

2020 ESG REPORT



Meta 
Financial Group®

ABOUT THIS REPORT

We are proud to present Meta Financial Group’s inaugural Environmental, Social and Governance (ESG) Report. This report is an important step for our company and builds on our vision, culture and long-standing mission to enable financial inclusion for all®.

Much of our ESG-related work in 2020 was focused on creating our ESG strategy and aligning it with existing programs, plans and policies. We have noted where shared information addresses disclosures from the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Standards. Our aim is to begin reporting against one or more of these globally recognized frameworks in the near term.

Information cited in this report corresponds with our 2020 fiscal year ended September 30, 2020. As this is our first ESG report and our long-term ESG strategy is in development, we’ve included significant steps taken prior to 2020 and relevant work started in 2020 that continued into early 2021.

This report encompasses Meta Financial Group, Inc. (Nasdaq: CASH), a financial holding company headquartered in Sioux Falls, S.D., and its wholly owned subsidiary MetaBank®, N.A. (“Meta”), a financial enablement company that works with innovators to increase financial availability, choice, and opportunity for consumers and businesses in underserved niche markets. We do this by operating in five primary business lines: Payments, Commercial Finance, Consumer Finance, Tax Services and Meta Ventures. All financial information is presented in U.S. dollars.

Please send questions or comments about this report to esg@metabank.com. We welcome your feedback.

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ABOUT META FINANCIAL GROUP

Meta Financial Group is the holding company for the financial services company MetaBank (“Meta”). MetaBank is a financial enablement company that works with innovators and customers to increase financial availability, choice, and opportunity for all. We strive to remove barriers that traditional institutions put in the way of financial access, and promote economic mobility by providing responsible, high-quality financial products that contribute to the social benefit of communities we serve.

MetaBank works to disrupt traditional banking norms by developing partnerships with fintechs and finservs, affinity groups, government agencies, and other banks to make a range of quality financial products and services available to consumers and businesses in underserved niche markets. Our national bank charter, coordination with regulators, and deep understanding of risk mitigation and compliance allows us to guide our partners and deliver the financial products and services that meet the needs of those who need them most.

MetaBank is committed to expanding who and how the financial industry helps, and we strongly believe that financial enablement and economic mobility is fundamental to our cause. We want to help those at the heart of the real economy by providing pathways towards prosperity and success as we endeavor to bring financial inclusion to all.

Solutions and Service Areas

Our Payments division enables fintechs, finservs and various organizations to distribute prepaid cards, deposit accounts, and payment related transactions. MetaBank is a fiduciary that issues accounts, holds the funds, and manages the money.

Our Commercial Finance division enables America’s small and medium-sized enterprises, as well as large businesses, by providing them with flexible capital solutions they cannot get elsewhere. By focusing on collateral and emphasizing long-term relationships, we provide guardrails against uncertainty and potentially minimize the risk of failure for companies operating at the core of the real economy.

Our Consumer Finance division enables consumers to better control their financial futures with empowered spending and reliable access to funds. Responsible credit options create pathways towards upward mobility by establishing credit histories and building credit scores.

Our Tax Services division enables tax preparation firms to provide underbanked consumers with access to electronic tax filing services and refund advances, helping consumers overcome complicated tax preparation and gain more convenient access to their tax refunds.

Meta Ventures provides capital, enabling emerging and strategic companies that align with our mission to grow.

Meta’s mission is financial inclusion for all.

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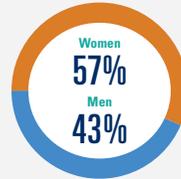
ESG Performance

2020 HIGHLIGHTS



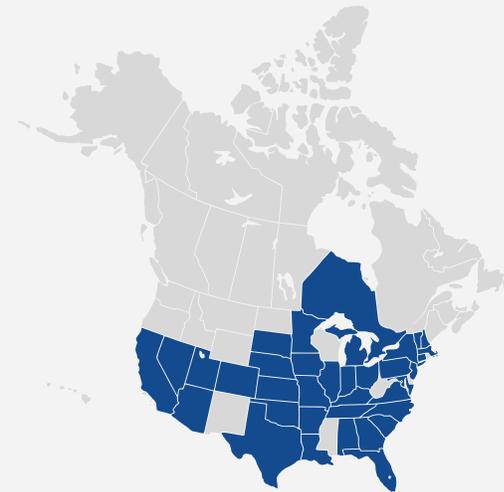
Employee demographics

Total employee headcount:
1,026



Female directors on the Board of Directors:
33%

Employee locations:



FY2020 financial performance

Net income:
\$104.7 million
(up 8% year over year)

Earnings per share:
\$2.94
(up 18% year over year)

Total revenue:
\$498.8 million
(up 2% year over year)



Primary business lines

Payments

Tax Services

Commercial Finance

Consumer Finance

Meta Ventures



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**Renewable energy
financing**

Through the United States Department of Agriculture (USDA), MetaBank lends to businesses and renewable energy power plants in rural areas, consisting mostly of solar facilities.

