturing industry since our founding and I am proud that our commitment to protecting the environment starts with our products themselves.

CompoSecure's metal payment cards offer sustainability advantages compared to plastic cards, with increased durability and a longer product lifespan. Virtually all our metal card products contain about 65% post-consumer recycled stainless steel, and our ceramic metal hybrid and metal veneer cards are EcoLabel Standard certified by International Card Manufacturers Association (ICMA).

Strong governance and ethical business practices are the foundation of our company. This year, we strengthened our governance policies, enhanced our compliance programs and engaged more transparently and openly with our stakeholders. We also continue to educate our Board members on industry trends and corporate governance best practices.

At CompoSecure, we understand that our responsibilities extend beyond our walls and are committed to supporting and protecting our communities. Our company and our team members are actively involved in our communities, fostering long-term relationships with local and regional organizations that provide support services.

While the pages that follow tell a more complete story of our ongoing efforts and our recent achievements, I'm honored to present that in the last year we have:

- Achieved Carbon Neutrality
- Introduced an innovative waterless cleaning process
- Developed a new packaging design made from 100% cardboard
- Introduced in-house plastics recycling programs
- Launched a card return and recycling program

- Expanded supplier engagement with a tier-one supplier ESG questionnaire
- Adopted a Claw Back Policy
- Implemented rigorous Stock Ownership Guidelines

While we are pleased to share progress we have made, we recognize that our journey is far from over. The challenges we face as a global community are complex and evolving; meeting them requires continuous effort and innovation. To lay a strong foundation for our efforts and to navigate evolving ESG challenges and opportunities, we partnered with industry experts to evaluate where we are today and to establish a roadmap for continued improvement. We will also continue to engage with you, our stakeholders, to gather your insights and feedback. Your support and guidance are invaluable to us.

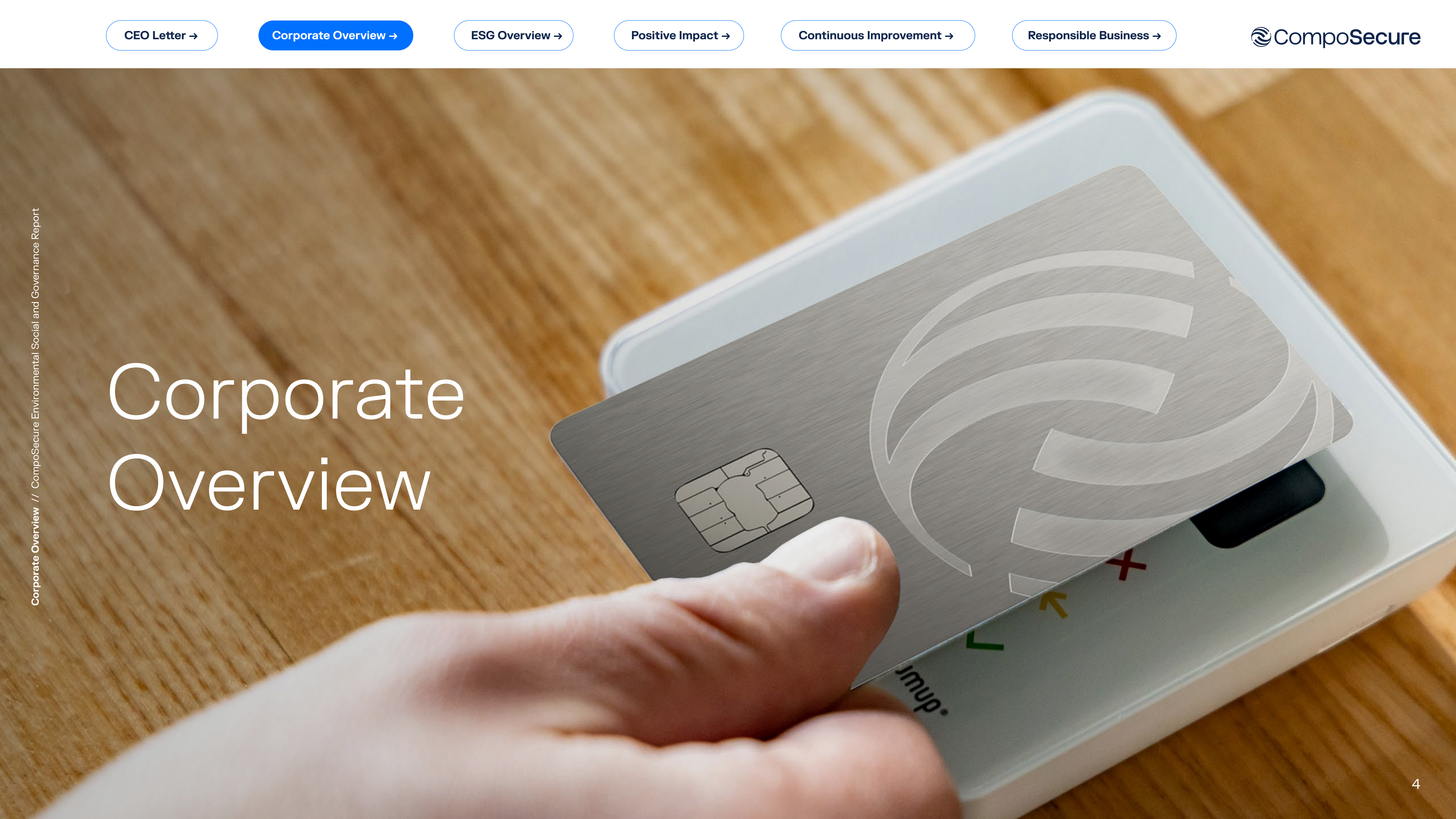
In closing, I believe that this report reflects our commitment to transparency and marks another year of progress and learning on our journey towards sustainability and responsible business practices. I am extremely proud of how we continue to evolve and deepen our dedication to responsible operations with a focus on leaving a healthier planet for future generations.

Sincerely,

**Jon Wilk, President and CEO**



# Corporate Overview



# About CompoSecure

Founded in 2000, CompoSecure is a technology partner to market leaders, fintechs and consumers, enabling trust for millions of people around the globe. CompoSecure’s innovative metal payment card technology delivers unique, premium branded experiences, enables people to access and use their financial and digital assets, and ensures trust at the point of a transaction. For more information, please visit [www.CompoSecure.com](http://www.CompoSecure.com)

## Our Mission

Combine elegance, simplicity, and security to deliver exceptional experiences and peace of mind in the physical and digital worlds.

## Our Values

Our values are the foundation upon which we operate, serving as the guide that shapes our decisions and actions in pursuit of our goals.

### Our Values



#### Customer Focus

We work continually to earn and keep the trust of our customers and partners by offering innovation, expertise, and exceptional customer engagement.



#### Innovation

We are pioneers. Innovation is at the core of who we are.  
  
We innovate in processes, technology, and thinking.  
  
We are never satisfied with the status quo.



#### Excellence

We strive to be the best in the world at what we do.  
  
We seek to deliver excellence at every step in the journey, so our customers have the best possible experience.  
  
We have a continuous improvement mindset, ensuring we are better every day.



#### Integrity

We do the right thing in good times and in bad.  
  
We encourage our employees to be honest in all scenarios and we govern ourselves leveraging best practices and industry standards.  
  
We actively strive to avoid conflicts of interest, address biases in decision making and ensure rules & guidelines are applied consistently.



#### Caring

We are kind, considerate and respectful of each other.  
  
Safety is considered a way of life and we constantly seek to implement safer methods and processes.  
  
We give back to our employees, our community, and the environment.  
  
We care about our company and always go the extra mile for each other, our customers, and our investors.



#### Teamwork

We win together as a team.  
  
We collaborate and avoid siloed mentality.  
  
We debate openly, discuss best ways forward, agree on approach and fully commit as one team.



## Our Vision

During the past 20 plus years, CompoSecure has turned the metal payment card into a leading brand, acquisition and retention tool for financial institutions and fintechs around the world. Through our material innovations, unique design elements, high quality, and market leadership, CompoSecure has elevated the metal payment card to a must-have for any financial organization's product portfolio as well as a highly desired lifestyle item by consumers.

Today, it is common to hear the unique sound a metal payment card makes when at a restaurant or store, and we see a future where payment cards are used for so much more. By integrating our Arculus technology platform with a payment card, we will continue to provide the elevated experiences people have come to expect along with improved security and seamless access to assets across the physical and digital worlds.

