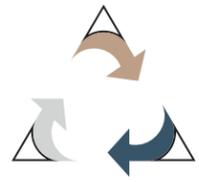




CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT



2021



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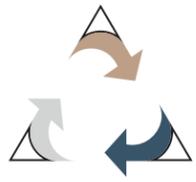
**18 ESG Metrics Matrix**

**We are pleased to share our 2021 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 **E**nvironmental, **S**ocial and **G**overnance (ESG). When it comes to ESG, Mercantile is deeply committed to upholding 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, sustainable and positive.

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 \$5.2 billion and operates 44 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 @mercantile-bank-of-michigan.





# A Message From Our CEO

2021 was a year filled with unpredictable and ongoing challenges from the COVID-19 pandemic but despite those challenges, it was an incredible year for our company. As I reflect back over that year, there are three things that stand out to me:

## **FLEXIBILITY**

I am extremely proud of our ability to flex to changing situations in order to remain responsive to our customers' needs. Day after day, our team of experienced bankers continually demonstrate their immense flexibility and capacity to pivot, turning challenges into opportunities.

We aspire to be the hallmark of flexible and responsive local decision-making. Listening to all our customers, we are able to create custom product offerings, addressing their evolving needs and leveraging our collaborative technology partnerships. We are enabled to deliver cutting-edge services built on the foundation of strong relationships.

## **OPPORTUNITY**

We see opportunity all around us. Opportunities to build customer relationships, vendor relationships and add members to our team. By offering the ability to make appointments online, drive-up video banking and expanded hours, we have created additional opportunities for our customers to connect with us to conduct their banking. In 2021, we enhanced our supplier diversity program to not only increase the Bank's vendor sustainability, but to also promote innovation and social responsibility while reflecting, supporting and creating a positive economic impact in the communities the Bank serves. Mercantile continually considers opportunities to grow organically and build our team, hiring talent that is passionate about relationship-banking and dedicated to the communities in which they live and work.

We are committed to providing opportunities for everyone to learn. From interns, to staff, supervisors, management and Directors, we not only equip our team with essential compliance and information security training on an annual basis, we also provide learning opportunities to grow personally and professionally.

Mercantile thrives on developing dynamic opportunities for people to take charge of their financial future. One step towards this goal was to provide access to scholarships and career training while still in school. Building upon our already successful annual summer intern program, we developed and launched the Mercantile Mentoring, Aspiring. Preparing. (M.A.P.) program in 2021, partnering with Grand Valley State University (GVSU) in Grand Rapids, Michigan. This program offers a multi-faceted, 4-year internship to incoming freshmen along

with an annual scholarship towards their GVSU education. Our first cohort of three students began the program in 2021 and it is our intention to add a new cohort of four students each year going forward.

## **DETERMINATION**

We are determined to keep customers at the center of our focus. Even as we expand our services and initiatives, our team is also determined to develop and offer new products such as our Community Champion mortgage and Green Vehicle loans for electric and fuel efficient vehicles.

We believe some of the keys to remaining a sustainable organization are watching, listening and learning. By maintaining an awareness of what is happening globally and right here at home, our determination to protect our customers never wavers. Mercantile offers multiple layers of measures to detect and prevent fraud but also provides awareness and education centered on helping our customers recognize and avoid fraudulent situations.

Our team is relentless when it comes to uncovering new ways of increasing the efficiencies for processes such as onboarding, secure signatures, fewer days to close loans and easier ways to update recurring transactions.

As a community-focused bank, we are passionate about empowering adults, teens and children in our communities to manage their resources through our financial education classes. Our employees choose to volunteer because they know it makes the world a better place and we can't get there unless we all work together.

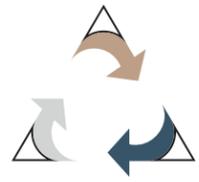
We are determined to provide flexible opportunities for everyone and by making sustainable choices now, we will ensure Mercantile will be a trusted and valued community partner for generations to come.

Please join us!