USDA loans since 2016:

\$188 million

Long-term financing:

\$34 million

**Short-term construction
financing for solar facilities:**

\$198 million



CARES Act participation

MetaBank was the sole financial agent for distributing prepaid debit cards used in the first round of the Economic Impact Payments program for COVID-19 relief in the U.S.

Payments distributed:

\$6.42 billion

Prepaid cards distributed:

3.6 million

MetaBank's commercial finance division was an important funder of the Paycheck Protection Program to help small businesses keep their workforces employed.

Funds distributed:

\$219.0 million

Small businesses assisted:

689

Jobs saved nationwide:

20,000+

Statistics current as of publication date based on internal company records.

MESSAGE FROM BRAD HANSON, PRESIDENT & CEO

Every journey starts with fundamentals, fueled by promise. The publication of Meta Financial Group's inaugural Environmental, Social and Governance (ESG) Report is no exception.

When I became President and CEO two years ago, I wanted our company to take new strides in three areas: governance, internal audit, and transparency relating to the pillars of our business strategy. We'd recently grown in size, complexity and geographical reach with significant acquisitions, and our maturity in those functions needed to develop alongside. We've been disciplined in addressing them since. In the process, we have gained new credibility with investors and other stakeholders. Now, we're not only talking about tactical improvements, but also how we're aligning our purpose, mission and culture to address important issues. This 2020 ESG Report is a critical part of that conversation.

My ESG vision for MetaBank is embedded in our company's vision: to create value for our society and produce an economic benefit for people. ESG demonstrates who we are and what we do as a company. That includes our policies, practices, commitments and goals for the company, customers, employees, community and the environment. The past 18 months have been foundational in that regard.

At the Board level, we created a new committee to oversee ESG. We also enhanced our leadership team with key senior hires in critical areas, including our Chief Legal and Compliance Officer, and Corporate Secretary, Chief Information Officer, Chief People and Inclusion Officer, Vice President of People and Culture, Vice President of Alternative Energy Finance, and Vice President of ESG and Community Impact.



“ My ESG vision for MetaBank is embedded in our company's vision: to create value for our society and produce an economic benefit for people.”

Each of these functions is a critical touchpoint in our ESG efforts, and this report highlights the approaches and steps taken under each. Our Vice President of ESG and Community Impact, a new position at MetaBank, chairs our ESG Working Group and is leading the development of our ESG strategy and Community Impact Program.

Clearly, 2020 was an extraordinary year. In Meta's case, I want to highlight three additional milestones that speak to the interconnectedness of our mission, culture and ESG efforts.

- We accelerated work on our diversity and inclusion (D&I) strategy, while prioritizing D&I with employees, customers and vendors.
- We evolved our internal communications and staff support to better engage and empower employees. In response to racial and social injustice, we held CEO listening sessions during which employees shared their concerns.
- We assumed a leadership role by working with the Department of Treasury in the management and delivery of two key federal COVID-19 relief programs: Economic Impact Payments (EIP) and the Paycheck Protection Program (PPP).

Our work on the EIP program was demanding on our business and our team. As the only financial institution in a position to successfully execute it, we felt a responsibility to step up and serve our country during a difficult time.

Meta was founded on helping people, and that will continue to be the cornerstone of our ESG strategy; that's the message that I hope everyone takes away from this ESG Report. Our purpose is what's important and doing something bigger than ourselves is where our long-term value truly lies.

We look forward to hearing your feedback and sharing our journey with you.

Sincerely,



Brad Hanson
President & Chief Executive Officer



OUR APPROACH

Values and Pillars

Meta has long exhibited our commitment to social good by providing products and services that directly address the foundational financial needs of the people and organizations at the core of the goods and services economy. We are now embedding ESG in our strategy so that priorities stay aligned with helping our communities move toward prosperity and success.

