



CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT



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## We are pleased to share our 2022 Corporate Social Responsibility Report with you

To help you navigate our strategies, practices and results, we have aligned all our disclosures into the categories of Environmental, Social and Governance (ESG). Mercantile is deeply committed to generating long-lasting results by leveraging our team's diverse set of abilities and aiming to ensure our ongoing impact on people and the environment, as well as ensuring the company remains secure and sustainable.

Based in Grand Rapids, Michigan, Mercantile Bank Corporation is the holding company for Mercantile Bank. Mercantile provides banking services to businesses, individuals and governmental units, and differentiates itself on the basis of service quality and the expertise of its banking staff. Mercantile has assets of approximately \$4.9 billion and operates 46 banking offices. Mercantile Bank Corporation's common stock is listed on the NASDAQ Global Select Market under the symbol "MBWM." For more information about Mercantile, visit [www.mercbank.com](http://www.mercbank.com), and follow us on Facebook, Instagram and Twitter @MercBank and on LinkedIn at [www.linkedin.com/company/merc-bank/](http://www.linkedin.com/company/merc-bank/)

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# A Message From Our CEO

In 2022, we celebrated our company's 25th anniversary and the hard work of our team was evident in all facets of Environmental, Social and Governance. Since the founding of our company in 1997, Mercantile has been committed to these principles that are the underpinnings of strong corporate social responsibility. As a community bank, corporate social responsibility has been at the heart of our existence since the beginning, and demonstrated in all that we do each and every day.

As a valued and trusted partner, we hold ourselves to the highest of standards and continually seek opportunities for improvement. Communities can only be strong if their residents and the businesses serving and employing them are successful. Mercantile is proud to support the non-profit organizations and community causes about which our employees are passionate. We granted nearly \$1 million to non-profit and other charitable causes in 2022. Many of these donations consist of annual gifts for operational support and installments on longer-term commitments such as capital campaigns for facilities and improvements. Our employees also donated their talents and supported their communities by investing over 21,000 hours of volunteering. This just begins to tell the story of the impact of Mercantile.

One of Mercantile's strengths is the ability to craft solutions that positively impact our markets with products and services designed to meet the needs of each community. An encounter with a Mercantile banker always begins with their ability to intently listen and then moves forward to fulfill clients' financial needs by crafting innovative solutions through collaboration, accountability and excellence. We are proud of the difference we make in the financial journey of each customer.

At Mercantile, we believe in win-win scenarios and now more than ever, they represent interconnected elements of sustainable development for everyone.

PEOPLE. By providing our employees with opportunities to grow and expand their career skillsets, supported with competitive benefits and wages, they are able to focus on investing themselves in meaningful work (win!). PLANET. In all that we do, we seek to be good stewards of the resources in which we are entrusted and reduce our carbon footprint of the environment (win!). PROSPERITY. With engaged and empowered employees focused on doing everything to the best of their abilities to support our customers, our company will be successful and strong (win!). PEACE. The strengths of our team and our company are invested back into our communities as we help empower individuals and organizations to achieve their goals and aspirations (win!). PARTNERSHIP. We are committed to continually engaging in partnerships, knowing that if we all work hard together, we can nurture peaceful, inclusive and fair communities in which everyone can thrive (win!).

Sustainability is embedded in everything we do at Mercantile Bank and that is reflected in the relationships with our customers, communities, our colleagues and all of our shareholders. On behalf of the Board, Management and the Employees of Mercantile Bank, I present this Corporate Social Responsibility Report as a summary of the many activities, accomplishments and advancements delivered by our team in 2022.



*Robert B. Kaminski*

**ROBERT B. KAMINSKI**  
*President and Chief Executive Officer*  
Mercantile Bank Corporation



## AT A GLANCE

- Founded in 1997
- Headquartered in Grand Rapids, Michigan
- Largest community bank headquartered in Michigan
- 46 banking locations throughout Michigan, with an additional lending office in Ohio

## AWARDS & RECOGNITION

- West Michigan Best & Brightest Companies to Work For® (18th year in a row)
- American Bankers Association Foundation Community Commitment Award (Honorable Mention)
- Corp! Magazine Diversity Award — Diversity Focused Company (3rd year in a row)
- Grand Rapids Business Journal — Book of Lists
  - ▶ Top Commercial Bank — Ranked #1 (Commercial Loan Portfolio)
  - ▶ Top Commercial Real Estate Lender — Ranked #1 (West Michigan Commercial Real Estate loans outstanding)
  - ▶ Top Mortgage Lenders — Ranked #3 (Value of Mortgage Portfolio)
  - ▶ Top “Payroll Services” Provider — Ranked #3
- Heart of West Michigan United Way — 2022 Top Campaign
- Michigan Bankers Association Financial Literacy Award
- Michigan Bankers Association Innovator of the Year Award
- #1 SBA 504 loan provider in the State of Michigan

## 2022 BY THE NUMBERS

- 4.9 billion dollars in assets
- 3.7 billion dollars in deposits
- 3.9 billion dollars in loans
- 1,378 small business loans totaling \$377,191,000
- Charitable giving:
  - ▶ \$957,958 corporate donations
  - ▶ \$131,250 employee donations to United Way
- \$316.9 million dollars in community development loans
- 21,188 volunteer hours, impacting 817 organizations
- 222 financial education classes with over 2,670 participants
- Over 225 tons of paper recycled (Bank & community events)

# STATEMENT

## MISSION

To deliver financial solutions that empower people to achieve their goals and dreams

## VISION

To be *the* financial and career partner of choice, bettering the lives of our customers and enriching the communities we serve

## VALUES

To build strong relationships, accomplished through: Accountability, Collaboration, Excellence, Inclusivity, Innovation

**WE BELIEVE THAT BY FULFILLING OUR MISSION, STRIVING TOWARDS OUR VISION AND LIVING OUR VALUES, WE WILL PROVIDE SHAREHOLDERS OF MERCANTILE BANK CORPORATION WITH AN EXCELLENT RETURN ON THEIR INVESTMENT.**



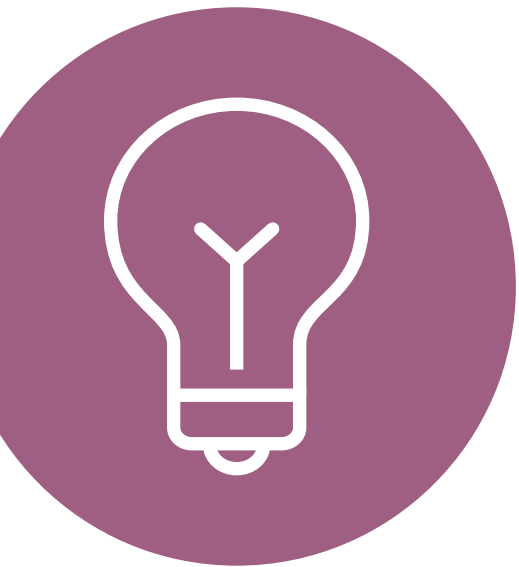
# ENVIRONMENTAL

Sustainability and conservation have always been a part of Mercantile's strategic plan and are woven deeply into the fabric of how we do business. From an efficient branch footprint to utilizing the latest technology, we are continuously focused on seeking new ways to be more productive with our time and energy, while remaining good stewards of the resources to which we are entrusted.