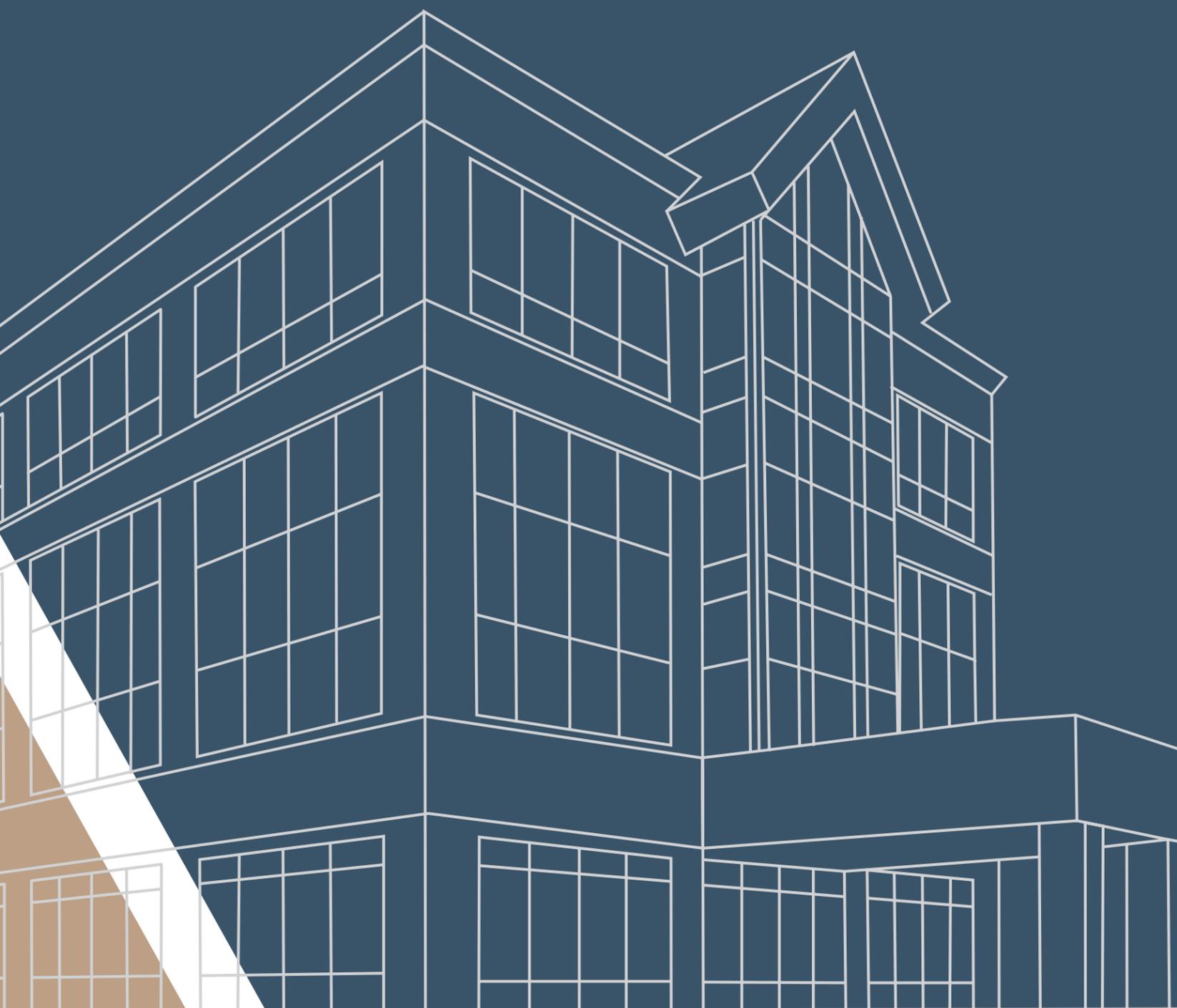


*Robert B. Kaminski*

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



# About Mercantile



## AT A GLANCE

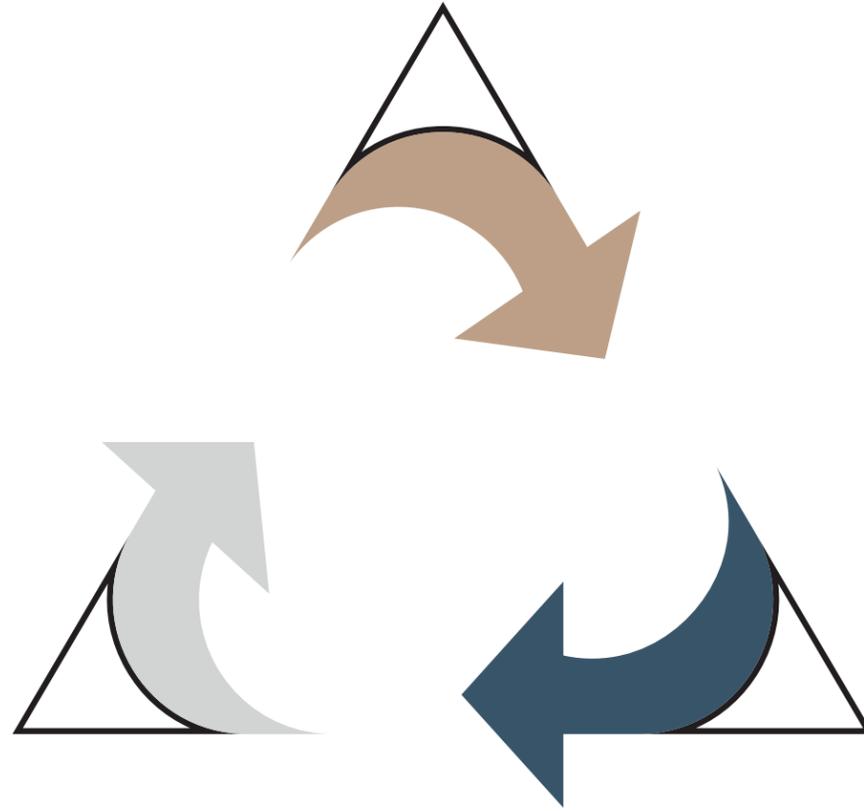
- Founded in 1997
- Headquartered in Grand Rapids, Michigan
- Largest community bank in Michigan
- 44 banking locations throughout Michigan, with an additional lending office in Cincinnati, Ohio

## 2021 BY THE NUMBERS

- 5.3 billion dollars in assets
- 4.1 billion dollars in deposits
- 3.5 billion dollars in loans
- Charitable giving:
  - ▶ \$782,754 corporate donations
  - ▶ \$125,000 employee donations to United Way
- 4 million dollars to establish The Mercantile Foundation
- 287 million dollars in community development loans
- 13,380 volunteer hours, impacting 558 organizations
- 113 financial education classes with over 900 participants
- Over 190 tons of paper recycled (*Bank & community events*)

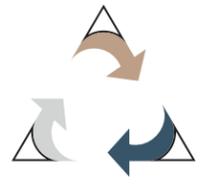
## AWARDS & RECOGNITION

- 101 Best & Brightest Companies to Work For®
- Corp! Magazine Diversity Award — Diversity Focused Company
- Heart of West Michigan United Way — Gold Award
- Ottawa County United Way Silver Award — Corporate Campaign
- Market Van Buren — Business Resilience Leader of the Year
- Michigan Bankers Association Financial Literacy Award
- Michigan Bankers Association Innovator Award