Our people are dedicated to a spirit of stewardship and service to the communities we serve. Promoting a diversity of perspectives across our organization is vital to achieving these shared economic mobility goals. By growing an employee base that reflects our customer base, we can better understand their challenges and align our solutions accordingly. We are dedicated to building on our foundation of community engagement and strong governance practices as we expand our ESG endeavors and put into place a formal ESG strategy.

This report highlights those efforts and outlines our ambitions across five critical pillars: governance, customers, employees, the community and the environment.

While we are in the early stages of our ESG journey, 2020 was an important and exciting year across those pillars. We've taken stock, developed critical policies and programs, formalized our baseline measurement and monitoring, and hired critical leaders to carry us forward.

Our Values

Integrity and Trust

We have a responsibility to consistently act in a manner that will preserve the trust that our customers, employees, shareholders, and community have placed in us.

Respect

We aspire to serve each and every customer with equal dignity and respect. We expect our employees to treat customers fairly and responsibly.

Financial Solutions

We enable financial solutions for consumers and businesses in underserved niche markets.

Help

Our goal is to continue to bring tangible solutions that help people develop a plan, gain access to financial systems, establish liquidity for unexpected challenges and get practical, systemic assistance to stay on track.

Our Pillars

- Governance
- Customers
- Employees
- Community
- Environment

Materiality

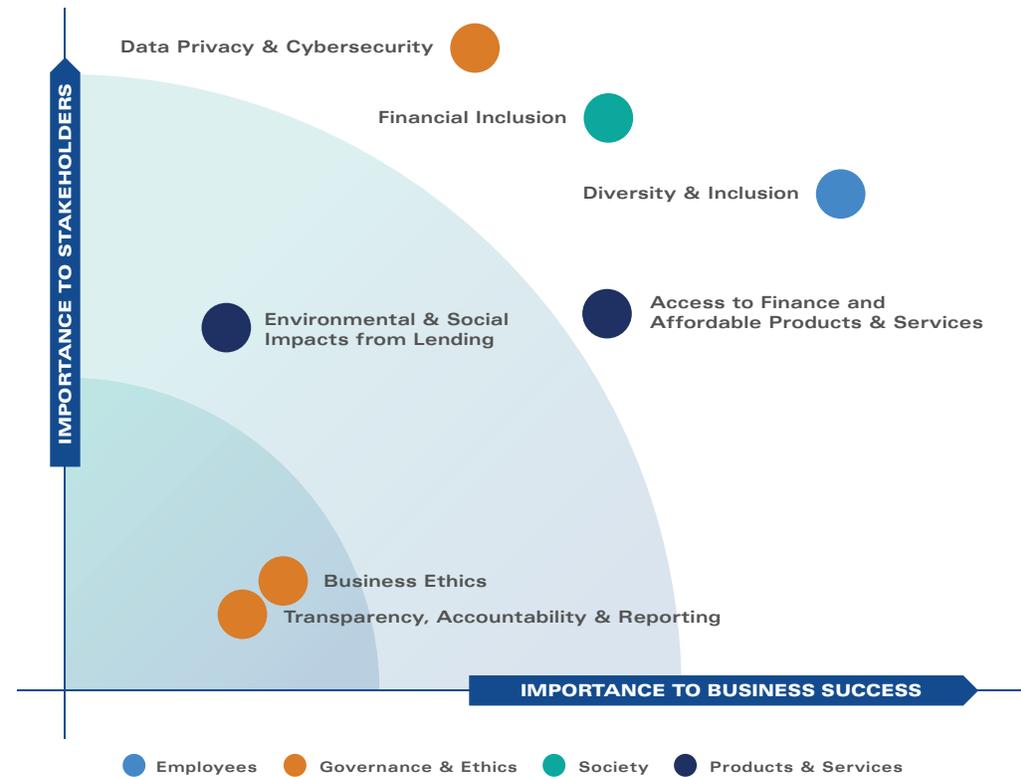
In 2020, to advance development of our long-term ESG strategy, we began to identify topics most critical to our business and our stakeholders. We then launched a formal materiality¹ assessment, working with a globally recognized sustainability organization. We gathered our primary input from external and internal stakeholders from a cross-section of organizations and functions. We supplemented that information by surveying two additional sets of internal stakeholders and consulted ESG reporting frameworks such as the GRI, SASB, and the Task Force on Climate-related Financial Disclosures (TCFD).