# CompoSecure at a Glance

## Scale

950+  
Employees

31MM+  
Metal cards  
shipped in 2023

8  
Global  
distribution  
partners

2  
US-based  
manufacturing  
facilities

## Embedded Customer Relationships

150+  
Branded and  
co-branded card  
programs

8/10  
Top US card  
issuers served

## Innovation



First metal credit card (2003)



First metal "tap-to-pay" credit card (2017)



Pioneering technology in authentication, secure digital asset storage, biometric security, dynamic CVV, glass and LED

## Trade Secrets & Intellectual Property

- Deep engineering and security expertise
- Proprietary material science capabilities
- Cutting-edge card technology

60+  
Patents issued

35+  
Patents pending

## Financial Performance

■ Net sales



## 2023 Awards and Recognition



Top Places  
to Work in  
New Jersey

PAYTECH  
WOMEN

Women in  
PayTech Leadership  
Award

nj.com  
True  
Jersey.

NJ.com True  
Jersey Business  
Leadership Award



EcoVadis Silver  
Medal

# ESG Overview



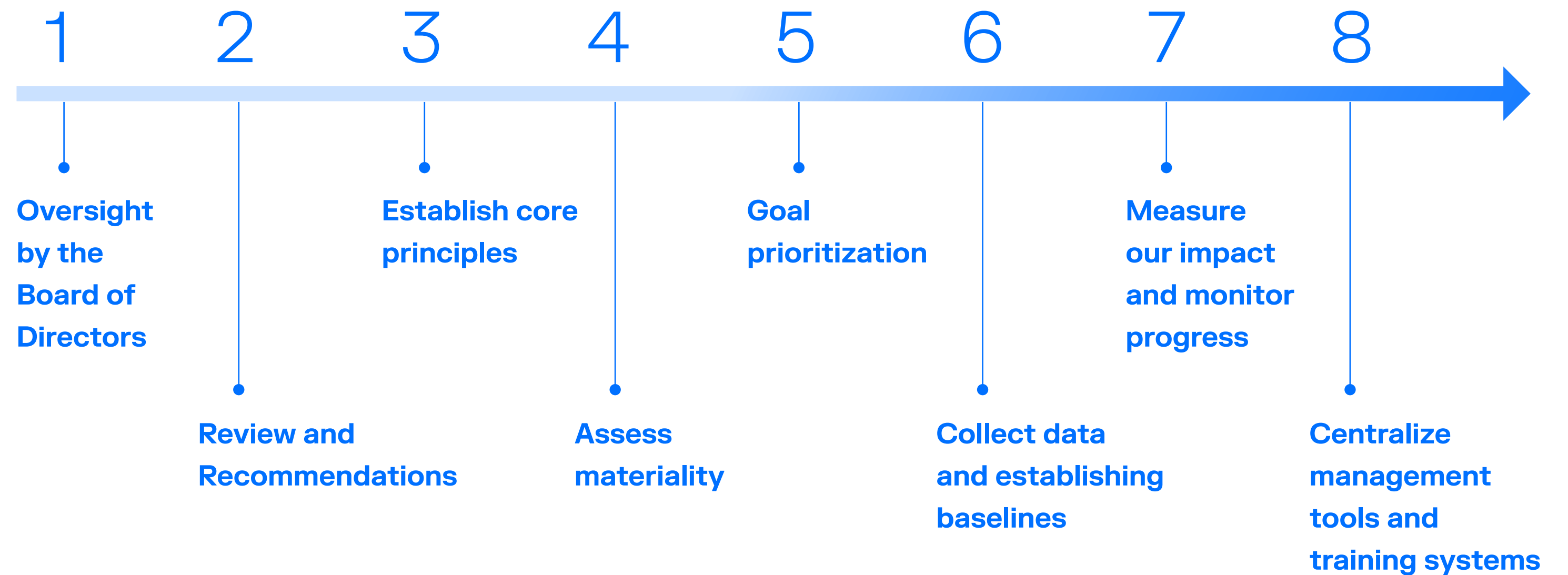
# ESG Overview

Metal Payment cards offer sustainability advantages compared to plastic cards, with increased durability and a longer product lifespan. Additionally, metal cards align with the preference for higher recycling rates, presenting various avenues for waste reduction by facilitating the recycling and re-utilization of materials.

Most of our metal card products contain about 65% post-consumer recycled stainless steel, and our ceramic metal hybrid and metal veneer cards received ICMA (International Card Manufacturers Association) Ecolabel Standard certification and verified assurance of card products in the recycled content category for 2022.

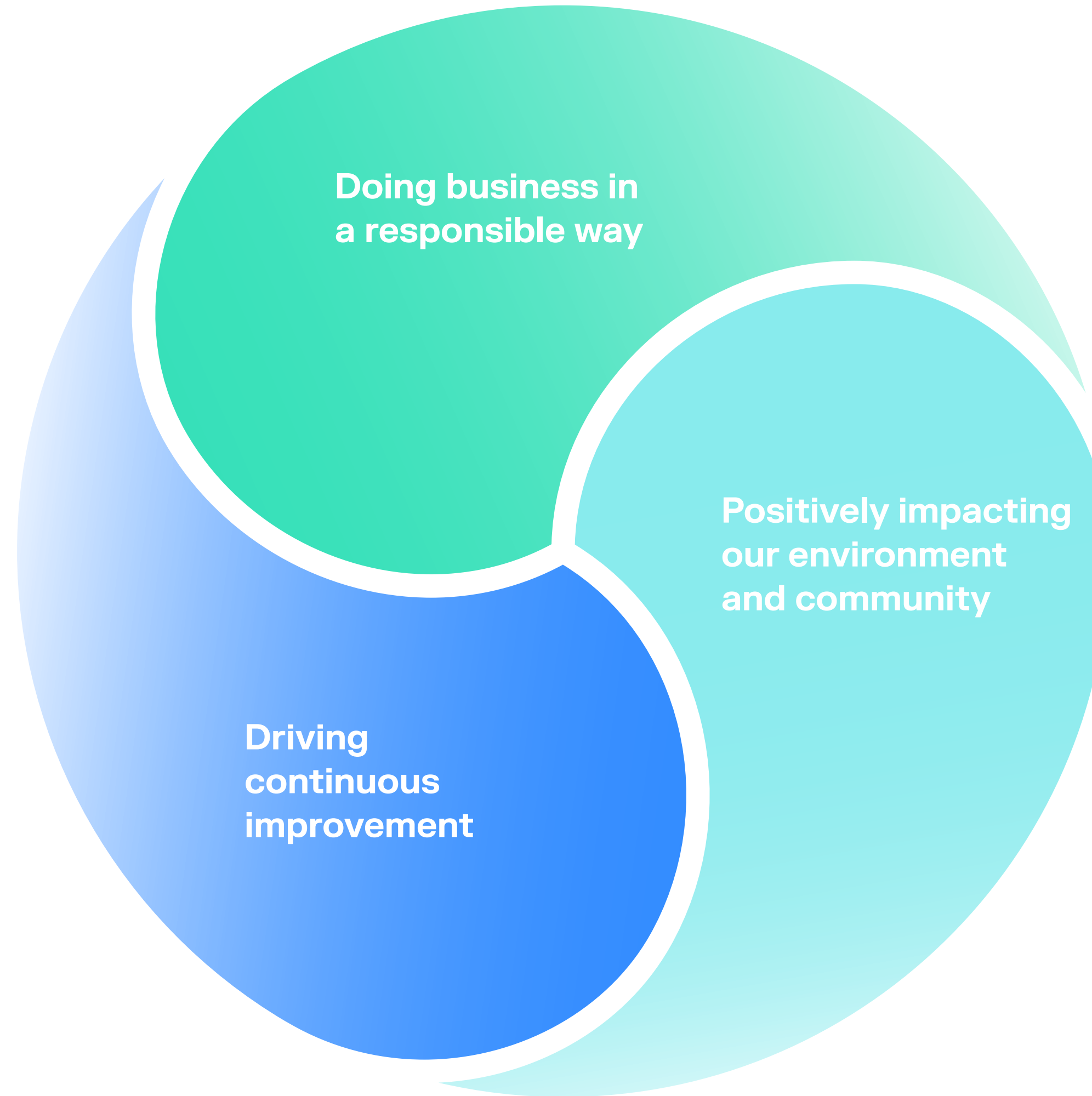
We continuously review, assess, and adapt our approach to ensure our ESG goals and activities meet or exceed current requirements, with a focus towards driving beneficial outcomes for our customers, employees, communities, and all our stakeholders.