## 40%

Reduction of printed page consumption since 2019



## 29%

Reduction in electricity usage since 2019



## 60%

Customer adoption of e-statements

Mercantile sponsored 12 Community Shred Days in 2022 and collected 39.6 tons of material. Along with 185.4 tons of corporate-wide shredding, that translates to:

**3,825 Trees Saved**

**1,575,000 Gallons of Water Saved**

**945,000 Kw of Energy Saved**

**765 Cubic Yards of Landfill Saved**

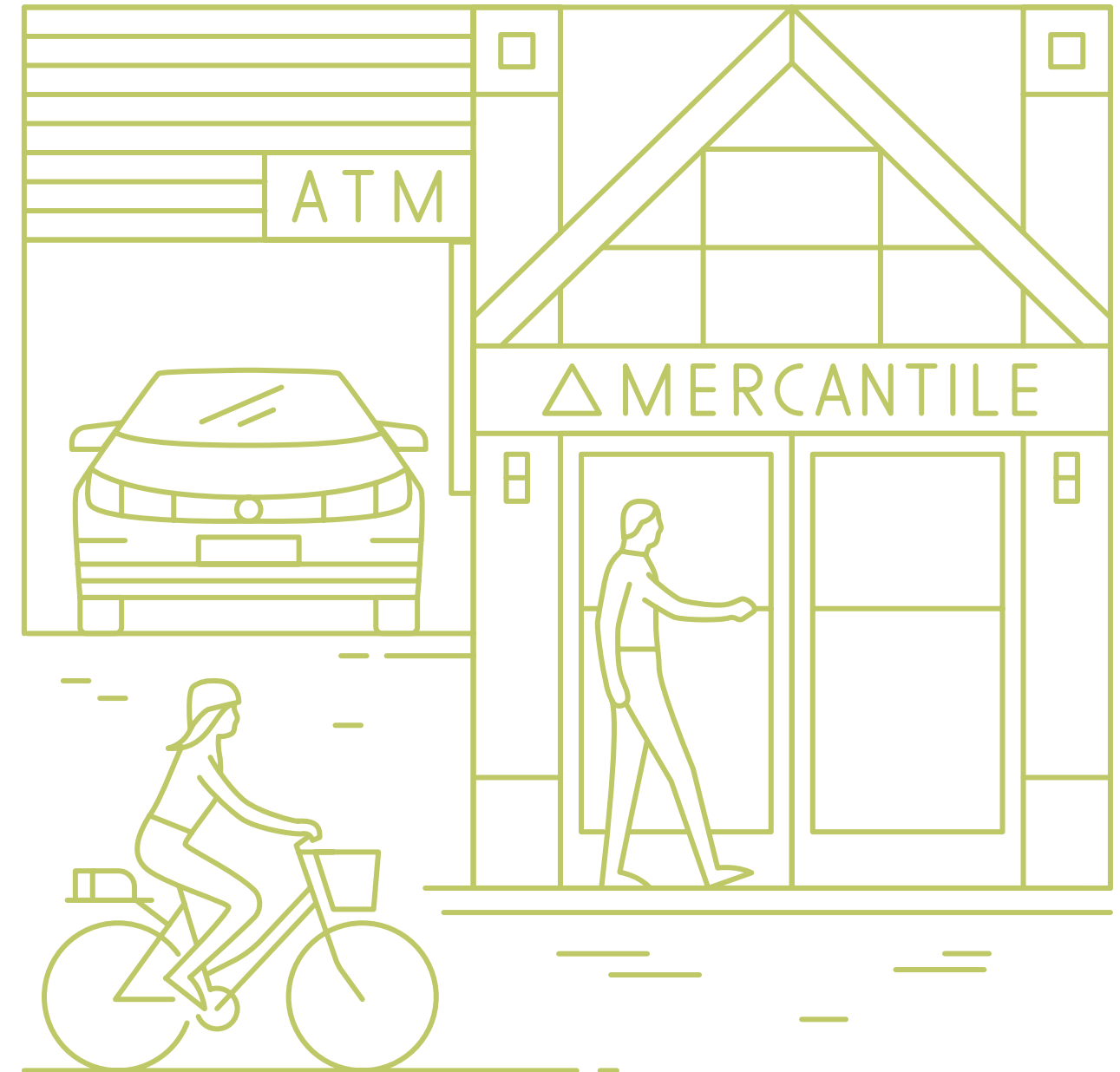


# Environmental

We recently reduced the footprint of two of our facilities combined from 47,890 sq. ft to 13,890 sq. ft; which decreased monthly operating expenses from \$69K per month to \$16K per month; with no reduction in access to banking services.

An electric vehicle “Green Auto” loan program was created to support the purchase of electric, hybrid or fuel-efficient vehicles.

We also created an ESG Green Credit loan product for customers building or renovating a home that incorporates large scale environment-friendly sustainable initiatives or have a LEED Certifications.



# EFFICIENCIES





Use software platforms for secure digital documents and customer signatures across key business lines



Smartboards, cameras and software installed throughout the company to reduce travel, increase training opportunities and team collaboration

**CLIENT SOLUTIONS**

- Online Banking & Bill Pay
- Remote & Mobile Remote Deposit Capture
- MercForce® Workforce Solutions
- Online Payables and Receivables
- Card Management
- Online Account Applications
- Online Appointment Scheduling
- MercPerks with Ultimate ID
- MercDebit
- MercCredit
- MercMobile®
- MercMoney®
- MercMoney Chatbot
- Expanded ATM Network & Live ATMs
- Mobile Wallet
- CardSwap

**LET'S CHAT**

New mobile feature enables customers to chat within their account directly with a live representative



New "green" vehicle and home loan products to support customer purchases of electric, hybrid or fuel-efficient vehicles and energy efficient home updates.



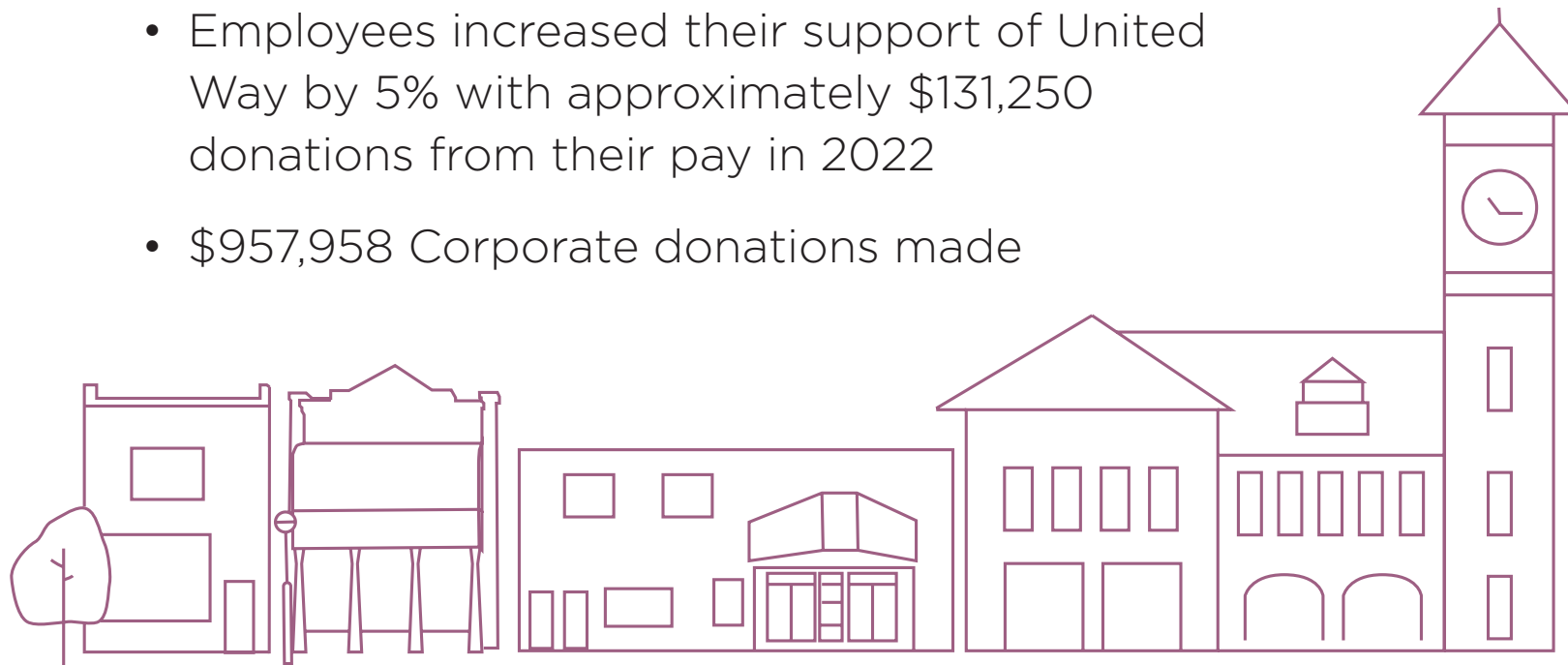
# SOCIAL

At Mercantile, we see ourselves as one team and the very act of working together allows us to reach far beyond what we could achieve individually. Our ability to collaborate, inside the organization and outside the company, generates a positive impact on individuals, organizations and entire communities. Collaboration also enables us to celebrate diversity, appreciate different points of view, develop new ideas and put them into action. We believe that our invested time, money and effort also helps to sustain and advance the mission of community organizations.