# (E)nvironmental

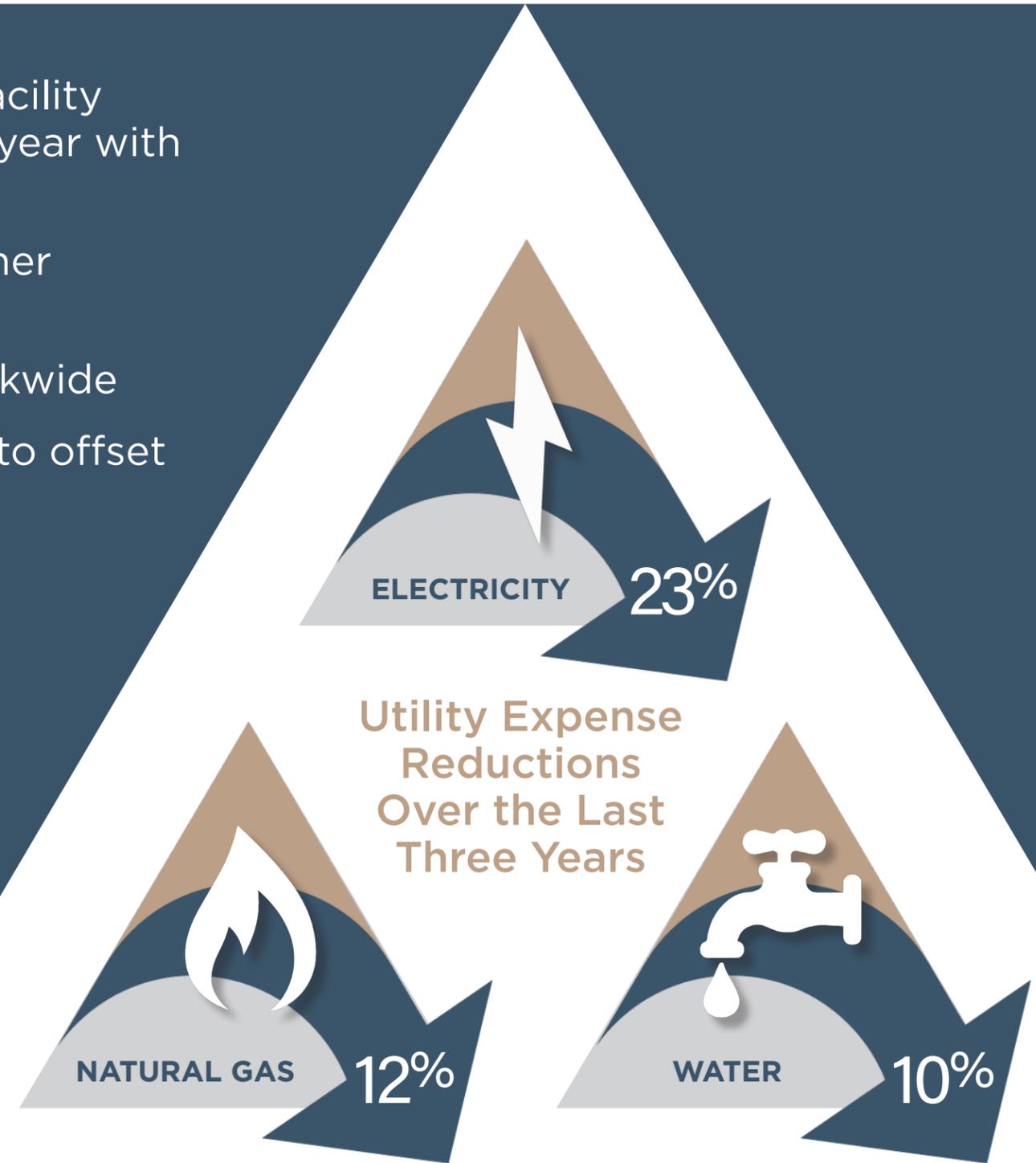
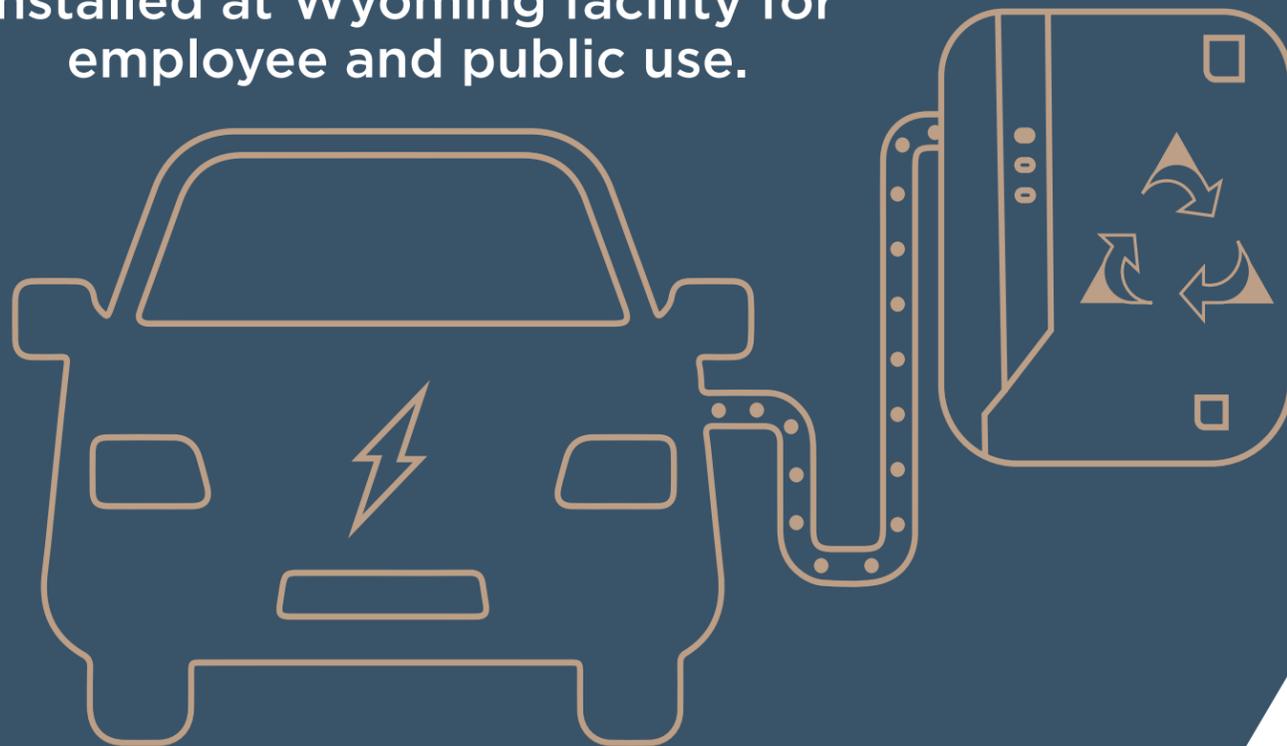
Sustainability and conservation have always been a part of Mercantile's strategic plan and is woven deeply into the fabric of how we do business. From an efficient branch footprint to utilizing the latest technology, we are continuously focused on seeking new ways to be more productive with our time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