## Our structured process includes:



# Our ESG Framework

In our pursuit of industry leadership and innovation, we are also committed to environmental, social, and governance (ESG) practices. This commitment drives us to focus on practices that positively impact our customers, employees, shareholders, communities, and our other stakeholders and inform our initiatives and priorities.



# Materiality Assessment

CompoSecure engaged an independent third party to refresh our materiality assessment in 2023. The process involved reviewing global ESG frameworks and rating agency methodologies, determining the priorities of our stakeholders, and conducting a combination of interviews and surveys with key functional leaders and the senior leadership team at CompoSecure. This work helped us identify priority ESG topics as shown in the materiality matrix below.

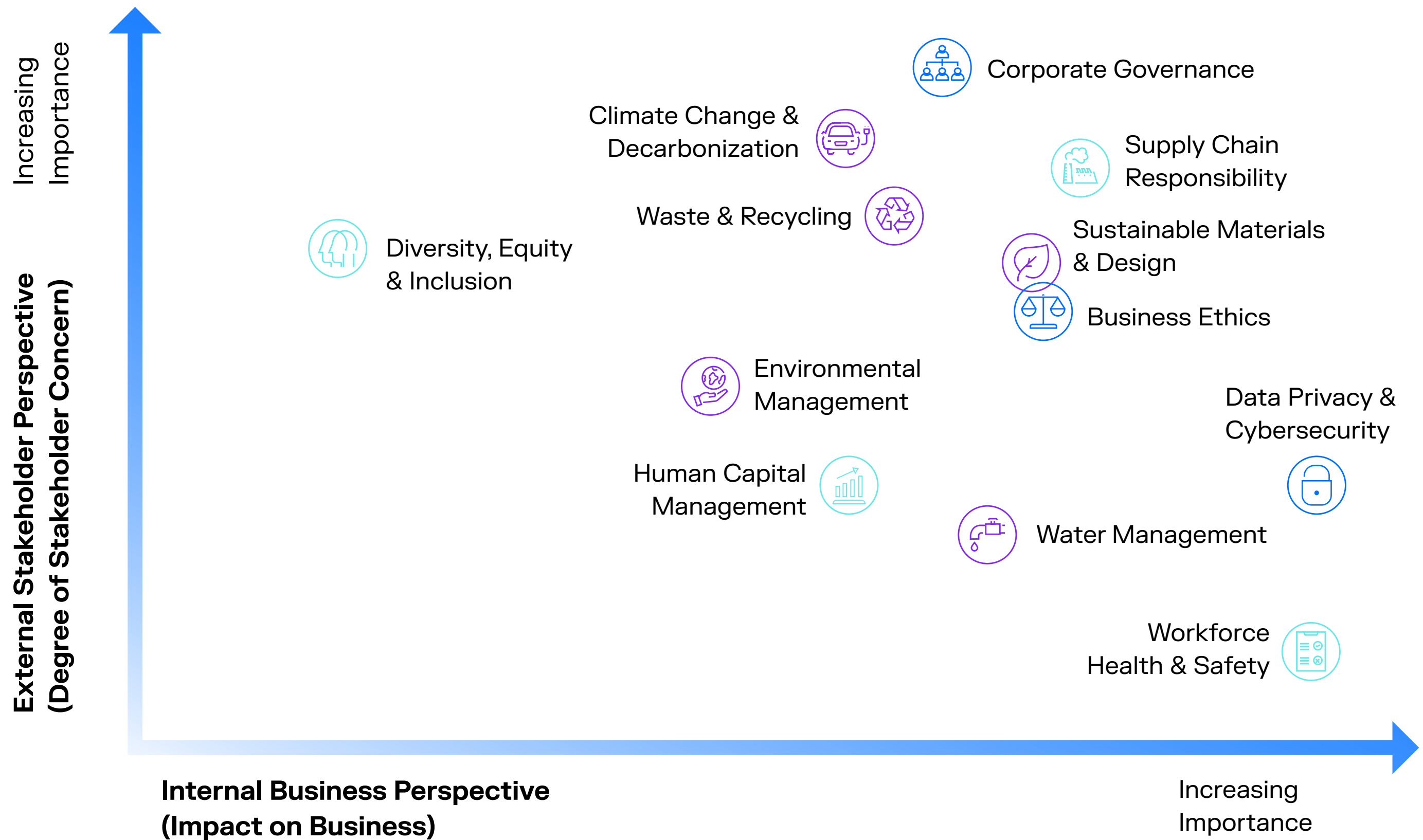
The result of this assessment informs our strategic decisions and helps us maximize the positive impact of our ESG efforts.

## Our highest priority topics are:

- Business Ethics
- Climate Change & Decarbonization
- Corporate Governance
- Supply Chain Responsibility
- Sustainable Materials & Design
- Waste & Recycling

As we seek to deliver on our ESG strategy, we will continue to foster an open mindset to ensure we adopt initiatives which promote a collaborative approach to sustainability.

- Positively Impacting our Environment and Community
- Doing Business in a Responsible Way
- Continuous Improvement



# Positive Impact

# Operations

In every area of CompoSecure’s operations, we aim to reduce our use of raw materials, energy, water, single-use products, and supplies and are committed to minimizing the environmental impact of our business activities. This involves an active approach to reducing the use of natural resources, emissions, and waste.

We recognize the value of achieving certifications that confirm our ongoing commitment to our environment, community, and stakeholders. In 2021, CompoSecure officially obtained International Organization for Standardization (ISO) 14001 Certification of its Environmental Management System (EMS). ISO 14001 provides a framework to design, implement, and continually improve the environmental management of all areas of business including operations, performance, and objectives. Robust quarterly audits ensure we continue with our goals and activities, and our Board of Directors maintains oversight of CompoSecure’s environmental management and impact.

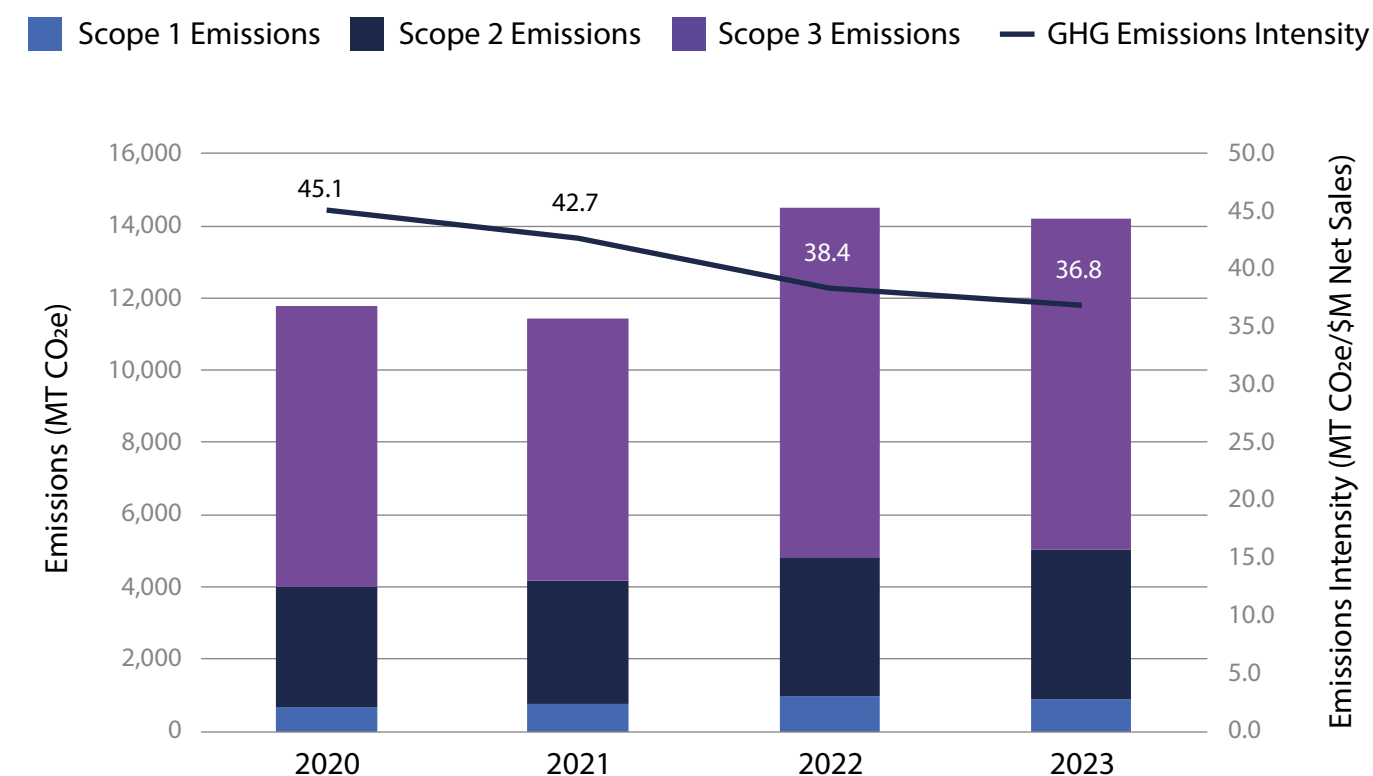
## Carbon Footprint

Identifying the top emissions sources within our business and tracking progress towards reduction targets is integral to being able to mitigate and reduce our carbon footprint. To better understand our impact, we have measured our Scope 1, 2 and 3 greenhouse gas (GHG) emissions since 2019.