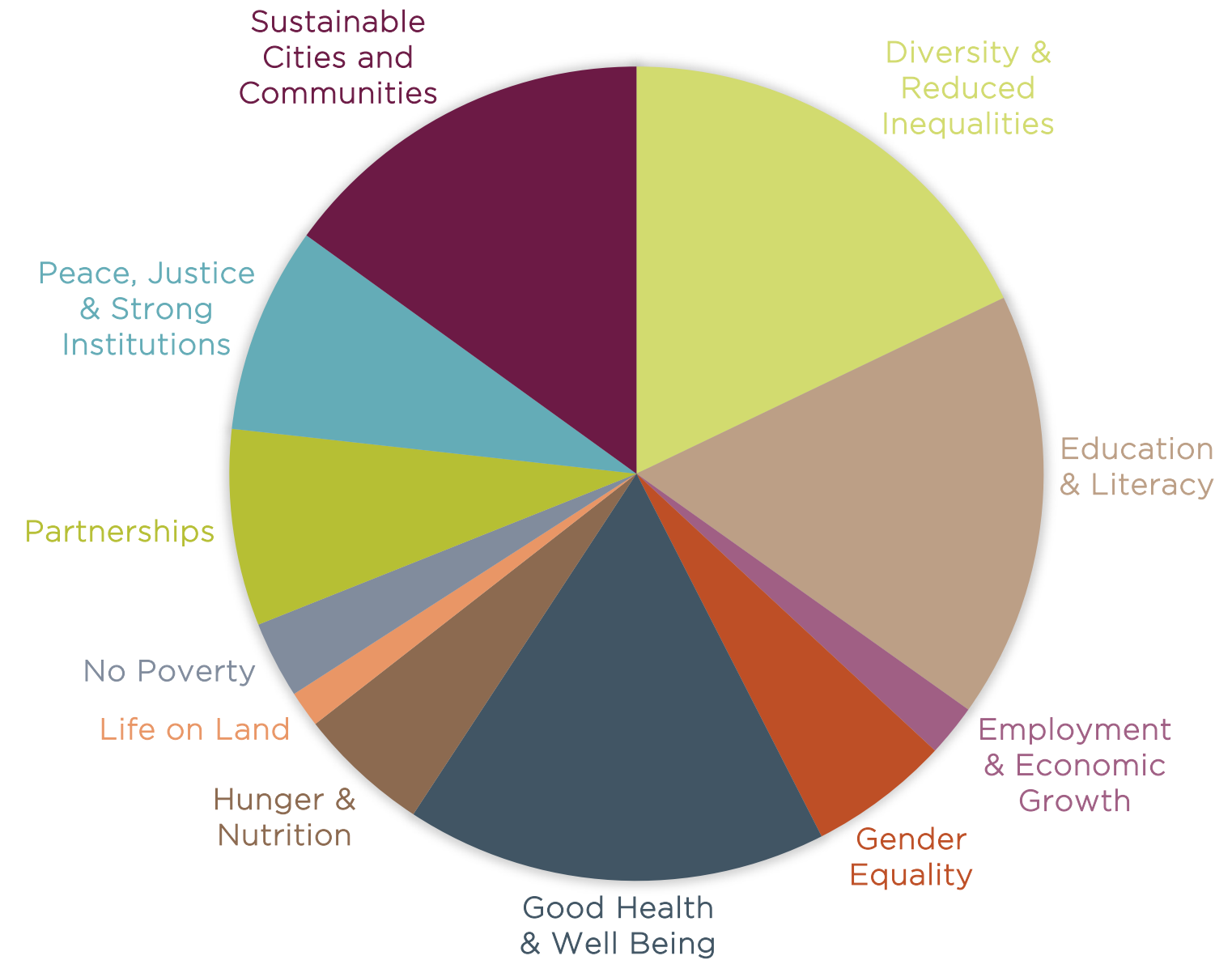
Mercantile puts a premium on making a positive impact within the communities in which we live and work.

In 2022, we were honored to provide the following:

- 79 Community Development Loans totaling \$316,856,426
- \$7.9 million in Community Champion Mortgage Loans
- Over \$207,000 provided to first-time home buyers through our Extra Credit Program to help offset closing fees
- Employees increased their support of United Way by 5% with approximately \$131,250 donations from their pay in 2022
- \$957,958 Corporate donations made



## CORPORATE DONATIONS BY SDG CATEGORIES



# COMMUNITY

# COMMITTED

## FINANCIAL RECOVERY

We recognize that many people face financial challenges and need help understanding their personal financial situation. Our financial recovery classes are designed to help individuals and families develop skills centered on budgeting, saving and credit strategies, so they can create a plan that will empower them to meet expenses and achieve their financial goals.



## HOME OWNERSHIP

Home ownership plays a vital role in not only creating strong and stable communities, but also helps build assets and wealth. At Mercantile Bank, we believe that it is vital for individuals and families to be prepared for the mortgage approval process and home ownership. Mercantile partners with several non-profit organizations to provide first-time homebuyer programs. Our team of volunteers teach classes on budgeting and saving for home ownership, how to become credit-ready and understanding the mortgage application process. We also help familiarize home buyers on various down payment assistance programs.



## YOUTH FINANCIAL EDUCATION

We believe it is important that all children develop financial skills and have an understanding of money management. We also want to ensure that youth are familiar with bank accounts and services so they have knowledge and exposure to banking services. The Bank partners with schools and non-profit organizations to provide classes, and we recently developed new partnerships that allow us to reach young adults as well. One example is when Mercantile teamed up with the Youth Transition Services at Disability Advocates to provide financial education classes to youth with disabilities so they could learn about goal-setting, budgeting and savings. The Bank's volunteers also participated in the employment readiness workshops by assisting students with resume-building and mock interviews so the students were better prepared for job interviews.



In 2022, Mercantile Bank was honored to be named the recipient of the Michigan Bankers Association Financial Literacy Award. A focus on the betterment of society through education is one of the cornerstones of our company; each year Bank employees facilitate hundreds of classes like the ones highlighted below as an offering to the communities in which we serve.



# EDUCATION

## AN INNOVATIVE APPROACH

Mercantile Bank developed a partnership with Grand Valley State University's TRIO Program to provide exposure to banking for young adults in the TRIO Upward Bound Program at Grand Valley State University (GVSU). The TRIO Upward Bound Program serves low-income high school students in grades 9-12 and provides fundamental support to participants in their preparation for college.

In providing financial education to the communities we serve, Mercantile Bank develops programs with partner organizations around specific focus areas. We offer classes virtually and in-person to ensure we meet the needs and ensure the safety of the participants and our volunteers. Through our outreach efforts in 2022, we were able to grow our programs and provide 222 classes that impacted over 2,600 youth and adults.