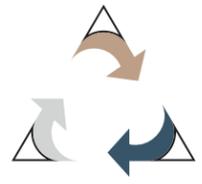


# (E)nviroNmental

- **Branch Efficiencies** - One example was the reduction of a facility footprint resulting in utility savings of nearly \$200,000 per year with no reduction in access to banking services
- **Green Vehicle Loan** product offered to help support customer purchases of electric, hybrid or fuel-efficient vehicles
- **Customer e-Statement** adoption rate increased to 60% Bankwide
- Actively seeking engagement of renewable energy sources to offset carbon footprint

Electric Vehicle Charging Stations installed at Wyoming facility for employee and public use.

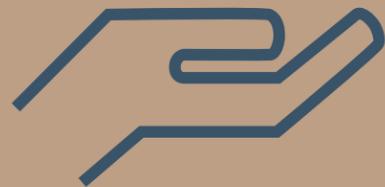




# (E)nviro~~n~~mental



- **Low-Flow Devices & LED Lighting** used in all new construction and renovation projects



- **Online Accounts Payable System** in use Bankwide
- **Efficiency Through Technology** provides opportunities to reduce travel and increase training



- **Electronics Recycling Vendors** are certified to ISO 14001 & 45001 standards
- **20%** reduction of printed documents

# 80%

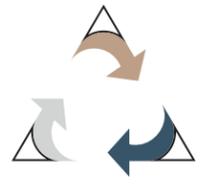
**Remote Work Opportunities** reduces fuel consumption by employees



Adoption & Implementation of **Environmental Policy**



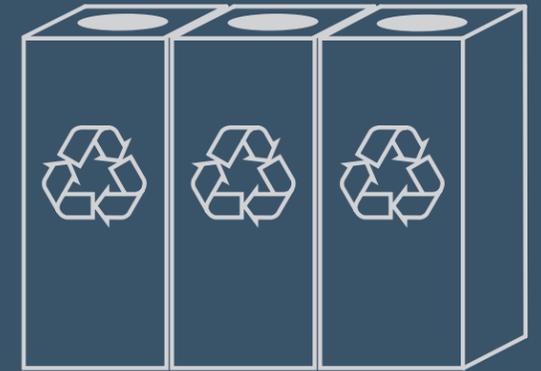
Renovation & Construction follow **LEED Green Certifications** whenever possible



# (E)nvironvironmental



Water bottle **Refill Stations** installed during expansion to reduce plastic bottle use.



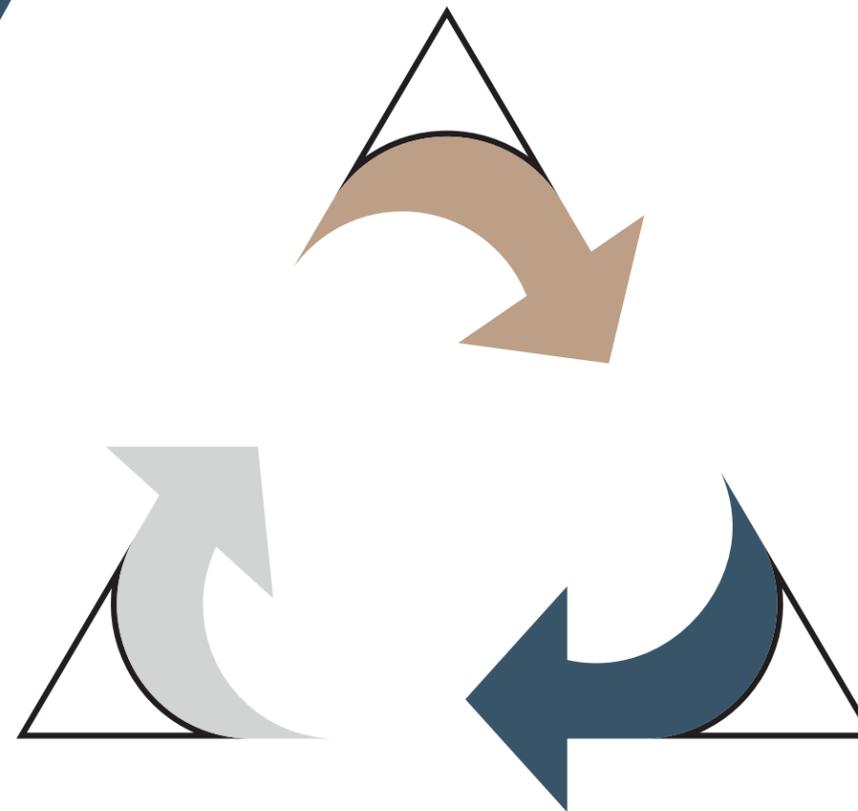
All office locations have **recycling stations** to divert cardboard, plastic and metal items from landfills

The Bank's **Repurpose Initiative** donates previously used office furniture from renovations to non-profit organizations



# 190 TONS

of paper securely shredded and recycled from Bank and community events



# (S)ocial

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 invested time, money and effort also helps to sustain and advance the mission of local non-profit and community organizations.