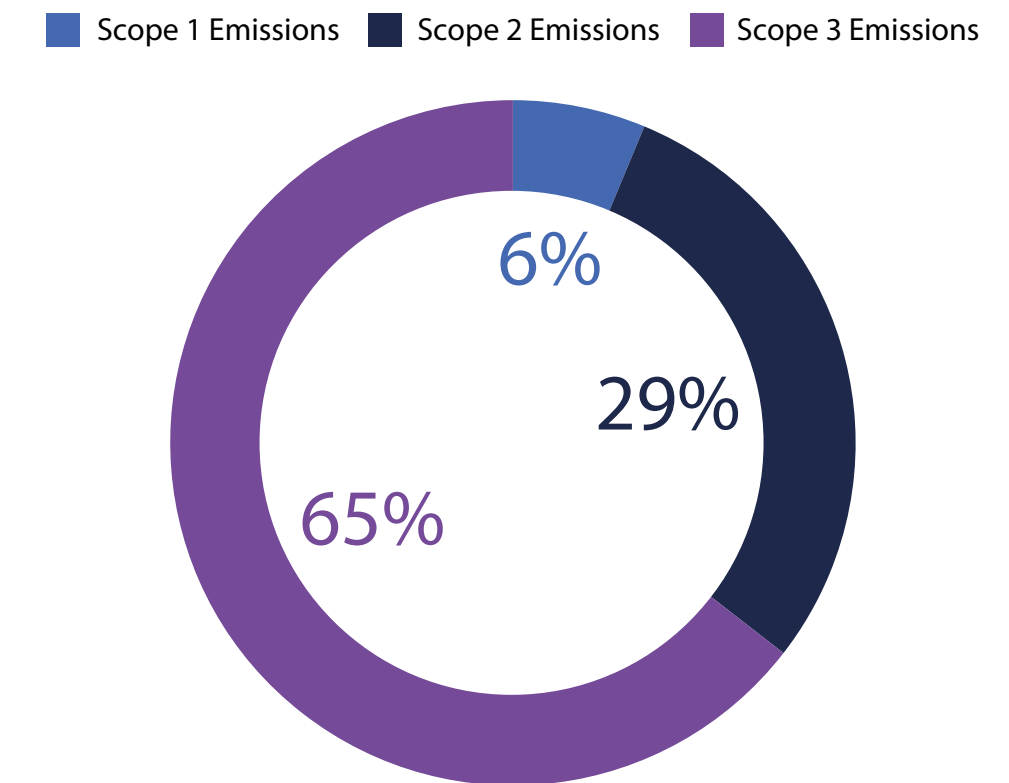
Our emissions have been calculated using global industry standards, including the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), and in accordance with the Greenhouse Gas (GHG) Protocol.

CompoSecure achieved Carbon Neutrality for 2022 and 2023 through carbon offset programs and renewable energy certificates (RECs). We partner with Pachama on carbon offset projects. Supporting the environmental renewal and protecting the biodiversity of valuable natural areas in Borneo Peatlands and Kootznoowoo in Alaska. Pachama creates and monitors high-value carbon offset projects by collaborating with local communities. Through education, they create ownership of projects and provide alternative livelihood financing.

## 2020 - 2023 GHG Emissions and Intensity



## 2023 GHG Emissions by % (MT CO<sub>2</sub>e)



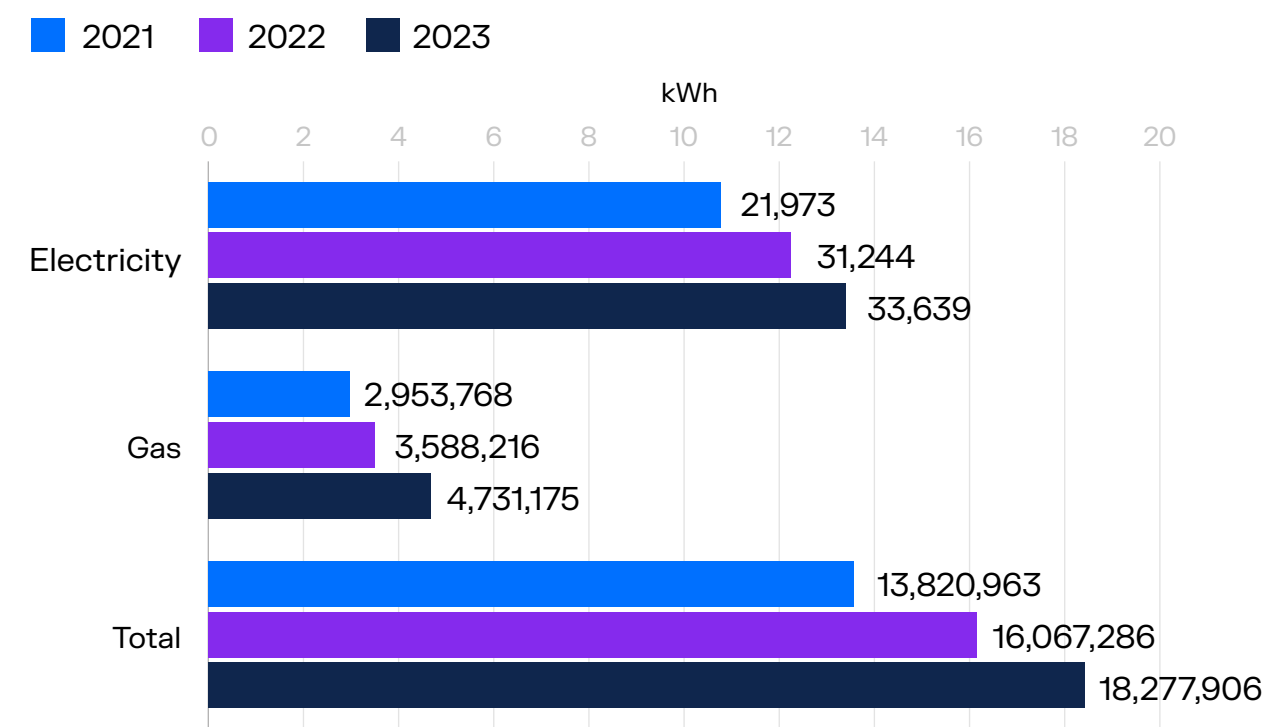
## 2023 Greenhouse Gas Emissions by Category Type

Scope	Category	2023 (MT CO <sub>2</sub> e)
Scope 1	Total Scope 1 Emissions	890
	<b>Scope 2</b>	
Scope 3	Total Scope 2 Emissions	4,151
	Transmission & Distribution Loss	212
	Business Travel - Air	152
	Purchased Goods	3,432
	Capital Goods	2,423
	Inbound Transportation	279
	Waste	720
	Commuting	1,936
	Total Scope 3 Emissions	9,154
<b>Total Emissions</b>		<b>14,195</b>

## Energy Usage

As we work to reduce our energy use across all areas of operations, we recognize the source of the energy we use is of high importance in maintaining a conscientious business. To this end, we secured a green energy contract that commenced in the final quarter of 2021 and runs for about three years. This contract ensures the energy we use comes from renewable sources.