Exposure to banking services

Teach valuable financial skills and encourage students to save by providing a savings match program

The objectives of the Bank's partnership with the GVSU TRIO Upward Bound Program are:

Job shadow experiences that expose students to careers in banking and financial services

Financial education workshops to students in the program

**21,188**

VOLUNTEER HOURS

**817**

SUPPORTED  
ORGANIZATIONS

**486**

EMPLOYEES  
PARTICIPATED

**\$605K**

COMMUNITY VALUE  
OF SERVICE

# VOLUNTEER

**222**

FINANCIAL  
EDUCATION CLASSES

**2,670**

FINANCIAL CLASS  
PARTICIPANTS

**216**

EMPLOYEES ON  
BOARDS & COMMITTEES

**359**

BOARDS &  
COMMITTEES SERVED

# SUSTAINABLE DEVELOPMENT GOALS

Our team's community involvement grew exponentially in 2022 with many opportunities for in-person volunteering re-emerging post pandemic. Our staff invested a total of **21,188 hours benefiting 817 non-profit organizations** in 2022.

Mercantile continued its dedication to making a difference in our communities through our lending practices, investments, grants and volunteering efforts. Our team members also led and volunteered alongside non-profits to help provide financial education through 222 different classes and approximately 2,670 participants.

For all of **2022, Mercantile donated over \$957,958 in support of non-profit organizations and other needs throughout the communities we serve.**



The percentage in the circles represent the hours Mercantile employees dedicated to volunteering in each category of the United Nations Sustainable Development Goals (SDGs) in 2022.





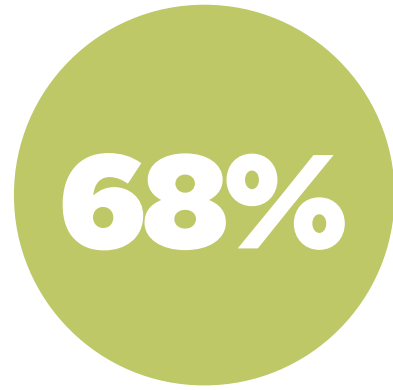
Mercantile's Diverse Vendor Program is inclusive of Minority, Women, LGBTQ+, Veteran and Disabled owned vendors. In 2022 . . .

- **102** Diverse vendors in the program
- **72** Diverse vendors utilized
- **\$1.2 million** or **2.46%** of total spend engaged diverse vendors

# DIVERSTY



DIVERSE  
HIRE RATE



FEMALE  
EMPLOYEES

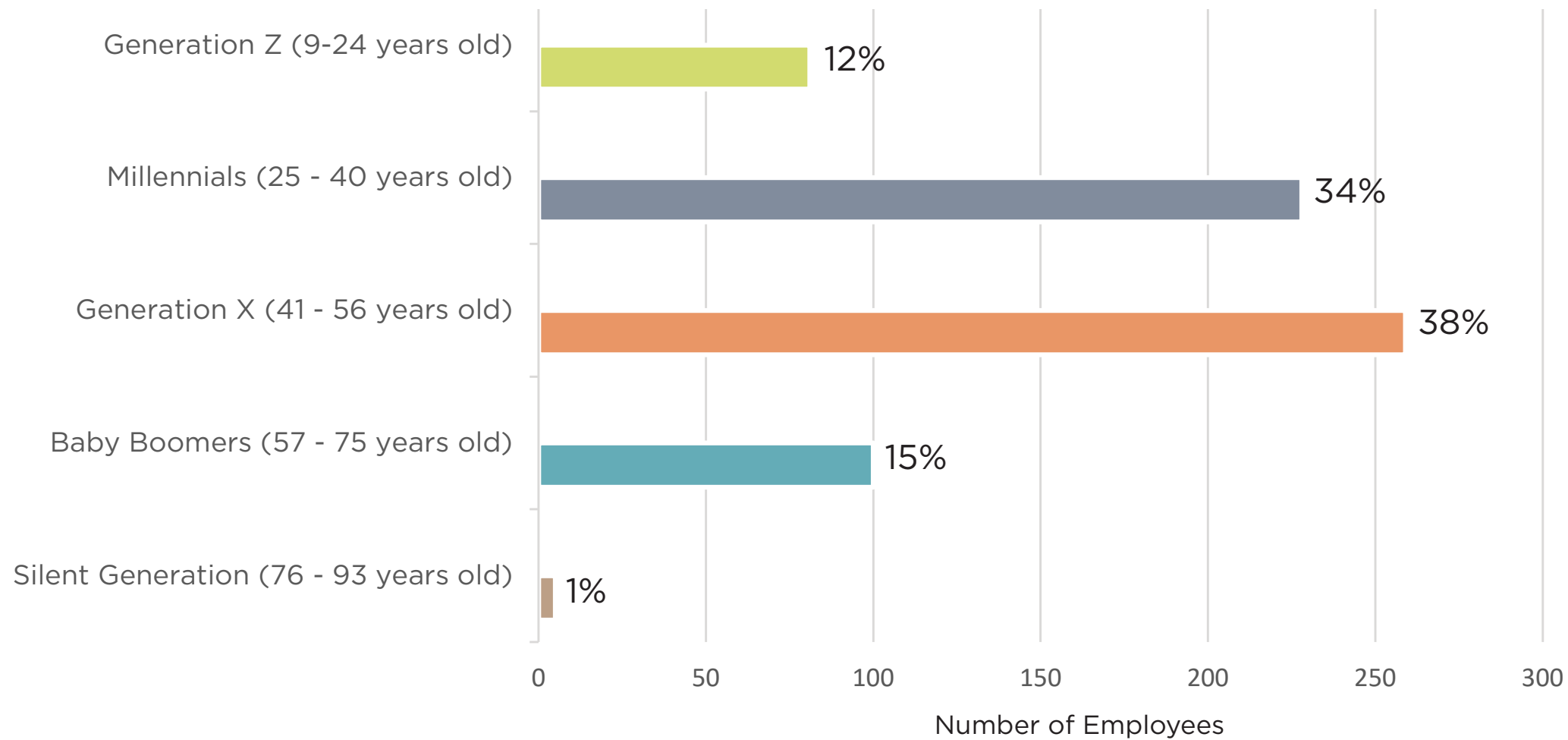


MALE  
EMPLOYEES



FEMALE  
OFFICERS

## 2022 GENERATIONAL BREAKOUT





# GOVERNANCE

Our company is consistently focused on creating long-term value through meaningful relationships and management of risk. When this is done right, these contributions are reflected in our bottom line success for all our stakeholders. The history of our ability to grow our position in innovative ways, while remaining strong, secure and profitable, speaks to our commitment to uphold our values and leverage our talented and experienced team.