**COMMUNITY DEVELOPMENT LENDING**

**85** loans totaling nearly

**290** Million



**SMALL BUSINESS LENDING**

**2,628**

loans totaling nearly

**525** Million



- Homebuyer Programs
- Affordable Housing Program Grants
- Neighborhood Impact Program
- Employee Volunteerism
- Local Board & Committee Service
- Real Estate Donations
- The Mercantile Foundation
- Internship Programs
- Financial Education Classes

**COMMUNITY-FOCUSED**  
WAYS WE IMPACT OUR COMMUNITY

**558**  
non-profits supported by Merc volunteers

**Data Security & Identity Theft Protection**  
of approximately **5.8 million dollars**



Adoption & Implementation of **Diversity, Equity & Inclusion Policy** ...  
**Human Rights Policy** ...  
**Diverse Vendor Program Policy**



## How We Protect Our 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
- Multi-Factor Authentication
- Dual Control
- Secure Email

**1.4 million checks deposited** via business scanners and mobile app **totaling 5.8 billion dollars**



**74,729 checks deposited** via consumer mobile image capture **totaling 50 million dollars**

**21%**

**Minority Hire Rate in 2021**



**33%**

**Board Diversity**  
Gender, Racial and Ethnic



**Workforce Diversity**

**69%** female

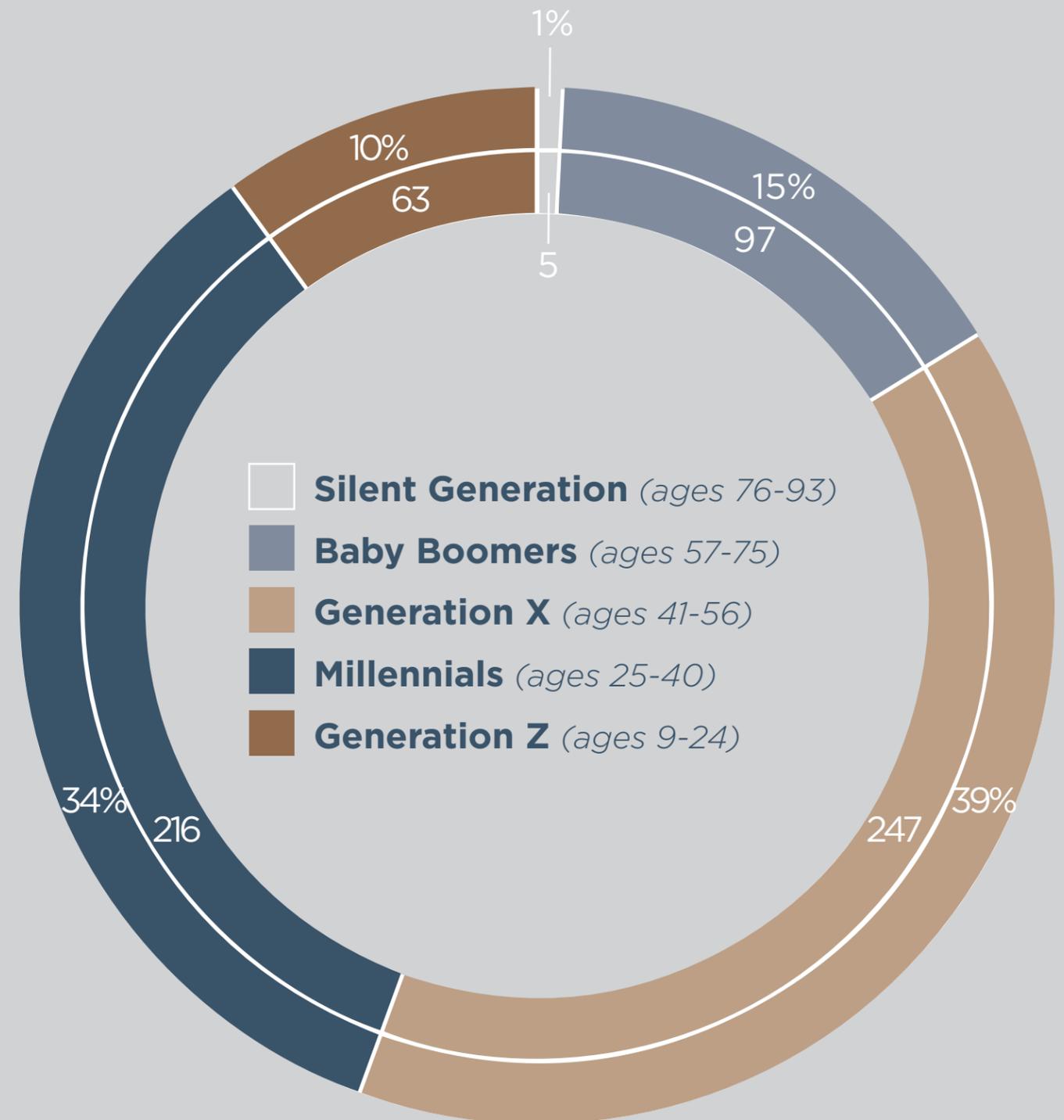
**31%** male

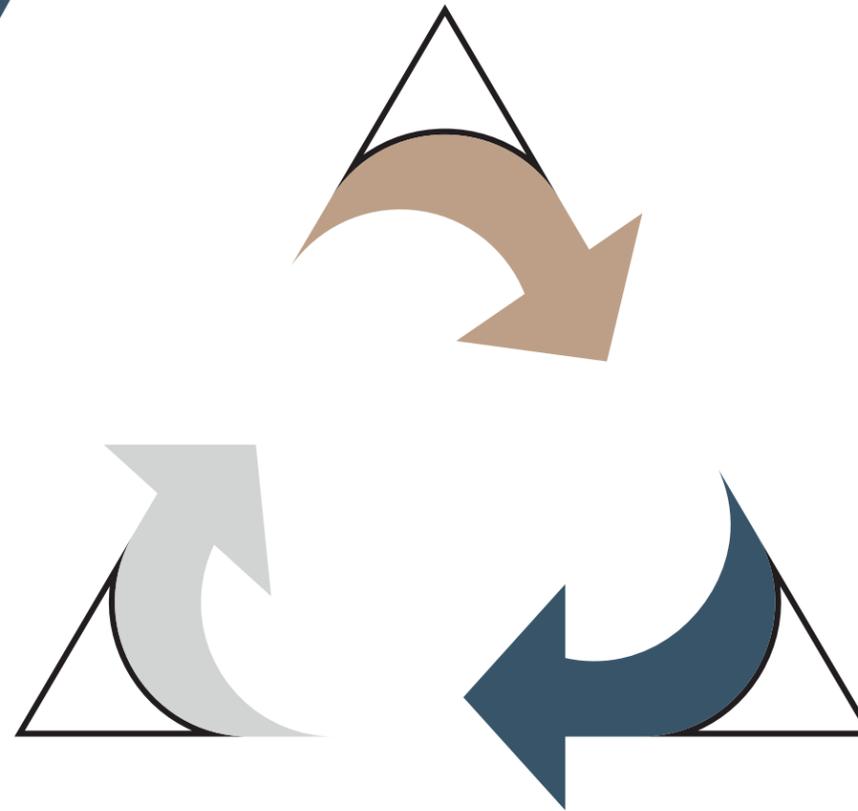


**652**

**Team Members**

**2021 Generational Breakout**



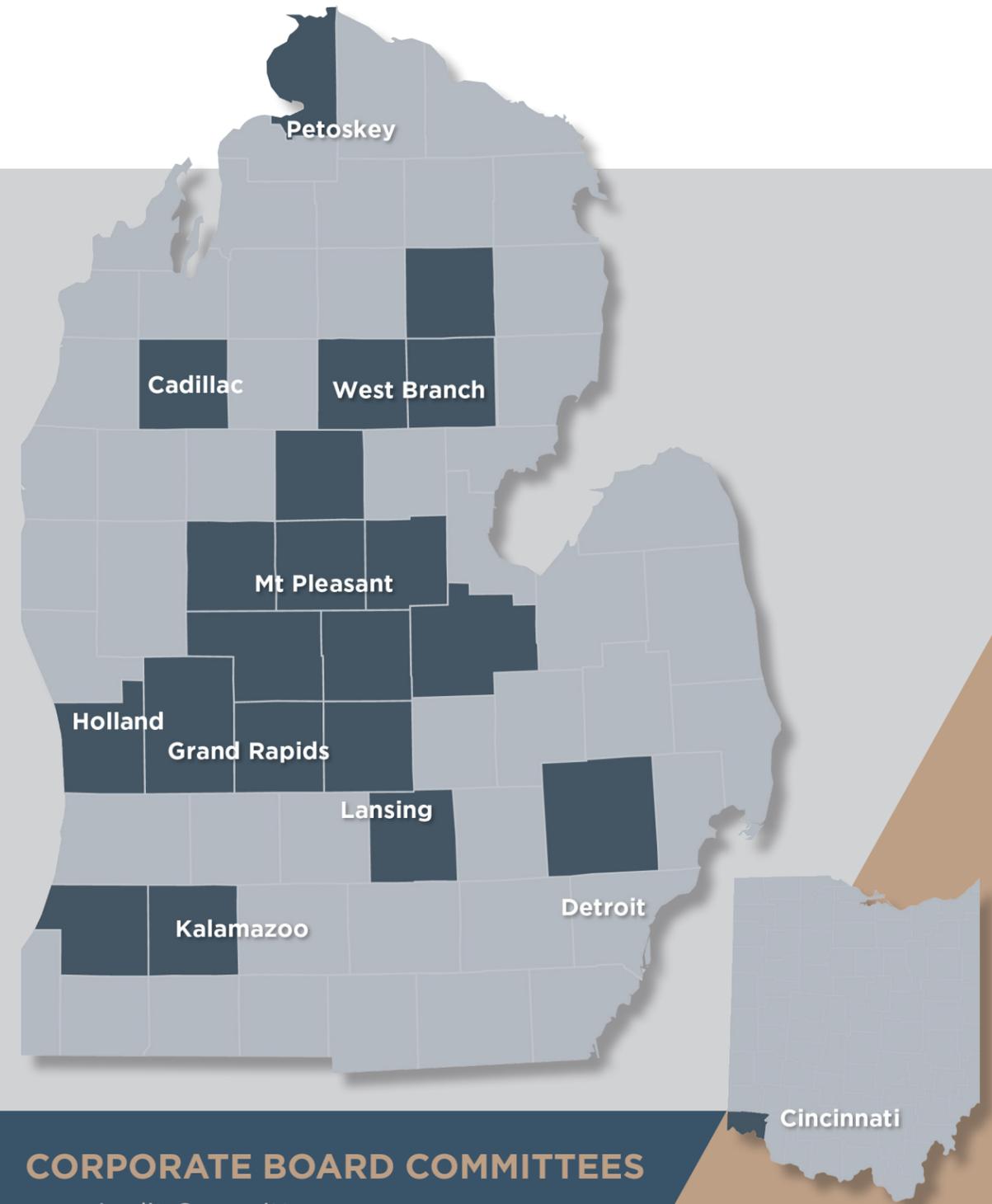


# ((G))overnance

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.