### Total Energy Consumption

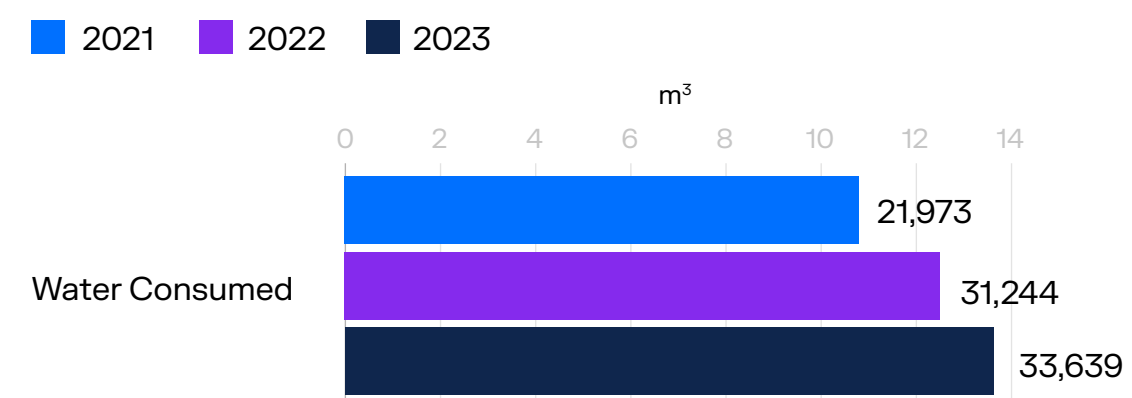


By the end of 2023, we had transitioned 70% of our lighting to LED. We are on track to transition the remaining 30% in 2024, dramatically improving energy efficiency across all our office areas.

## Water Management

Conscious that card manufacturing is a water-intensive process, we initiated a project to implement waterless cleaning in certain production operations during 2022. The new process exceeded our expectations, reducing our water usage by 31.5% in 2023 within those test areas. The process is currently being qualified for use in other areas of card production where we hope to see similar water savings.

### Total Water Consumption

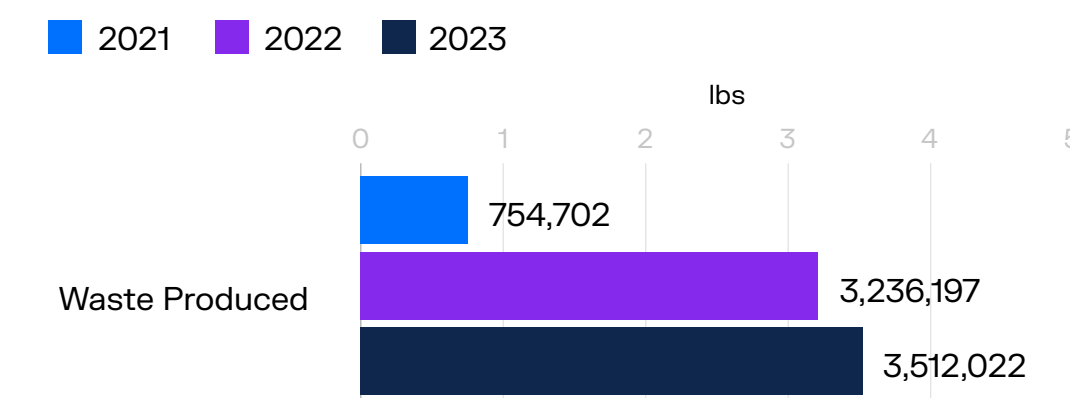


Through the implementation of new, water-saving technologies, we averted the use of 1.5 million gallons of water in 2023. While our overall consumption shows an increase in water use from 2022, this is directly attributable to an increase in production volume.

## Waste and Recycling

Reducing and reusing waste and keeping it out of landfills have been key focus areas for many years. From in-house practices to innovations in material use, every decision we make is helping to minimize resource depletion and support long-term sustainability.

### Total Waste Produced



### In-house Recycling Program

Throughout 2023, in-house recycling programs for plastics were introduced to all CompoSecure facilities, and E-waste recycling for IT teams. Initiatives for our in-house recycling program in 2024 will continue.

# Products

Metal Payment cards offer sustainability advantages compared to plastic cards, with increased durability and a longer product lifespan.

Virtually all our metal card products contain about 65% post-consumer recycled stainless steel, and our ceramic metal hybrid and metal veneer cards are EcoLabel Standard certified by International Card Manufacturers Association (ICMA).

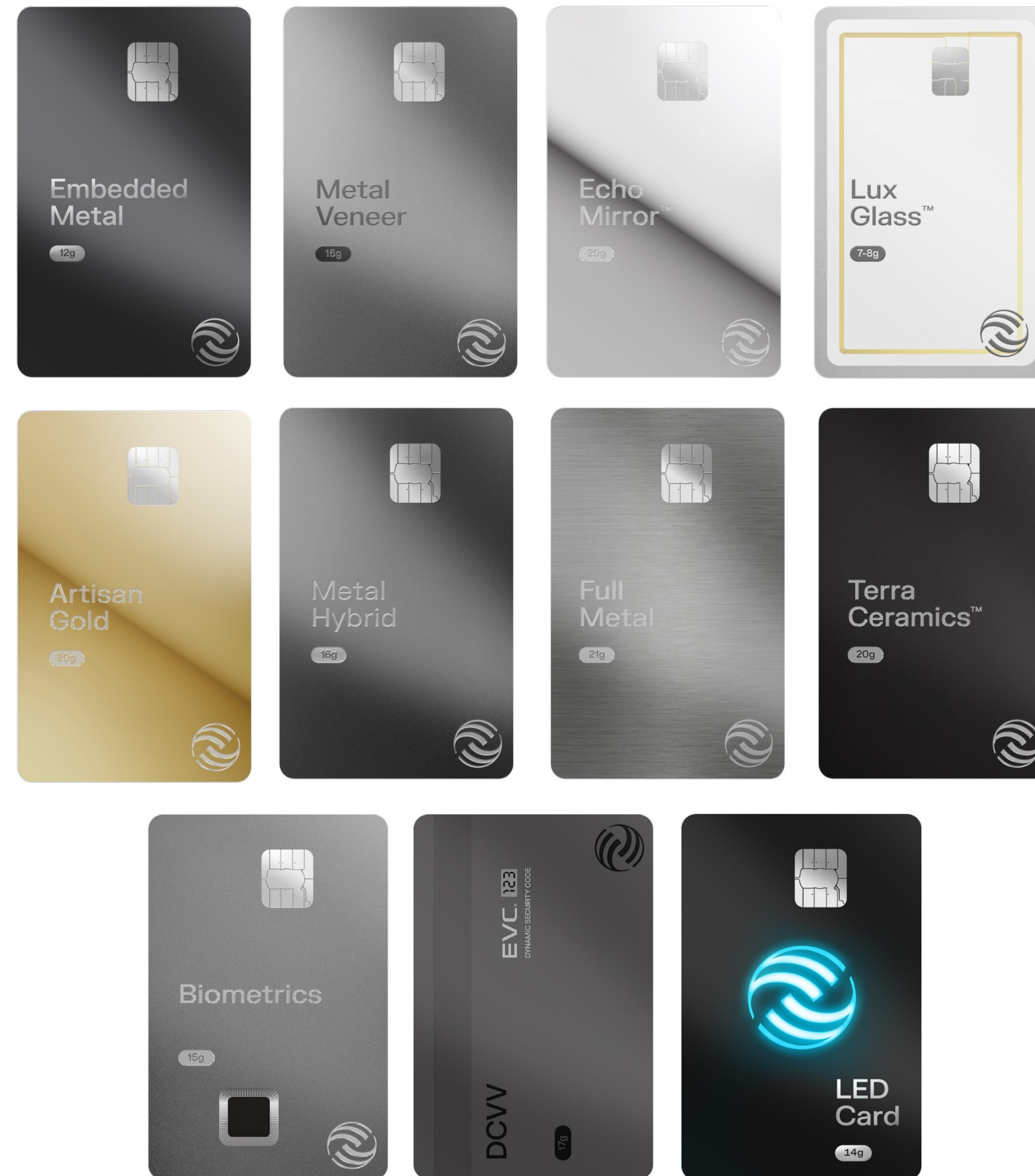
## Product End-of-Life Management

Although metal cards currently make up less than 1% of the total payment card market, if recycled, this 1% would equate to 300 million pounds of material annually. While recycling mixed materials can incur high costs, recycling metal cards provides sustainable reuse of material and reduces resource extraction.

In 2023, we launched a card return and recycling program to support closed-loop material use. The program offers US-based customers an opportunity to reduce waste streams through secure disposal and facilitated reuse of card materials. Customers return cards through a PO Box to a RIOS-certified recycling facility (Recycling Industry Operating Standard™), which can securely recycle mixed materials. While many customers use their own recycling programs, we received positive feedback and intend to expand our program in 2024.