DAVID M. CASSARD\*  
*Audit Committee Chair*



MICHAEL S. DAVENPORT\*  
*Executive Session Facilitator*



THOMAS D. DICKINSON



MICHELLE L. ELDRIDGE\*  
*Compensation Committee Chair*



MICHAEL D. FAAS



JEFF A. GARDNER\*  
*Governance & Nominating  
Committee Chair*



KURT D. HASSBERGER



JOSEPH D. JONES



ROBERT B. KAMINSKI\*  
*Chief Executive Officer*



MICHAEL H. PRICE\*  
*Chairman*



DAVID B. RAMAKER\*



RAYMOND E. REITSMA  
*President of the Bank*



NELSON F. SANCHEZ



PHILLIP R. SEYBERT



AMY L. SPARKS



SHORAN R. WILLIAMS

## 2022 Mercantile Bank Board of Directors

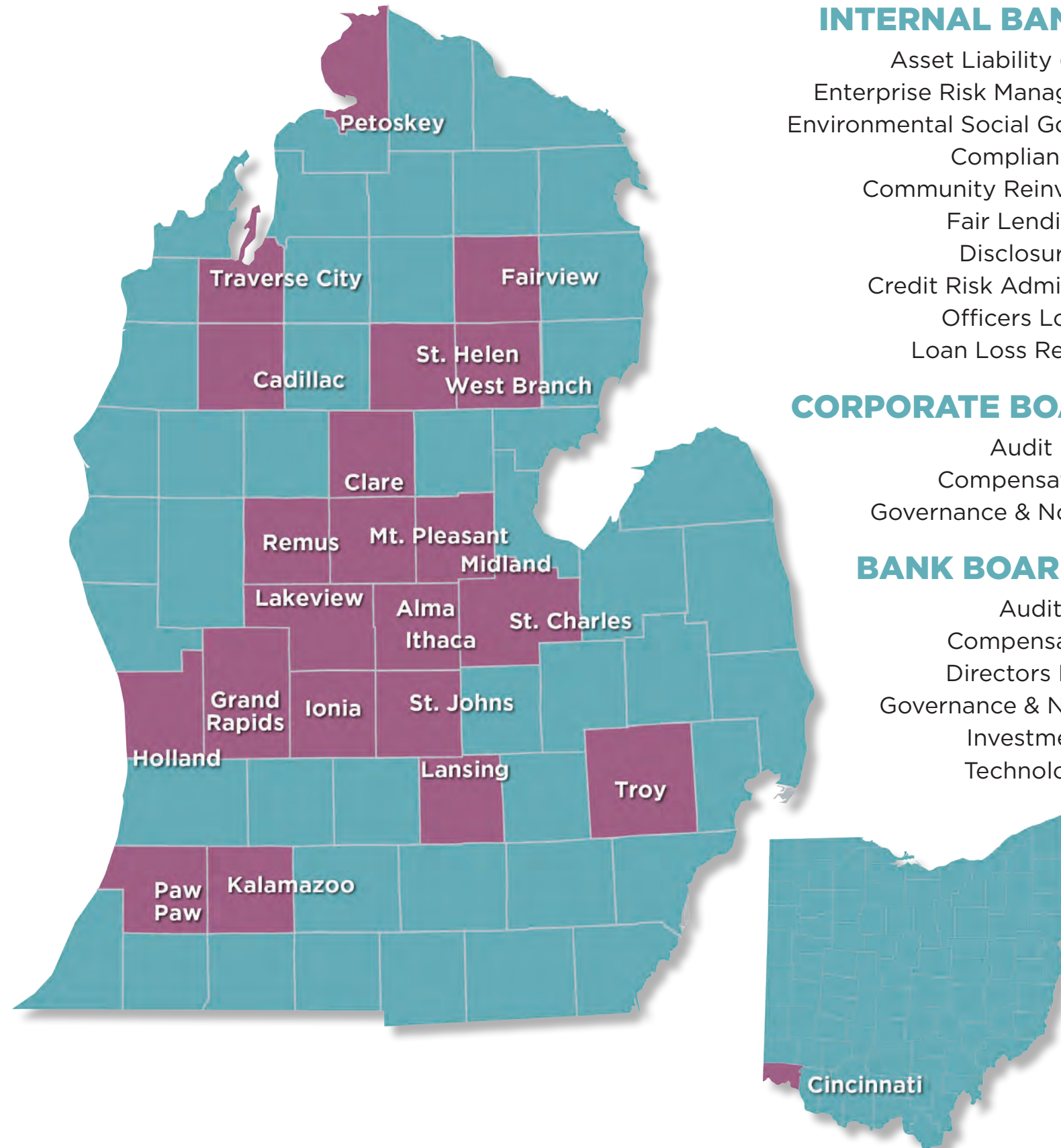
- 100% Independent Corporate Board Committee Chairs
- All Directors Elected Annually

\* Mercantile Bank Corporation Board members



## HOW WE PROTECT OUR CUSTOMERS . . .

- Extended Validation Secure Site Pro TLS/SSL Certificates
- Secure Online & Mobile Banking Login
- Single-use Secure Access Code (SAC)
- Secure Data Transfer
- Reporting Fraud
- Ultimate ID®
- Account and Security Alerts
- MercDebit
- MercCredit
- MercMobile®
- SecurLOCK™ Equipment
- Mobile Wallet
- Multi-Factor Authentication
- Dual Control
- Secure Email
- Positive Pay - Business Check Fraud Prevention
- Online Review of Suspect Items
- Payee Match
- ACH Notification
- Provide Links to National Cybersecurity Alliance ([www.staysafeonline.org](http://www.staysafeonline.org))



## INTERNAL BANK COMMITTEES

- Asset Liability (ALCO) Committee
- Enterprise Risk Management (ERM) Committee
- Environmental Social Governance (ESG) Committee
- Compliance Committee
- Community Reinvestment Act (CRA) & Fair Lending Committee
- Disclosure Committee
- Credit Risk Administration Committee
- Officers Loan Committee
- Loan Loss Reserve Committee

## CORPORATE BOARD COMMITTEES

- Audit Committee
- Compensation Committee
- Governance & Nominating Committee

## BANK BOARD COMMITTEES

- Audit Committee
- Compensation Committee
- Directors Loan Committee
- Governance & Nominating Committee
- Investment Committee
- Technology Committee

## MEMBERSHIPS & ASSOCIATIONS

- Akron/Canton Board of Realtors
- Alloy Labs Alliance
- American Bankers Association
- American Institute of Certified Public Accountants
- American Payroll Association
- Associated Builders & Contractors of Michigan
- Association for Corporate Growth
- Association for Human Resource Management
- Association of Certified Fraud Examiners
- Association of Financial Professionals
- Belding Area Chamber of Commerce
- Better Business Bureau
- Cadillac Area Chamber of Commerce
- Capital Area Manufacturing Council
- Central Michigan Association of Realtors
- Chagrin Valley Chamber of Commerce
- Clinton County Economic Alliance
- Commercial Alliance of Realtors
- Community Bankers of Michigan
- Construction Financial Management Association
- Construction Financial Management Association of SW Michigan
- Cuyahoga County Chamber of Commerce
- Dayton Area Board of Realtors
- Dayton Area Home Builders Association
- Family Business Alliance
- Grand Rapids Area Chamber of Commerce
- Grand Rapids Association of Realtors
- Grand Rapids Home Builders Association
- Gratiot Area Chamber of Commerce
- Great Lakes Women's Business Council
- Greater Cleveland Home Builders Association
- Greater Kalamazoo Association of Realtors
- Greater Regional Alliance of Realtors
- Harbor Springs Area Chamber of Commerce
- Home Builders Association of Central Michigan
- Home Builders Association of Dayton
- Home Builders Association of Midland
- Home Builders Association of Saginaw
- Home Building Association of Greater Grand Rapids
- Independent Community Bankers of America
- Independent Payroll Providers Association
- Information Systems Audit and Control Association (ISACA)
- Inforum
- International Referral Network (Medina)
- Kent County Treasurers Association
- Lakeshore Advantage
- Lakeshore Home Builders Association
- Lakeshore Human Resources Management Association
- Lansing Chamber of Commerce
- Lorain County Board of Realtors
- Medina County Board of Realtors
- Medina County Chamber of Commerce
- Merrill Business Association
- Michigan Association of Certified Public Accountants
- Michigan Bankers Association
- Michigan Business Brokers Association West
- Michigan Chamber of Commerce
- Michigan CRA Association
- Michigan Diversity Council
- Michigan Manufacturers Association
- Michigan Minority Supplier Development Council
- Michigan West Coast Chamber of Commerce
- Midland Board of Realtors
- Midland Business Alliance
- Midland Downtown Business Association
- Mid-Michigan Banking Group
- Midwest Independent Retailers Association
- Mortgage Collaborative Cooperative
- Mt. Pleasant Area Chamber of Commerce
- NACHA
- National Association of Home Builders
- National Association of Minority Mortgage Bankers of America, Cleveland Chapter (NAMMBA)
- National Diversity Council
- Oakland CRA Association
- Ohio Association of Realtors
- Petoskey Area Chamber of Commerce
- Project Management Institute
- Risk Management Association
- Rocky River Chamber of Commerce
- Saginaw Board of Realtors
- Saginaw County Chamber of Commerce
- Saginaw CRA Association
- Saginaw Home Builders Association
- Sales and Marketing Executives of Cleveland
- Small Business Financial Exchange, Inc.
- Society of Human Resource Management
- Southwest Michigan CRA Association
- Southwest Michigan First
- The Clearing House Payments Authority
- The Institute of Internal Auditors
- The Right Place, Inc.
- TraverseConnect
- Turnaround Management Association
- West Michigan Association of Financial Professionals
- West Michigan Chapter of the American Payroll Association
- West Michigan CRA Association
- West Michigan Hispanic Chamber of Commerce
- West Michigan Lakeshore Association of Realtors
- West Michigan Sustainable Business Forum
- West Michigan Women's Council of Realtors
- Women's Council of Realtors
- Wyoming-Kentwood Area Chamber of Commerce