The accompanying matrix displays the results from that materiality assessment, showing the topics that emerged as strategic priorities for Meta, having been ranked of highest importance both in terms of business success (by internal stakeholders) and Meta’s external impacts (by external stakeholders).

- Access to Finance and Affordable Products & Services
- Business Ethics
- Data Privacy & Cybersecurity
- Diversity & Inclusion
- Environmental & Social Impacts from Lending
- Financial Inclusion
- Transparency, Accountability & Reporting

¹ In this report, we use the term “materiality” with respect to ESG and not as defined by the Securities and Exchange Commission or under securities laws. Unless otherwise noted, the boundary for the topics is enterprise wide.

Notably, there was significant overlap between the issues that are most important to the business and those that are most impactful to external stakeholders. Diversity & Inclusion, Data Privacy & Cybersecurity, Financial Inclusion, and Access to Finance and Affordable Products & Services ranked in the top five priorities for both groups of stakeholders. Management approaches and actions involving these topics are referenced in relevant areas throughout this report, with Responsible Use of Data (another important material topic for our external stakeholders) coupled with Data Privacy & Cybersecurity. They are also strongly emphasized in the development of our ESG strategy.



Stakeholder Engagement

As we build on our mission by prioritizing and devoting increased resources to ESG efforts, stakeholder engagement is essential to telling our story, to communicating those ESG goals and actions, and to enabling their success.

Customers remain key stakeholders in this process. But standing alongside, we also count our employees, investors and analysts, government regulators and policy makers, suppliers, industry associations, communities and not-for-profit organizations.

Publication of this, our first ESG report, is an important step in further engaging our stakeholders. Likewise, stakeholder interviews conducted for our materiality assessment, both internal and external, marked our first formal outreach in this area.



ESG-related engagement and communications with specific stakeholder groups is similarly evolving.

Some highlights:

- For investors and analysts, we introduced a section in our [2020 Proxy Statement](#) discussing our ESG actions and intentions. We also included, for the first time, an update on ESG activities under business development highlights in our 2021 first quarter earnings statement. We are planning further outreach on ESG through our participation in investor conferences.
- Our engagement with employees on ESG involves ensuring they're not only informed about relevant policies, programs, benefits and activities, but also empowered to take ownership of our efforts and help integrate them into the business and our company culture. Steps taken in 2020 include embedding a multicultural lens into our internal communications, investing in employee resource groups and holding CEO listening sessions on social justice issues and concerns.
- As a nationally regulated financial institution, our engagement with regulators is, by definition, an ongoing priority. However, in 2020, our key role in the management and delivery of funds for two key federal COVID-19 relief programs—Economic Impact Payments (EIP) and the Paycheck Protection Program (PPP)—meant heightened engagement with the Department of Treasury, the U.S. Federal Reserve and the Office of the Comptroller of the Currency.

INSIDE ESG AT META FINANCIAL GROUP

An Interview with Anthony Sharett and Catherine McGlown

Anthony Sharett, EVP, Chief Legal and Compliance Officer, and Corporate Secretary, joined Meta in 2019. Catherine McGlown joined in late 2020 in the newly created position of Vice President of ESG and Community Impact. Together, Anthony and Catherine are leading our expanding ESG efforts.



Anthony, why is Meta Financial Group now focused on ESG?

AS: We understand that stakeholder expectations of the ways companies manage ESG and the transparency around that are increasing. I expect that to only increase, so this is the right time for us to be thinking about ESG in a more strategic way.

Catherine, yours is a new role at Meta. What does it entail?

CM: I was hired to lead our ESG strategy and manage work related to those pillars. I'm also creating a community impact program and leading the effort to provide greater focus in our charitable investments and volunteerism.

While my role is new, it was created because of Meta's high-level support of ESG, including the development of an ESG subcommittee of the Board (now a full Board committee). Although I report directly to Anthony in his capacity as head of Meta's governance, risk and compliance teams, I also report directly to our Board's ESG Committee and lead discussions relating to ESG.

Anthony, how has ESG evolved since you joined Meta Financial Group?

AS: In a very short time, we have raised the maturity level of our corporate governance significantly. We implemented new guidelines and policies, including a new clawback policy and an updated insider trading policy to provide more protection not only for the officers and directors, but for the public.