## Packaging Design

To reduce another waste stream, we developed a new finished goods packaging design made from 100% recycled cardboard. The initiative eliminated foam to create more compact packaging and increased the card capacity per pallet, reducing shipping costs.



# Community

From the beginning, CompoSecure has understood the value of giving back. We recognize that as a company, we are part of a world beyond our walls and strive to have a lasting impact.

Our company and our team members are active in the community, fostering long-term relationships with local and regional organizations that provide services and support to the communities in which we work and live. These efforts are helping to address challenges from food insecurity to the transition from foster care to adulthood, to mental health treatment for those impacted by trauma, abuse, and neglect. We are honored to support these organizations in a range of ways, including volunteerism, financial support, mentoring, board participation, event sponsorship, fundraising, service projects, critical supplies, food, and clothing drives.





# Continuous Improvement

# People

CompoSecure knows that the strength of an organization lies in its people. We believe successful employee engagement must be consistently cultivated.

We celebrate our people and community through our day-to-day operations and activities such as our annual picnic and holiday events. And our workplace culture is guided by CompoSecure's core values – integrity, caring, excellence, innovation, teamwork, and customer focus. These values provide a clear structure for both individual behavior and organizational strategy.

We are committed to upholding and promoting human rights in all aspects of our operations. We believe in the inherent dignity and equal rights of every individual, and we recognize our responsibility to respect and protect these rights. You can find a broader statement on CompoSecure's commitment to human rights on our website at <https://ir.composesecure.com/esg>.

## Talent Development and Growth

The long-term success of our business depends on our ability to attract and retain exceptional talent. To ensure we remain attractive to potential candidates, we are constantly striving to identify opportunities to improve our human resources (HR) processes and people practices. We continually review our onboarding experience to ensure each new employee is set up for success. In 2023, we welcomed 290 new members to the CompoSecure team.

In addition to competitive compensation, we offer a generous benefits package designed to attract, engage, and retain our workforce. Rewards and benefits include:

- [Annual performance and compensation review](#)
- [Bi-annual performance and compensation review in manufacturing](#)
- [Employee Assistance Program \(EAP\)](#)
- [Employee Stock Purchase Plan \(ESPP\)](#)
- [Equity incentive awards](#)
- [Flexible scheduling](#)
- [Health insurance \(Dental, Vision, Life and AD&D\)](#)
- [Incentive bonus program](#)
- [Vacation, paid time off and holidays](#)
- [401K matching](#)

We want our employees to build long and rewarding careers at CompoSecure. To develop crucial talent along with a supportive and secure working environment, we focus on developing our team members through clear goal setting, effective coaching and regular check-ins, in-house promotions, stretch assignments, and a range of training opportunities.

## Training

We aim to empower our team with the necessary tools to excel in their roles and contribute effectively to the organization's success. All our employees receive ongoing training on a range of critical topics as well as professional development opportunities to enhance their skills and knowledge across various domains. In 2023, CompoSecure provided extensive ongoing training on a variety of topics including:

- [Safety & Security Training](#)
- [Industry Standards Compliance Training](#)
- [Quality Training and ISO/CQM Training](#)
- [Whistleblowing](#)
- [Anti-Corruption](#)
- [Code of Conduct Training - Ethics Fundamentals](#)
- [Introduction to Diversity, Inclusion & Equity](#)
- [Harassment Prevention](#)

## Employee Development

An important part of employee development is effective performance management and review processes. All full-time employees participate in the annual review process and every employee has a one-on-one conversation with their manager as part of their end-of-year review. In 2023, we launched a digitized performance management process to provide a more streamlined and efficient process and enable more fruitful performance conversations. This included the integration of our company values as a key dimension of performance behavior for every employee across the company, the opportunity for employee self-review and comments, and manager commentary across individual goals and values. It has been a resounding success, providing greater visibility while saving administrative time and improving the entire employee experience.

In line with our ambition to continuously improve the ways we enable talent development, we are investing in a more programmatic approach to learning and development, particularly amongst people leaders across the company. In 2024 we are launching a formal leadership training program that will provide tools and training to develop our people leaders' competencies and capabilities. This program will add to the current curriculum rolled out in our manufacturing operations in 2021, which provides employees with the opportunity to progress across dimensions of level and complexity in manufacturing, with bi-annual evaluations. We will continue to incorporate feedback from our employees and marketplace best practices to evolve these programs in support of our people and company success.

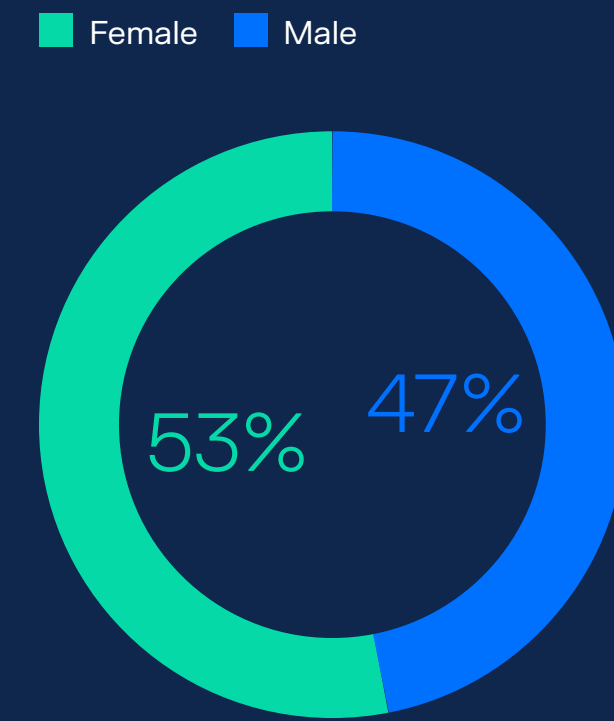
## Diversity, Equity, and Inclusion

We have implemented procedures that include standardized processes, blind recruitment methods, diverse hiring panels, and feedback mechanisms. We also provide regular DEI training to our employees.

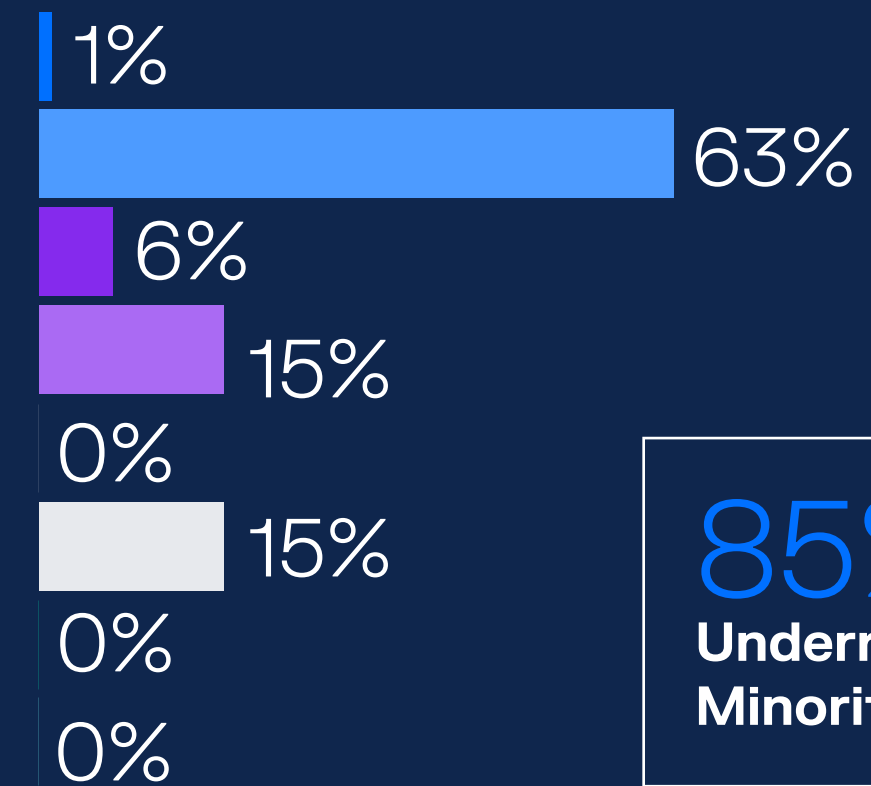
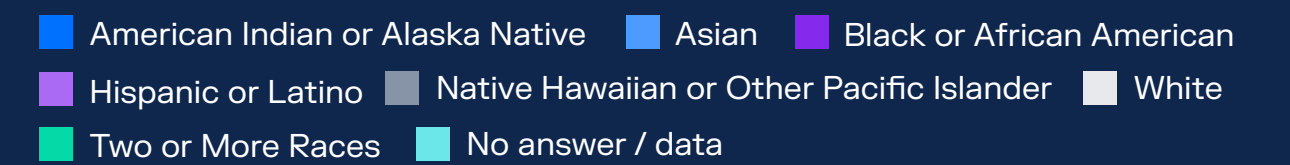
As an Equal Opportunity Employer, we do not discriminate against any employee or job applicant based on race, ethnicity, religion, national origin, sex, sexual orientation, physical or mental disability, or age. We are proud that our workforce effectively represents the diversity of the communities in which we operate. Preventing discrimination during the recruiting process is crucial for creating an inclusive and equitable workplace. We have implemented procedures that include standardized processes, blind recruitment methods, diverse hiring panels, and feedback mechanisms.