# MATERIALS

## ENVIRONMENTAL

CATEGORY	METRIC	UPDATE
Carbon & Climate	Efficiencies	Ongoing Branch Efficiencies: One example was the reduction in the footprint of two of our facilities combined from 47,890 sq. ft. to 13,890 sq. ft.; which reduced monthly operating expenses from \$69K per month to \$16K per month; with no reduction in access to banking services
Carbon & Climate	Efficiencies	Customer eStatement adoption rate has grown from 55.22% in early 2021 to 58.55% at the end of 2022, further reducing the printing and mailing of paper statements
Carbon & Climate	Electric Vehicle Charging Stations	Two Electric Vehicle (EV) Chargers are available for employee and public use
Carbon & Climate	Electricity Usage	Over the past four years, electricity usage has been reduced by 29%
Carbon & Climate	Gas Usage	Over the past four years, gas usage has been reduced by 7%
Carbon & Climate	Water Usage	Over the past year, water usage has been reduced by 10%
Carbon & Climate	Green Loan Products	Added new "green" vehicle and home loan products to support customer purchases of electric, hybrid or fuel-efficient vehicles and energy efficient home updates
Carbon & Climate	Renewable Energy	Actively seeking engagement of renewable energy sources to offset carbon footprint
Carbon & Climate	Renovations & Construction	Corporate Headquarters HVAC system enabled energy costs to be maintained despite an increase in square footage by nearly one-third
Risks & Opportunities	Certified Suppliers	Electronic recycling vendors are certified to ISO 14001 and ISO 45001 standards
Risks & Opportunities	Efficiencies	Use software platforms for secure digital documents and customer signatures across key business lines
Risks & Opportunities	Efficiencies	40% reduction of printed documents since January 1, 2019
Risks & Opportunities	Efficiencies	Bank-wide use of online accounts payable system (save paper, time and resources)
Risks & Opportunities	Efficiencies	Bank-wide use of technology and video to reduce/eliminate travel, save time and reduce fuel consumption for meetings
Risks & Opportunities	Efficiencies	Increased opportunities for employees to work from home reduces vehicle fuel consumption
Risks & Opportunities	Efficiencies	All new construction and renovation projects include low-flow devices and LED lighting to keep future energy usage lower
Risks & Opportunities	Enterprise Wide Risk Assessment	Updated Enterprise Wide Risk Assessment includes environmental risk; Reports are presented to the Board quarterly
Risks & Opportunities	Environmental Policy	The Board of Directors annually reviews and adopts the Environmental Policy, which is available on the company website; The ESG Committee prepares and recommends changes to the Board
Risks & Opportunities	Renovations & Construction	Follow LEED Green certifications whenever possible
Waste & Toxicity	Recycling	All office locations have recycling stations to divert cardboard, plastic and metal items from the landfill
Waste & Toxicity	Recycling	Secure paper shredding and recycling program (internal and community shred days); In 2022, the Bank securely shred 225 tons of paper, including 12 state-wide community shred events; this saved approximately 3,825 trees, 945,000 kwh in saved electricity, avoided adding 765 cubic yards of waste in landfills and saved 1,575,000 gallons of water
Waste & Toxicity	Repurpose	Any renovations and expansion projects are met with Mercantile's repurpose initiative, which donates previously used office furniture to non-profit organizations
Waste & Toxicity	Waste Reduction	Water bottle refill stations installed during expansions and renovations to reduce plastic bottle use



CATEGORY	METRIC	UPDATE
Labor, Health & Safety	Diversity	FTEs (12-31-2022) – 658 <b>WORKFORCE GENDER DIVERSITY</b> – 68% female, 32% male <b>OFFICER GENDER DIVERSITY</b> – 56% female, 44% male <b>BANK BOARD DIVERSITY</b> – 19% female gender diversity, 25% racial/ethnic diversity <b>DIVERSE HIRES</b> – 13.8%
Labor, Health & Safety	Diversity Council	Diversity Council comprised of staff representing diverse perspectives across departments
Labor, Health & Safety	Diversity, Equity & Inclusion	All employees have completed foundational Diversity, Equity and Inclusion training; Supervisors invested a combined 357 hours for specialized Inclusive Leadership training in 2022; Recognition of Juneteenth with a paid day off
Labor, Health & Safety	Diversity, Equity & Inclusion Policy	Board of Directors annually review and adopt a Diversity, Equity and Inclusion Policy; posted on company website
Labor, Health & Safety	Efficiency Through Technology	Smartboards, cameras and software installed throughout company to reduce travel, increase training opportunities and team collaboration
Labor, Health & Safety	Efficiency Through Technology	Over 80% of workforce have the ability to work from home, if needed; Organization has flexibility to respond quickly to changing environmental conditions
Labor, Health & Safety	Employee Retention	Robust Employee Benefit Programs: 84% company contribution towards medical, dental and vision benefits; company-provided short-term disability, long-term disability and basic life insurance accidental death and dismemberment (AD&D) insurance; Tuition Reimbursement Employee Assistance Program (EAP); access provided to all employees for additional optional employee-paid benefits
Labor, Health & Safety	Employee Retention	Additional Employee Benefits: Adoption/IVF assistance, computer/home office loan, clothing loan, stock purchase plan, fitness equipment loan, home office loan, 401(k) match, employee referral program, Pay-it-Forward vacation day program, Giving Day, incentive vacation for specialized volunteer opportunities, United Way giving, Jean Day Fridays, Flexible Hybrid Remote Work wherever possible
Labor, Health & Safety	Employee Retention	Third-Party Employee Engagement Surveys; Supervisor training; Employee FUN Committee, online training subscription, Monthly DEI learning opportunities, videos, books and discussion groups
Labor, Health & Safety	Employee Wellness	Variety of monthly wellness challenges - employees receive points and can earn rewards for participating and completing healthy goals
Labor, Health & Safety	Internship Programs	Annually provide enriching business experiences for college students/young professionals through paid internships; launched a specialized 4-year internship program, rotating through multiple career experiences for a broad-based perspective of options within the financial services industry
Labor, Health & Safety	Pay It Forward	Employees can donate up to 24 vacation hours per year to a vacation bank for other employees to use in times of need
Labor, Health & Safety	Staff Recruitment	Ongoing goals for workforce diversification; employee referral program
Labor, Health & Safety	Supervisor Training	Ongoing training and support for supervisors; In 2022, supervisors invested a 1,247 total of hours in training
Product Safety, Quality & Brand	Awards & Recognition	<p><b>Mercantile and its staff were bestowed the following awards:</b></p> <ul style="list-style-type: none"> <li>• West Michigan’s Best &amp; Brightest Companies to Work For® (18 years in a row)</li> <li>• Corp! Magazine Salute to Diversity Award – Diversity Focused Company (3 years in a row)</li> <li>• Heart of West Michigan United Way – 2022 Top Campaign</li> <li>• Ottawa County United Way – 2022 Community Builder Award</li> <li>• Michigan Bankers Association Financial Literacy Award</li> <li>• Michigan Bankers Association Innovator of the Year Award</li> <li>• American Bankers Association Foundation Community Commitment Award - Honorable Mention</li> <li>• #1 SBA 504 Loan Provider in the State of Michigan*</li> <li>• Top Commercial Bank - Ranked #1**</li> <li>• Top Commercial Real Estate Lender - Ranked #1**</li> <li>• Top Mortgage Lender - Ranked #3**</li> </ul> <p><small>* U.S. SBA - Michigan District (as of September 2022) ** As ranked by the Grand Rapids Business Journal - 2023 Book of Lists</small></p>