We also introduced Board-level self-assessments for directors and committees and a skills review against a matrix. We recently added two new directors, increasing our diversity, and we have completely refreshed our ethics policy, supported by a new automated ethics hotline program. It's exactly what a company of our size needed to support growth.

How is ESG managed, and what are your near-term goals?

CM: Anthony sits on a steering committee of senior executives who help inform our ESG strategy. I chair Meta's ESG Working Group, a cross-functional group of department and divisional leaders that supports implementation of ESG policies and programs. In the near term, we are focused on building foundational elements, including establishing an approach for collecting and validating ESG data related to our ESG priorities.

Are there any other top priorities for 2021?

AS: We're committed to diversity and inclusion, which will positively impact our customers, the small and mid-sized businesses who are the recipients of our loans, and our vendors that we work with.

Ultimately, we want people to know that we are a mission-driven company that has made significant strides by going about things the right way, and we are committed in every sense to the facets of ESG.

GOVERNANCE

Governance Structure

In 2020, Meta Financial Group adopted a new ESG governance structure that emphasizes Board and executive management oversight of our company-wide ESG implementation efforts.

As a reflection of the Board’s commitment, Meta established an ESG sub-committee, which evolved into one of four full committees of the Board, with director Michael Kramer as its Chair in 2021. The ESG Committee meets quarterly to discuss current and emerging ESG topics, and to provide oversight of our ESG policies, programs and strategies.

The ESG Committee’s responsibilities are detailed in its [Committee Charter](#). They include oversight of the following: our ESG program; charitable giving policies and programs; policies related to environmental sustainability, human rights and other social matters; relationships with external stakeholders; and our annual ESG Report.

Executive oversight of ESG initiatives is the responsibility of our Executive Vice President, Chief Legal and Compliance Officer, Corporate Secretary. Our Vice President of ESG and Community Impact, a role newly created last fall, leads ESG efforts from a management perspective. Together they lead an ESG Steering Committee of senior executives who help inform our ESG strategy. The Vice President of ESG also chairs our cross-functional ESG Working Group that initiates program implementation.

ESG Governance Structure

Oversight

Board of Directors ESG Committee



Select ESG-related Policies, Standards and Guidelines

Corporate Governance Guidelines
(Approved February 26, 2020)

Code of Business Conduct
(Updated October 1, 2020)

Employee Handbook

Whistleblower Protection Policy

People and Culture Policy

Fair and Responsible Banking Program

Community Reinvestment Act Strategic Plan
(Effective January 1, 2021)

Legal Pro Bono Policy
(Implemented August 31, 2020)

ESG Strategy

Community Impact Model and Program

50%
of our Board committees
were chaired by women
in 2020

Ethical Conduct

Meta’s commitment to ethical business practices starts with the Board and the executive leadership team and extends throughout our company.

Ethics training is assigned to all new hires and all employees on an annual basis. Training covers topics in our [Code of Business Conduct](#), which was refreshed and rewritten in fiscal 2020 and effective October 1.

The Code of Business Conduct sets the highest standards of ethics and integrity for all employees. As a company whose business is focused on enabling financial inclusion, we believe that we owe it to our customers, investors, shareholders and community to consistently act in a manner that will preserve the trust they have placed in us. We foster a culture of “see something, say something” that promotes and enables compliance, which our employees and potential talent respect and appreciate.

The Code of Business Conduct is a comprehensive document that addresses Meta’s mission, vision and values; the responsibilities of team members, Board members and managers; commitments and rights in working with colleagues, consumers and partners; work in the community; work with the government; commitments to shareholders; disclosure and reporting procedures, including whistleblower protection and investigations.

In conjunction with the new Code of Business Conduct, we introduced an updated ethics hotline number and experience for use by our employees, business partners and vendors. The update included using a third-party vendor to preserve the anonymity of those using the hotline, a new toll free number, and the ability to report a concern online or to a representative at the toll free number. This hotline is monitored by People & Culture and Internal Audit.

Data Privacy and Cybersecurity/Responsible Use of Data

At Meta, our value proposition as a company is built on trust. Protecting our customers’ financial assets and data, as well as that of our employees, industry partners and other stakeholders, is of utmost importance.

We follow industry best practices for threat detection and eradication and monitor privacy regulations in the U.S. and abroad to facilitate leading practices.