## Gender Breakdown by Workforce



## Racial / Ethnic Breakdown by Workforce



**85%**  
Underrepresented Minorities



Continuous Improvement // CompoSecure Environmental Social and Governance Report

## Workplace Health and Safety

The health and safety of our people has always been of paramount importance to CompoSecure. This commitment is reflected in our Health & Safety Policy and employee handbook, which clearly sets out what our employees can expect from us, and what we expect from our employees to maintain a safe workplace for all. Incidents are tracked and recorded in compliance with the Occupational Safety and Health Act (OSHA). To support managerial responsibility and oversight of employee health and safety, departmental heads are regularly updated.

**4.05**  
Total Recordable  
Incident Rate

**0%**  
Fatality  
Rate

To maintain a safe work environment, every employee is assigned mandatory annual safety and security training, which includes how to correctly identify and report risks and incidents relative to each person's role. This is also part of our onboarding process.

In addition, we require every employee to complete an annual background check. This process is vital to maintaining the highest standards of integrity and trust that our clients expect from us, and directly contributes to the overall safety and well-being of all our employees. To support personal emotional and physical wellbeing, we also provide an Employee Assistance Plan (EAP). Employees are invited to work with the HR team to find solutions that best meet their needs.

# Suppliers

CompoSecure's network of suppliers provides the materials needed to produce our payment cards. We assess our supply chain risks, as needed, and evaluate alternative suppliers to ensure that raw material quality is consistent and available for future production needs.

## Supplier Engagement

Since 2021, we have been working with our vendors to gain greater ESG transparency from our supply chain and evaluate our carbon footprint from source to finished product.

In 2023, we continued to expand our supplier engagement program by performing a benchmark assessment for our key suppliers. Our specific emphasis was on those providing raw materials essential to our production, such as metals, polymers, adhesives, and chips. We conducted a supplier questionnaire with 25 tier-one suppliers covering a wide range of topics, which included, amongst others, environmental sustainability, health, well-being, safety, ethical standards, and corporate transparency. The goal was to gain insight into industry trends relating to the diverse materials integral to our manufacturing process.

To improve communication and trigger the downward compliance of suppliers, we launched both our Supplier Diversity Policy and Supplier Code of Conduct. We expect to evolve these policies annually as we strive for continued program improvement.

## Supplier Code of Conduct

We are committed to sourcing from vendors that comply with the highest human rights standards, offer dignified working conditions, and meet environmental standards.

In 2024, we will set metrics for auditing and tracking supplier conduct. We seek to identify any suppliers needing to enhance their ESG programs and mentor them as they work towards achieving ESG goals that support our standards.

## Supplier Diversity

We select suppliers on an equal opportunity basis including small, minority-owned, women-owned, disadvantaged, disabled and veteran-owned, and LGBTQIA+ businesses.

This year, we increased our annual spend on diverse companies by 10%. Our work to improve in this area is monitored by the National Minority Supplier Diversity Council (NMSDC) and our customers.

## Environmental Initiatives

By partnering with our customers and suppliers, CompoSecure is in a strong position to positively influence the entire value chain. Actions range from procuring sustainable raw materials to eco-friendly products and packaging designs, to recycling programs that minimize waste and maximize reuse.

## We are actively working to incorporate more sustainable practices with new initiatives for suppliers in 2024 including:

- Tracking our international freight emissions
- Qualification of biodegradable substrate to ensure we leverage biodegradable and compostable plastics where possible
- Completing a customer trial with our new 100% recycled packaging

# Responsible Business

# Governance

CompoSecure is committed to high standards of corporate governance. Our framework of governance and monitoring ensures our business complies with industry standards and our own values and objectives.

## Our Board of Directors

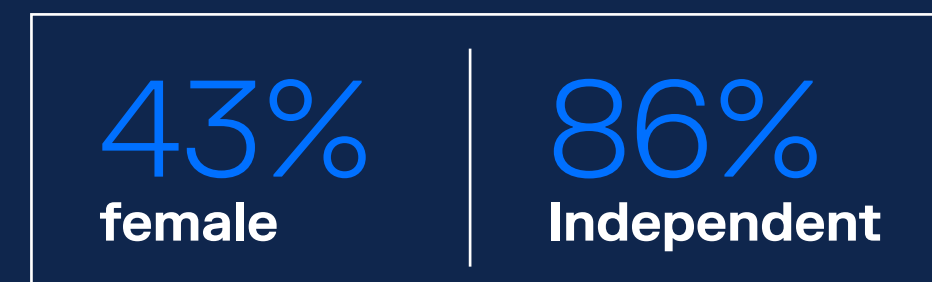
CompoSecure's Board of Directors are responsible for the long-term success of the business by overseeing the management of our operations and representing stakeholders. The Board receives regular updates from its committees and management on a range of topics. We emphasize strong corporate governance by setting high standards for our employees, officers, and directors. To fulfill these duties, the Board adheres to the guidelines in our [Corporate Governance Guidelines](#), [Code of Business Conduct and Ethics](#), and each standing Committee's respective Charters, all of which are publicly available on our website at [www.ir.composecure.com/corporate-governance](http://www.ir.composecure.com/corporate-governance)

## Oversight of ESG

Our Board of Directors has responsibility for ESG oversight, with an internal ESG Management Committee established to guide the process and the Board's Audit Committee responsible for oversight of ESG-related risks. The Board is fully committed to CompoSecure's ESG initiatives and receives regular updates on our evolving ESG strategy and actions. CompoSecure's ESG governance framework serves all stakeholders, including employees, customers, suppliers, investors, and the communities in which we live and work.

## Board Composition

The Board brings a wealth of collective knowledge and experience to CompoSecure.



All our directors are independent per Nasdaq standards, except for the CEO, who serves on the Board but does not serve on any of the standing Board committees. The roles of the Chairman of the Board and CEO are separate, and we encourage candid discussions on sensitive topics by holding executive sessions at Board and committee meetings throughout the year.

## Other features of our corporate governance structure include:

- Stock ownership guidelines for our directors and executive officers
- Broad executive officer and director anti-pledging and anti-hedging policies
- Regular review of our business strategy and enterprise risk
- Insider Trading Policy and Compensation Clawback Policy

## CompoSecure's set of formal ESG policies includes:

- Anti-Corruption Policy
- Code of Business Conduct and Ethics
- [Human Rights Statement](#)
- Supplier Code of Conduct
- Supplier Diversity Policy

### Audit Committee

The Audit Committee reviews the integrity of financial information prior to publication. It has oversight of the risk management policies and assessments and oversees auditing and compliance with laws and regulations.

### Compensation Committee

The Compensation Committee reviews compensation of key employees, directors, and executive officers, including the Chief Executive Officer. It is responsible for administering stock plans and other incentive compensation plans.

### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying the qualifications, experience, independence, and diversity of the Board. It develops and recommends corporate governance guidelines and principles based on best practices.