CATEGORY	METRIC	UPDATE
Product Safety, Quality & Brand	Customer Communication	Introduced "Let's Chat" in personal online banking accounts to offer the ability to connect with a live banker for immediate assistance; Leverage multiple types of customer communication (written and email) as well as regular updates via social media sites and company website; All relevant updates and policies are posted on the website as well as signage in branch lobbies; Employees work together to help notify and inform customers of important and changing information
Product Safety, Quality & Brand	Customer Education	Delivered customer education via email on the topics of financial wellness tools, avoiding fraud while shopping (holidays), ability to make banking appointments, community shred events and website updates
Product Safety, Quality & Brand	Efficiency Through Technology	Mercantile Bank often partners with Q2 as an early adopter of crucial new functionality, testing the viability of new products, improving functionality, user experience and future developments
Product Safety, Quality & Brand	Efficiency Through Technology	Continue to improve and expand online banking platform for mobile and desktop applications; Offer customers the ability to make in-person appointments online and the ability to work with a personal banker while utilizing a video banking machine
Product Safety, Quality & Brand	First Time Home Buyer Program	Extra Credit Program - First time home buyer assistance program offsetting closing costs; \$207,000 costs paid in 2022
Product Safety, Quality & Brand	Marketing Compliance	Marketing checklist for review of all prepared marketing materials; Annual reminders to all staff; Ensures regulatory compliance
Product Safety, Quality & Brand	Safety Through Technology	Contactless credit and debit cards issued to all customers; Introduced MercDebit and MercCredit to monitor activity and receive immediate notifications of transactions
Product Safety, Quality & Brand	Safety Through Technology	Treasury Product: Utilizing and expanding customer use of Positive Pay product to reduce fraud
Product Safety, Quality & Brand	Safety Through Technology	Data Security/Identity Theft: Extended Validation Secure Site Pro TLS/SSL Certificates, Secure Online & Mobile Banking Login, Single-use Secure Access Code (SAC), Fraud reporting, Secure Data Transfer, Ultimate ID®, Account and Security Alerts, MercDebit, MercCredit, MercMobile®, SecurLOCK™ Equipment, Mobile Wallet, Multi-Factor Authentication, Dual Controls, Secure Email, Positive Pay for businesses, Online Review of Suspect Items, Payee Match, ACH Notification; Provided customer education via email with suggestions of how to avoid fraud while shopping; Provide Links to National Cybersecurity Alliance giving access to resources, videos, etc.
Product Safety, Quality & Brand	Safety Through Technology	The Company utilizes the Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment to help assess current practices and preparedness to mitigate cyber risks
Product Safety, Quality & Brand	Social Media	2022 Social Media Metrics — Reach: 402,711; Engagements: 42,799; Posts: 276; Followers: 14,384; Email open rate is approximately 38-46% (industry standard: 28%)
Product Safety, Quality & Brand	Supplier Diversity Program and Policy	Mercantile's Supplier Diversity Program is inclusive of Minority/Woman/LGBTQ+/Veteran/Disabled owned vendors; Program Policy information and application is located on our website under RESOURCES. Mercantile is devoted to ensuring that all businesses within the communities the Bank serves are fairly considered when we contract for services and products. All supervisors completed training to understand the Diverse Supplier Program, Policy and search process; In 2022, our Diverse Supplier spend was \$1.2 million or 2.46% of total spend, utilizing 72 out of 102 total diverse suppliers in the program; Vendor Code of Conduct is also located on our website under RESOURCES
Product Safety, Quality & Brand	Vendor Management	Vendor Management Program classifies and assesses risk associated with outsourcing services to a vendor, which allows for appropriate due diligence review and mitigating controls to be in place at all times for operations; All vendors reviewed at least annually
Product Safety, Quality & Brand	Video Banking Machines	Expanded hours via video banking machines; Personalized service
Stakeholders & Society	Compliance Training	100% Board of Directors and all staff completed annual compliance and information security training, including Bank Secrecy Act (BSA), Identity Theft Red Flags and Anti-Money Laundering (AML) identification, Customer Identification Program (CIP), Customer Due Diligence requirements, procedures and reporting, Disaster Recovery and all the facets of Fair Lending.
Stakeholders & Society	Community Development Lending	79 loans totaling \$316,856,426 in 2022
Stakeholders & Society	First Time Home Buyer Program	In 2022, just over \$207,000 was provided to first-time home buyers through our Extra Credit Program to help offset closing fees.



CATEGORY	METRIC	UPDATE
Stakeholders & Society	Community Donations	\$957,958 in corporate donations were made in 2022; employees collectively increased their support of United Way by 5% with approximately \$131,250 in donations from their pay in 2022
Stakeholders & Society	Client Solutions - Business	Business Checking; Commercial Analysis Checking; Non-Profit Checking, Business Savings; Business Money Market; Municipal Deposit Account Solutions; Business Certificate of Deposit; Online Banking and Bill Pay; Remote Deposit Capture (RDC) & Mobile Remote Deposit Capture (mRDC); MercForce® Workforce Solutions - Payroll, HR, benefits, and time-integrated in a single world-class tool along with the personal service, flexibility and power provided in a mobile app; Receivables Solutions; Payables Solutions; Credit & Debit Cards; Reloadable Cards; Card Management Solutions; Merchant Card Processing; Reporting and Fraud Mitigation; Commercial Mortgage Solutions; Commercial Loan Solutions; International Banking
Stakeholders & Society	Client Solutions - Personal Products & Services	MercStart Checking Account (Teens) - For students age 13 to 17 that provides the convenience of a traditional checking account while encouraging healthy banking habits; Student Savings MercStart Fresh Checking Account - An account developed to help customers with previous banking obstacles maintain a deposit account while developing healthy banking habits; Senior Community Checking Account - A free account for customers age 62 or older; Secured Credit Card - A solution to help build or repair credit; Online account applications; Gift & Reloadable Cards; MercDebit - Helps control debit card usage and monitors debit card transactions to help prevent fraud; MercCredit - Keeps credit cards safe and provide instant notifications whenever your card is used; MercMobile® - Bank anytime, anywhere from a mobile phone; MercMoney® - Helps track and manage finances and set a budget; MercPerks with Ulitimate ID identity theft solution; Let's Chat - Connect to a personal banker while in online banking to get answers and help with banking needs; MercMoney Chatbot - Virtual financial assistant; Expanded ATM Network; Health Savings Accounts (HSA); Certificates of Deposit; Online Banking and Bill Pay; Appointment Scheduling; Live ATMs - Connect with a live personal banker that can immediately help with a variety of services; Mobile Wallet; CardSwap - Easy way to update your payment information if your card expires or changes.
Stakeholders & Society	Client Solutions - Personal Loans	Extra Credit - First Time Home Buyer Programs - Possible options include low down payment, down payment assistance, reduced closing fees, reduced or waived private mortgage insurance; Community Champion Loan Mortgage Loan; Credit Builder Loan - Helps a customer establish a good repayment history and improve their credit score, getting on the road to financial success; Traditional Mortgage Programs; Construction Mortgage Programs; Lot and Land Mortgage Programs; Home Equity Loans; Personal Loans; Automobile and RV Loans; Electric Vehicle Loans - Green Auto Loans; ESG Green Loan - Home improvements that are sustainable or environmentally-friendly
Stakeholders & Society	Community Financial Education	In 2022, 222 financial education classes were offered, impacting over 2,670 participants
Stakeholders & Society	Compliance Training	All employees complete required annual training on Customer Identification Program, Customer Due Diligence, Bank Secrecy Act, Anti-Money Laundering, Disaster Recovery, Fair Lending, Security, Identity Theft and multiple Information Security modules.
Stakeholders & Society	Diversity, Equity & Inclusion	In 2022 live webinars and recorded video access were provided to all employees on a wide variety of Diversity, Equity & Inclusion topics
Stakeholders & Society	Donation of Real Estate	Donated a building in downtown Ionia, MI to the Ionia Community Library; Donated a building in Lakeview, MI to the local Veterans of Foreign Wars (VFW) post
Stakeholders & Society	Efficiency Through Technology	Remote Deposit Capture - Business customers deposit checks via image capture eliminating carbon-producing trips to the branch or courier service
Stakeholders & Society	ESG Green Credit (Loan)	For clients building or renovating a home that use large scale environment-friendly sustainable initiatives or have a LEED certification; Solar Panels, Electric Vehicle Charging Stations and water recycling systems; LEED certifications receive a discount on closing costs; Electric Vehicle Loans
Stakeholders & Society	Home Buyer Program	Community Champion Mortgage Loan available for first responders, hospital or medical employees, school employees, government employees, members of active armed services or veterans; 27 loans totaling \$7.9 million were closed in 2022
Stakeholders & Society	Human Rights Policy	Human Rights Policy annually reviewed and adopted by Board of Directors; Posted on website