## MEMBERSHIPS & ASSOCIATIONS

- American Bankers Association
- American Payroll Association
- Association For Corporate Growth
- Better Business Bureau
- Capital Area Housing Partnership
- Clinton County Economic Alliance
- Family Business Alliance
- Great Lakes Women’s Business Council
- Home Builders Association of Central Michigan
- Home Builders Association of Midland
- Independent Community Bankers of America
- Independent Payroll Providers Association
- Kent County Treasurers Association
- Lakeshore Home Builders Association
- Merrill Business Association
- 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
- Mid-Michigan Banking Group
- Midland Business Alliance
- Midwest Independent Retailers Association
- Mortgage Collaborative Cooperative
- National Diversity Council
- Risk Management Association
- Small Business Financial Exchange, Inc.
- Society of Human Resource Management
- The Institute of Internal Auditors
- The Right Place, Inc.
- West Michigan CRA Association
- West Michigan Sustainable Business Forum



## INTERNAL BANK COMMITTEES

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

## BANK BOARD COMMITTEES

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

## CORPORATE BOARD COMMITTEES

- Audit Committee
- Compensation Committee
- Governance & Nominating Committee

# 2021 Mercantile Bank Board of Directors

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



DAVID M. CASSARD\*  
*Audit Committee Chair*



MICHAEL S. DAVENPORT\*



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*



DIANE R. MAHER



MICHAEL H. PRICE\*  
*Chairman*



DAVID B. RAMAKER\*



RAYMOND E. REITSMA  
*President*



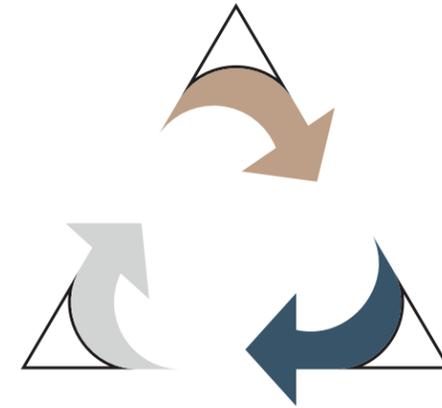
PHILLIP R. SEYBERT



SHORAN R. WILLIAMS



\* Mercantile Bank Corporation Board members



# Mission Statement

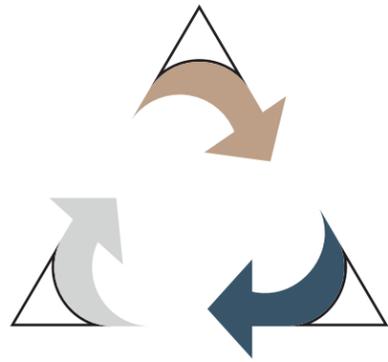
The mission of Mercantile Bank Corporation is to provide financial value in a highly professional and personalized manner.

We recognize that our most important partners are our **CUSTOMERS**. We will satisfy our customers' need for security and achievement of their goals and dreams by delivering top-quality service that distinguishes us from our competitors.

Our **EMPLOYEES** are our most valuable asset. Our exceptional team members are committed to cultivating an environment of unique ideas, skills and backgrounds. We also place a high value on personal growth, development, equity and inclusion.

We recognize the importance of being strong supporters of the diverse **COMMUNITIES** in which we live and serve. We pledge to help make them stronger through investments of time and resources.

We believe that by fulfilling our mission to our customers, employees and communities, we will provide our **SHAREHOLDERS** with an excellent return on their investment in Mercantile Bank Corporation.



## Working to Better Our Communities

Even though the pandemic limited our team's ability for community involvement in many ways, we still saw incredible efforts by our staff to serve, reaching a total of **13,380 hours for 558 non-profit organizations** in 2021.

Mercantile remains dedicated 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 navigate pandemic-related obstacles and provided financial education through 113 different classes and approximately 1,000 participants. Mercantile's commitment to community was demonstrated through providing 1 million dollars in Neighborhood Impact Program (NIP) grants in partnership with the City of Grand Rapids and Federal Home Loan Bank of Indianapolis.

For all of **2021, Mercantile donated over \$907,750 in support of non-profit organizations and other needs throughout the communities we serve.**

# SUSTAINABLE DEVELOPMENT GOALS

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 2021.



Mercantile  
Bank Corporation

2021  
MATRIX

ENVIRONMENTAL

<u>CATEGORY</u>	<u>METRIC</u>	<u>UPDATE</u>
Carbon & Climate	Efficiencies	Ongoing Branch Efficiencies: One example was the reduction of a facility footprint from 20,890 sq. ft. to 2,907 sq. ft.; which reduced monthly utilities from \$22K per month to \$5K per month; with no reduction in access to banking services
Carbon & Climate	Efficiencies	Customer eStatement adoption rate increased from 56% to 60% bank-wide reduced usage of paper and mail
Carbon & Climate	Electric Vehicle Charging Stations	Installed two Electrical Vehicle (EV) Chargers for employee and public use
Carbon & Climate	Electricity Usage	Over the past three years, electricity expense has been reduced by 23%
Carbon & Climate	Gas Usage	Over the past three years, gas expense has been reduced by 12%
Carbon & Climate	Green Loan Product	Added new "green" vehicle loan product to support customer purchases of electric, hybrid or fuel-efficient vehicles
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
Carbon & Climate	Water Usage	Over the past three years, water expense has been reduced by 10%
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	20% reduction of printed documents in 2021 (year-over-year from 2020); 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	Increased opportunities for employees to work from home reduces vehicle fuel consumption
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 ESG Committee developed and the Board of Directors adopted the Environmental Policy; Policy is available on the company website
Risks & Opportunities	Low-flow Devices/LED Lighting	All new construction and renovation projects includes low-flow devices and LED lighting to keep future energy expenses lower



<u>CATEGORY</u>	<u>METRIC</u>	<u>UPDATE</u>
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	Shredding and recycling program (internal and community shred days) In 2021, the Bank securely shred 164 tons of paper; 10 state-wide community shred events generated over 30 tons of securely shred paper
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
Labor, Health & Safety	Compliance Training	100% Board of Directors and all staff complete annual compliance and information security training
Labor, Health & Safety	Diversity	<b>FTEs (12-31-2021)</b> 627 <b>WORKFORCE GENDER DIVERSITY</b> 69% female 31% male <b>BOARD DIVERSITY</b> 33% gender and racial/ethnic diversity <b>MINORITY HIRES:</b> 21%
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
Labor, Health & Safety	Diversity, Equity & Inclusion Policy	Board of Director reviewed and adopted 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	Additional employee Benefits: Adoption/IVF assistance, computer/home office loan, clothing loan, stock purchase, fitness equipment loan, home office loan, 401(k) match, Pay it Forward, incentive vacation for specialized volunteer opportunities, United Way giving
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; access provided to all employees for additional optional employee-paid benefits