For more information on charters governing responsibilities of each committee:  
[www.ir.composecure.com/corporate-governance/governance-overview](http://www.ir.composecure.com/corporate-governance/governance-overview)

### Meetings Attended



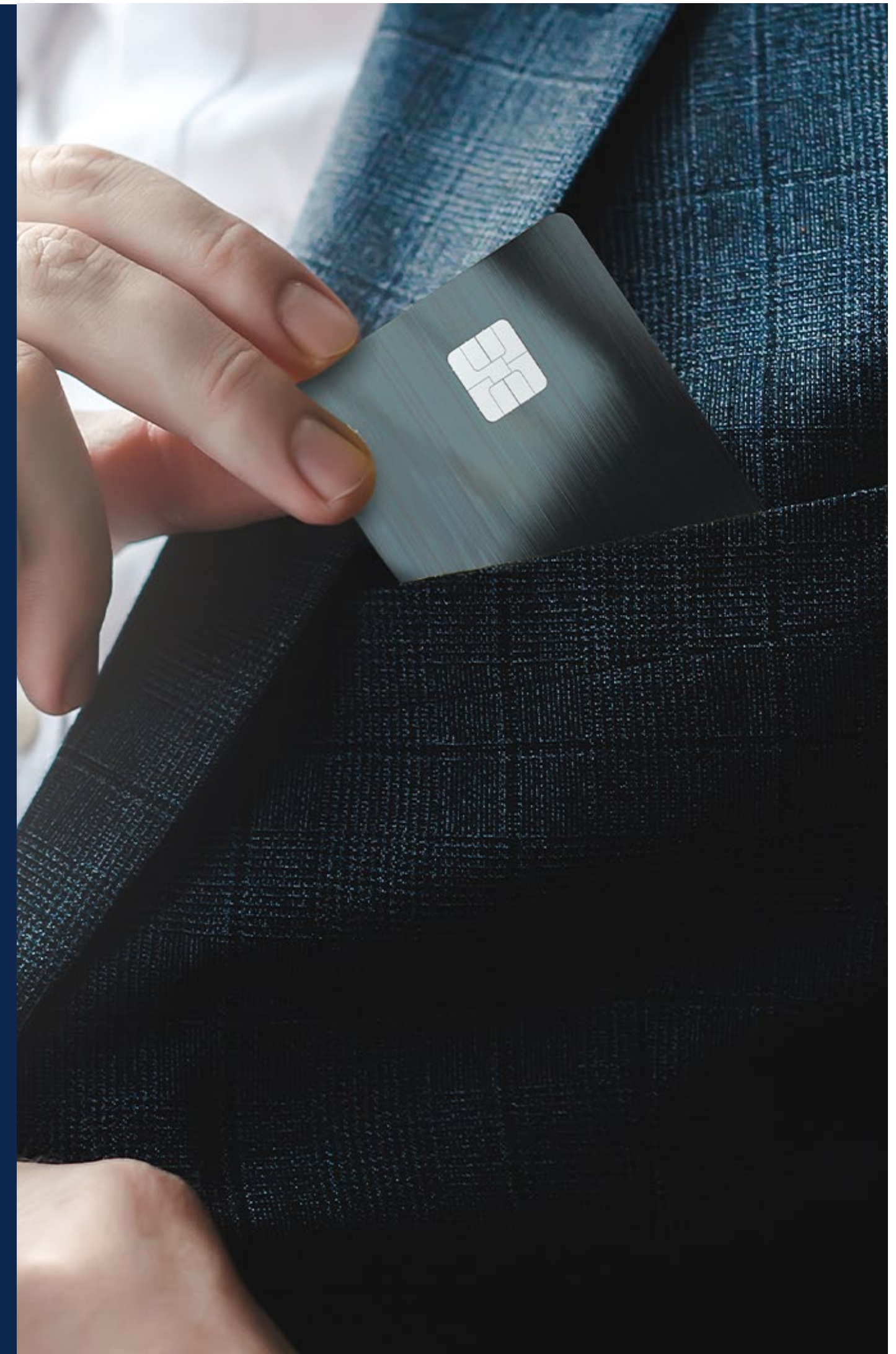
**5** meetings were held by the Board in 2023



**100%** of Board meetings were attended by all directors in 2023



**100%** of committee meetings were attended by all directors in 2023





# Board of Directors

- Audit Committee
- Compensation Committee
- Nominating and Governance Committee
- C Chair



**Mitchell Hollin**  
Chairman of the Board



**Paul Galant**  
Director



**Brian F. Hughes**  
Director



**Michele Logan**  
Director



**Niloofar Razi Howe**  
Director



**Jane J. Thompson**  
Director



**Jonathan Wilk**  
President and CEO

## Risk Management

A crucial role of the Board and committees is to provide informed oversight of our risk management processes, with each focusing on specific areas. The Board monitors and assesses strategic risk exposure, while the Audit Committee is responsible for considering and discussing significant financial risk exposures.

The Board and its committees gain a thorough understanding of our risk exposures and the steps management has taken to monitor and control them through regular reports from senior management.

## Security and Data Protection

Safeguarding our confidential information from the risk of data theft in the evolving cyber threat landscape is integral to our long-term success.

We have invested heavily in our information security management system and protocols, which are aligned to Certified Information Systems Auditor (CISA) and National Institute of Standards and Technology (NIST) practices and frameworks in our security management system and certified to SOC 2 Type 2 standards by an independent auditor.

Phishing, malware, spoofing, and other forms of cyberattack target people at all levels of an organization, and we communicate this to our workforce through mandatory onboarding of our security policies and annual updates. All computer-based employees receive monthly security awareness training, along with regular anti-phishing campaigns to maintain vigilance.



To maintain the security of metal payment cards during the manufacturing process, we follow extensive policies and procedures to assure compliance with Payment Card Industry Security Standards and client requirements.

In the event of a cyberattack or other security breach, CompoSecure has multiple protections in place designed to secure the confidentiality and continued availability of information. This includes 24-hour security monitoring that flags possible issues and an Incident Response Plan (IRP). Our IRP is regularly reviewed to ensure procedures provide coordinated and timely responses. We partner with industry-leading incident response firms to guarantee expert management and resolution of incidents, minimizing potential disruption to our operations and stakeholders.

In 2024, we will continue to develop our information security management system to meet international gold standards by commencing the International Organization for Standardization (ISO) 27001 certification process.

## Ethical Business Approach

Ethical conduct forms the foundation of the goals and long-term success of CompoSecure. We have built a reputation for conducting business activities with integrity, fairness, and in accordance with the highest ethical standards.

The Board is responsible for overseeing our business ethics. This involves reviewing and approving key guidance on themes including acting with integrity, avoiding conflicts of interest, compliance practices, and anti-corruption.

Our comprehensive policies and procedures are available on our internal website for all employees to ensure they understand and meet expectations. During onboarding, all employees receive an employee handbook outlining expectations and requirements for meeting our ethical standards.

## Whistleblower Hotline

Multiple avenues are available to stakeholders to report compliance, unethical business behavior, and conduct concerns. Our Whistleblower hotline is available in English 24/7, to suppliers, customers, employees, and third parties. To encourage reporting, we follow a strict no-retaliation policy and have an option for anonymity. All communications through the hotline are received and reviewed by the Audit Committee.

## Looking Ahead

As our ESG journey continues, we remain focused on making informed decisions that reflect the importance of ESG as part of CompoSecure's company ethos and offer continual improvement and thoughtful growth of our business. We will work with our customers and vendors to expand our goals, innovate solutions, and foster partnerships that help us drive positive ESG change in our supply chain. With the passion and skill of our team, CompoSecure is confident our ESG journey will continue to flourish and be a positive influence for our employees, customers, suppliers, investors and communities.



## Forward-Looking Statements

This report contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management. Although the Company believes that its plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot assure you that it will achieve or realize these plans, intentions, or expectations. Forward-looking statements are inherently subject to risks, uncertainties, and assumptions. Generally, statements that are not historical facts, including statements concerning the Company's possible or assumed future actions, business strategies, events, or results, are forward-looking statements. In some instances, these statements may be preceded by, followed by, or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans,"

"scheduled," "anticipates" or "intends" or the negatives of these terms or variations of them or similar terminology. Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as of the date hereof. You should understand that the following important factors, among others, could affect the Company's future results and could cause those results or other outcomes to differ materially from those expressed or implied in the Company's forward-looking statements: the ability of the Company to grow and manage growth profitably, maintain relationships with customers, compete within its industry and retain its key employees; the possibility that the Company may be adversely impacted by global economic, business, competitive and/or other factors; the outcome of any legal proceedings that may be instituted against the Company or others; future exchange and interest rates; and other risks and uncertainties indicated in this report, including those under "Risk Factors" in filings that have been made or will be made with the SEC. The Company undertakes no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



We combine elegance, simplicity and security to deliver exceptional experiences and peace of mind in the digital and physical worlds.





 CompoSecure

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