# MATERIAL

# ATTENTION

# REX

## GOVERNANCE SOCIAL

CATEGORY	METRIC	UPDATE
Stakeholders & Society	Insider Trading Policy	Insider Trading Policy annually reviewed and adopted by Board of Directors; Posted on website; All Insiders annually review and sign Policy
Stakeholders & Society	Non-Profits Served - Volunteering	21,188 hours of volunteering supported 817 non-profit organizations in 2022
Stakeholders & Society	Supplier/Vendor Diversity Program & Code of Conduct	Implemented Supplier/Vendor Diversity Program, providing resources and application on website; Supplier Diversity Program Policy along with Vendor and Supplier Code of Conduct are reviewed annually and adopted by the Board of Directors; Policies on website
Stakeholders & Society	Sustainable Development Goals	All volunteering activities categorized using United Nations-defined sustainable development goals
Stakeholders & Society	Sustainable Giving	Established The Mercantile Foundation to ensure future sustainable community giving with initial funding of \$4 million
Stakeholders & Society	Volunteer Community Value	The value of volunteer hours invested in communities was \$604,700 for 2022
Stakeholders & Society	Volunteer Hours	In 2022, our employees volunteered 21,188 hours
Stakeholders & Society	Partnerships	Building relationships with historically black colleges
Stakeholders & Society	Small Business Lending/Community Reinvestment Act (CRA)	1,378 loans totaling \$377,191,000 in 2022
Audit & Risk	Anti-Pledging & Anti-Hedging	Insider Trading Policy has all insiders sign and agree to anti-pledging and anti-hedging policies.
Audit & Risk	Audit	The Company has annual information security audits performed by Rehmann
Audit & Risk	Audit	The Company's Internal Audit Director reports directly to the Audit Committee (comprised of 100% independent Directors)
Audit & Risk	Customer Protection	Ways we protect customers: Extended Validation Secure Site Pro TLS/SSL Certificates; Secure Online & Mobile Banking Login; Ultimate ID <sup>®</sup> ; Account and Security Alerts; MercCards; SecurLOCK Equip; Mobile Wallet; Reporting Fraud; Multifactor Authentication; Dual Control; Secure Email
Audit & Risk	Financial Experts	The Company's Audit Committee has identified four (4) financial experts
Audit & Risk	Information Security	Bank and Company Directors receive information security training and updates from senior management at least annually; The Bank's Technology Committee meets quarterly and is responsible for information security oversight with two independent Directors from the Bank Board attending as members; Company & Bank Directors receive Technology Committee minutes quarterly
Audit & Risk	Insurance	The Company maintains insurance policies for information security risks
Audit & Risk	Policies	Code of Ethics Policy; Conflict of Interest; Insider Trading Policy; Corporate Governance Guidelines; Policy Against Harassment; Diversity, Equity and Inclusion; Supplier Diversity Program Policy; Vendor and Supplier Code of Conduct; Environmental Policy; Human Rights Policy; Non-Discrimination and Equal Employment Opportunities (EEO)
Audit & Risk	Training	The Company requires the Directors and all staff to complete annual information security training as well as assigned compliance training
Board Structure	Diversity	16.7% of the Company's Board of Directors represent racial diversity; 16.7% of the Company's Board of Directors represent gender diversity
Board Structure	ESG Committee	The ESG Committee meets formally at least once a quarter; The Company's Governance Committee maintains oversight of the ESG Committee
Board Structure	ESG Committee	The ESG Committee developed, and the Board of Directors adopted, the following policies: Environmental Policy, Diversity, Equity and Inclusion Policy, Human Rights Policy, the Supplier Diversity Program Policy, and Vendor and Supplier Code of Conduct

# M A T R X

## G O V E R N A N C E

### CATEGORY

### METRIC

### UPDATE

Board Structure	ESG Committee	Our Environmental, Social and Governance (“ESG”) Committee supports our ongoing commitment to environmental, health and safety, corporate social responsibility, corporate governance, sustainability and other public policy matters relevant to our organization. The ESG Committee is a cross-functional management committee, led by the Chief Risk Officer, that assists us in: 1) setting general strategies relating to ESG matters; 2) developing, implementing and monitoring initiatives and policies based on those strategies; 3) recommending communications with employees, investors and shareholders with respect to ESG matters; and 4) monitoring and assessing developments relating to, and improving our understanding of, ESG matters. The ESG committee meets formally at least quarterly. Highlights for 2022 included the enhancement of our online financial wellness tools, the rollout of the MercStart Fresh deposit program, the development of a diverse vendor database for employee use and the creation of a Vendor and Supplier Code of Conduct. The Vendor and Supplier Code of Conduct, along with our Environmental Policy, Diversity, Equity and Inclusion Policy, Human Rights Policy, and the Supplier Diversity Program Policy, are reviewed and approved by our Board of Directors annually. These policies are available on our website, along with an application for diverse suppliers. Also during 2022, we moved Board of Director oversight of ESG matters from the Audit Committee to the Governance Committee.
Board Structure	Independence	66.7% of the Company’s Board of Directors are considered independent; 80% of the Bank’s Board of directors are independent
Board Structure	Independence	The Executive Session Facilitator (Lead Director) is an independent Director
Board Structure	Independence	The Chair of the Audit Committee is an independent Director
Board Structure	Independence	The Chair of the Compensation Committee is an independent Director
Board Structure	Independence	The Chair of the Governance & Nominating Committee is an independent Director
Board Structure	Independence	100% of the Audit Committee members are independent Directors; Internal Audit Committee Director reports to the Audit Committee
Board Structure	Independence	100% of the Compensation Committee members are independent Directors
Board Structure	Independence	100% of the Governance & Nominating Committee members are independent Directors
Board Structure	Performance Evaluation	The Governance & Nominating Committee Charter requires an annual performance evaluation of the Board and its Directors
Shareholder Rights	Election	All Directors are elected annually (Company and Bank Boards)



The Mercantile Bank Foundation is a private charitable foundation that enhances our giving program as we work to support all of the communities we serve. It provides a means for Mercantile Bank to consistently support non-profit organizations and charitable giving efforts throughout business cycles. It continues our commitment to making a positive difference and helps to fund the critical needs of our communities, as well as provide support in key areas including Health and Human Services, Community and Economic Development, Education, and Arts & Culture.

This strong commitment to community extends beyond donations. Community development lending, employee volunteer hours, financial education classes and other initiatives continue to work alongside of our foundation to strengthen our ties in our local communities.