**SOCIAL**

<u>CATEGORY</u>	<u>METRIC</u>	<u>UPDATE</u>
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
Labor, Health & Safety	Staff Retention	Third-Party Employee Engagement Surveys; Supervisor training; Monthly DEI learning opportunities, videos, books and discussion groups
Labor, Health & Safety	Supervisor Training	Ongoing training and support for supervisors; In 2021, over 250 supervisors invested 760 hours in training
Product Safety, Quality & Brand	Awards & Recognition	Mercantile and its staff were bestowed the following awards: <ul style="list-style-type: none"> <li>• West Michigan's Best &amp; Brightest Companies to Work For® (17 years in a row)</li> <li>• Corp! Magazine Salute to Diversity Award — Diversity Focused Company (2 years in a row)</li> <li>• Greater Ottawa County United Way — Community Builder Award</li> <li>• Heart of West Michigan United Way — Gold Award (5 years in a row)</li> <li>• Business Resilience Leader of the Year (VanBuren Market)</li> <li>• Michigan Bankers Association Financial Literacy Award</li> <li>• Michigan Bankers Association Innovator Award</li> </ul>
Product Safety, Quality & Brand	Customer Communication	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 to 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 the website update
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, determine and improve functionality, user experience and future direction. Typically, Mercantile is one of the first banks to launch new technology and efficiencies.
Product Safety, Quality & Brand	Efficiency Through Technology	Continue to improve and expand online banking platform for mobile and desktop applications; 2021 logins increased by 7% (2020 was 140% - due to pandemic); 2021 number of personal users of online banking increased by 5% (2020 was 3%)
Product Safety, Quality & Brand	Homebuyer Program	Extra Credit - Homebuyer assistance program
Product Safety, Quality & Brand	Marketing Compliance	Marketing checklist for review of all prepared marketing materials; annual reminders to all staff; ensures regulatory compliance



**SOCIAL**

<b>CATEGORY</b>	<b>METRIC</b>	<b>UPDATE</b>
Product Safety, Quality & Brand	Safety Through Technology	Contactless credit and debit cards issued to all customers
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: Prevented approximately \$5.8 million in potential customer identity theft losses in 2021; Provided customer education via email with suggestions of how to avoid fraud while shopping
Product Safety, Quality & Brand	Social Media	2021: Reach: 1,180,350; Engagements: 13,4500; Posts: 235; Followers: 13,280; Email open rate is approximately 13% above industry standard
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; all vendors reviewed at least annually
Product Safety, Quality & Brand	Video Banking Machines	Expanded hours via video banking machines, personalized service
Stakeholders & Society	Affordable Housing Program (AHP) Grants	Assisted 4 organizations with AHP grants, totaling approximately \$2 million
Stakeholders & Society	Community Development Lending	85 loans totaling \$286,784,400
Stakeholders & Society	Community Donations	\$782,754 in corporate donations were made in 2021, impacting 210 organizations; employees collectively supported United Way with approximately \$125,000 in donations from their pay in 2021
Stakeholders & Society	Community Financial Education	In 2021, 113 financial education classes were offered, impacting over 930 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 Information Security.
Stakeholders & Society	Diversity, Equity & Inclusion	In 2021, 14 live webinars and recorded video access were provided to all employees on a wide variety of Diversity, Equity & Inclusion topics; 1,380 hours invested in DEI learning opportunities
Stakeholders & Society	Donation of Real Estate	Donated a building in downtown Ionia 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 (1.4 million checks deposited, totaling \$5.8 billion); Consumer Mobile Image Capture via MercMobile app: (74,729 checks deposited, totaling \$50 million)
Stakeholders & Society	Home Improvement Grants	25 home improvement grants for \$169,075 - families received funds to make needed home improvements



**SOCIAL**

**GOVERNANCE**

<b>CATEGORY</b>	<b>METRIC</b>	<b>UPDATE</b>
Stakeholders & Society	Homebuyer Program	Community Champion Mortgage Loan available for First Responders, Hospital or medical employees, School employees, Government employees, members of active Armed Services or Veterans
Stakeholders & Society	Human Rights Policy	Human Rights Policy approved and adopted by Board of Directors; posted on website
Stakeholders & Society	Neighborhood Impact Program (NIP)	Provided \$1 million in grants to homeowners in Grand Rapids in partnership with the City of Grand Rapids and the Federal Home Loan Bank of Indianapolis
Stakeholders & Society	Non-Profits Served	558 non-profit organizations were supported by 2021 volunteer efforts
Stakeholders & Society	Small Business Lending / Community Reinvestment Act (CRA)	2,628 loans totaling \$524,926,000
Stakeholders & Society	Supplier / Vendor Diversity Program	Implemented Supplier / Vendor Diversity Program, providing resources and application on website; Supplier Diversity Program Policy adopted by the Board of Directors (policy 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	2021 the value of volunteer hours invested in communities was \$381,865
Stakeholders & Society	Volunteer Hours	In 2021, our employees volunteered 13,380 hours (COVID impact - typically average 30,000 hours annually)
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 Directors receive Technology Committee minutes quarterly



**GOVERNANCE**

<u>CATEGORY</u>	<u>METRIC</u>	<u>UPDATE</u>
Audit & Risk	Insurance	The Company maintains insurance policies for information security risks
Audit & Risk	Policies	Code of Ethics; Conflict of Interest; Policy Against Harassment; Diversity, Equity and Inclusion; Supplier Diversity Program; 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	33% of the Company's Board of Directors represent racial and 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 and the Supplier Diversity Program Policy
Board Structure	Independence	71% of the Company's Board of Directors are considered independent; 80% of the Bank's Board of Directors are independent
Board Structure	Independence	The Chair of the Audit 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	The Chair of the Governance & Nominating Committee is an independent Director
Board Structure	Independence	100% of the Governance & Nominating Committee are independent Directors
Board Structure	Independence	The Chair of the Compensation Committee is an independent Director
Board Structure	Independence	100% of the Compensation Committee 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)