Given Meta’s recent growth, our IT department entered fiscal 2020 with ambitious plans, including:

- To continue the build-out of our faster payments platform
- To speed up our customer on-boarding process
- To restructure our operating model so that IT is better equipped to work collaboratively and strategically with our lines of business to help create new products and services

It is a tribute to the commitment of the team that it met those goals while navigating security challenges and workflow disruptions as a result of the COVID-19 pandemic. In addition, early in the pandemic, Meta stepped forward to serve as the principal agent for distributing prepaid debit cards under the federal government’s Economic Impact Payments (EIP) program while helping to facilitate its Paycheck Protection Program (PPP)—both of which placed even more demands on our IT and information security teams.

EXECUTIVE COMPENSATION

Meta operates in a highly competitive industry for executive talent, so we structure our executive compensation program to attract and retain the critical senior leadership we need to deliver on our business strategy.

Oversight of the executive compensation program rests with the Board's Compensation Committee, working closely with the executive management team. This Committee also leads the compensation philosophy for Meta. The Committee believes that executive compensation should reward workplace performance and also reward a culture of compliance and integrity. Thus, the Committee attempts to strike this balance between rewarding both short-term performance and behaviors and performance that enables long-term sustainability. Full details of the criteria used for executive compensation are found in Meta's [2020 Proxy Statement](#).

The company and the committee set executive compensation with ESG and our ethics practices in mind. In 2020, we implemented a clawback policy allowing Meta to recover certain compensation paid to certain officers if they engaged in detrimental conduct as covered in the clawback policy. Examples include financial-related breaches and breaches of certain provisions of Meta's Code of Conduct regarding data security and privacy, retaliation and related matters. The clawback policy is a best practice that underscores our commitment to ethics, compliance and protecting our employees, customers and shareholders.

Executive Compensation Program Highlights

- Performance-based pay metrics
- Annual peer review analysis
- Compensation consultant partnership
- Clawback Policy implemented in 2020
- Restricted equity component
- Strong stock ownership requirements
- Strong Say-on-Pay vote in 2020
- Mix of cash compensation and equity
- Stockholder engagement

RISK AND COMPLIANCE

Managing risks and complying with legal and regulatory requirements are essential to the integrity of our business. The scope and nature of Meta’s operations, and our roles as a founder of the prepaid industry and an industry leader in payments, have enabled us to develop policies, programs and actions in these areas that are key differentiators in the financial services marketplace.

Enterprise Risk Management

Our Enterprise Risk Management (ERM) program is designed to promote the principles of sound corporate governance to ensure that risk-taking activities are in line with our strategic objectives, risk appetite and regulatory requirements.

Oversight of our ERM program and processes rests with the Meta Financial Group and MetaBank Boards of Directors while senior management and other employees put them into operation. The ERM program is applied in strategy setting and across the enterprise, with three main objectives: to identify potential impactful events, to manage risk to be within a risk appetite, and to provide reasonable assurance in achieving business goals.

Meta’s risk management system is made up of its policies, processes, employees, and control systems utilized to identify, measure, monitor and control enterprise risks. To ensure a comprehensive system, Meta has adopted a Three Lines of Defense model.

Third-Party Risk

Our comprehensive Third-Party Risk Management program is designed to provide oversight and assurance that third parties are appropriately identified and classified, and that risks associated with third-party relationships are appropriately controlled and mitigated.

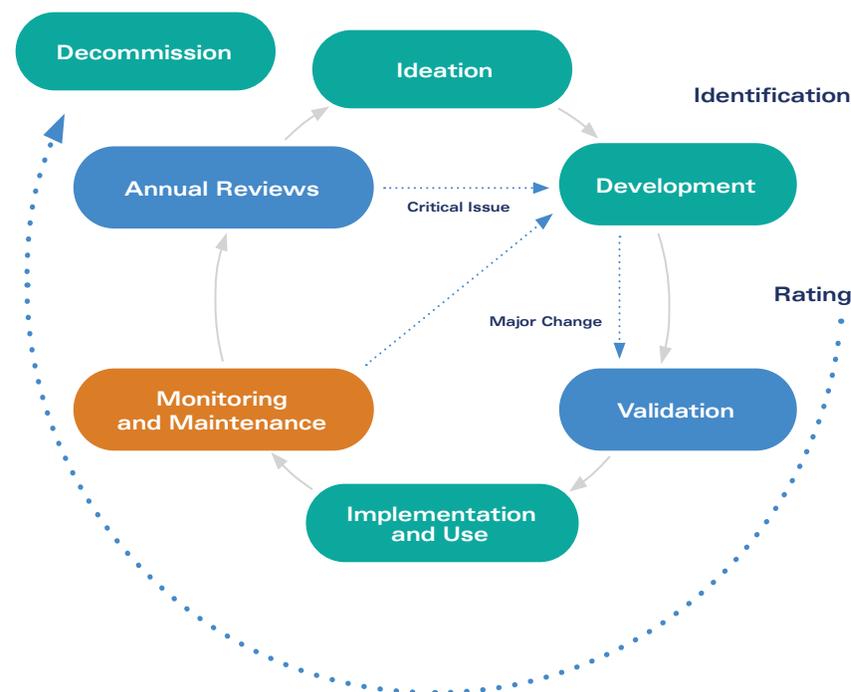
Meta’s third-party risk department practices a structured and disciplined approach to third-party risk management with the intent to establish risk-based controls that are designed to minimize potential loss and capitalize on emerging opportunities. Our policy and strategy encourage us to:

- Protect the company from avoidable risk and to provide value-added service to business units
- Monitor third-party activities
- Report risk events and material information in an effort to mitigate risk
- Provide correlated support

Meta’s third-party risk team reviews and manages an inventory of third-party relationships and uses a four-tier hierarchy, ranked from most to least critical.

Model Lifecycle Management

Model Lifecycle Management is one key aspect of our approach to mitigate model risk. It provides guidelines through each stage of the model lifecycle.



Consumer Compliance

Our Compliance Management System (CMS) provides oversight and assurance to the Board and senior management that compliance risks relating to applicable laws and regulations are adequately identified and mitigated. This is achieved through Board and senior management leadership and by retaining key talent to maintain an effective program in a dynamic regulatory environment.

Meta's CMS is a continuous process that is designed to mitigate non-compliance with laws and regulations and the potential for consumer harm. Our comprehensive CMS is designed to:

- Provide oversight with respect to compliance with applicable laws and regulations
- Identify and seek to mitigate exposure arising from events that may cause consumer harm
- Adhere to our compliance policies, standards, guidelines and processes
- Promote compliance awareness among all staff through ongoing training

Significant compliance processes are formally documented, with clear lines of authority and responsibility, and communicated to stakeholders.

Recent Highlights

In 2020, important compliance-related achievements included:

- Maintaining program effectiveness while transitioning to a remote environment due to COVID-19
- Controlling onboarding and launch of material new partnerships and programs such as:
 - H&R Block: various tax, payments, and credit products
 - Economic Impact Payment programs: reloadable cards
 - Freedom Financial: installment loans
 - FasterMoney LOC: small dollar line-of-credit
- Implementing Community Reinvestment Act strategic plan

Anti-Money Laundering and Counter-Terrorism Financing

Meta is strongly committed to preventing the use of its operations for money laundering, terrorist financing and other criminal purposes.

Our Bank Secrecy Act (BSA), Anti-Money Laundering (AML) and Office of Foreign Assets Control (OFAC) compliance programs include internal controls designed to address ongoing compliance with the BSA, U.S. Sanctions, and other relevant rules and regulations. This includes a Customer Identification Program, Information Sharing Procedures, Suspicious Activity Monitoring and Reporting, List Screening, and Currency Transaction Reporting.

Meta verifies the identity and performs due diligence of customers and third parties. The information collected and verified helps Meta gain a solid understanding of what we expect to see and helps us identify unusual activity. We utilize sophisticated monitoring systems to identify potentially suspicious customers and activities. Our Financial Intelligence Unit conducts targeted reviews of identified activity, reports suspicious activity to appropriate authorities, and closes accounts as needed to prevent further activity.

We also use the information to block prohibited persons or transactions such as those subject to sanctions enforced by OFAC.

To address Sections 314(a) and 314(b) of the USA Patriot Act (USAPA), we screen customers against 314(a) lists and report positive matches as required, and are also an active participant in the voluntary information sharing provisions set forth in Section 314(b). These measures help Meta provide timely and useful information to law enforcement.

Meta performs risk-based monitoring, testing and review of business lines as part of our BSA/AML and OFAC programs. We also conduct ongoing reviews of third parties for compliance with our requirements.



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OUR CUSTOMERS

MetaBank's success is the product of an unwavering commitment to our customers. We provide products and services that enable consumers and businesses in underserved markets to participate in the economic progress they are helping create. They count on us in order to grow and prosper, and when they do, both their communities and our company thrive.

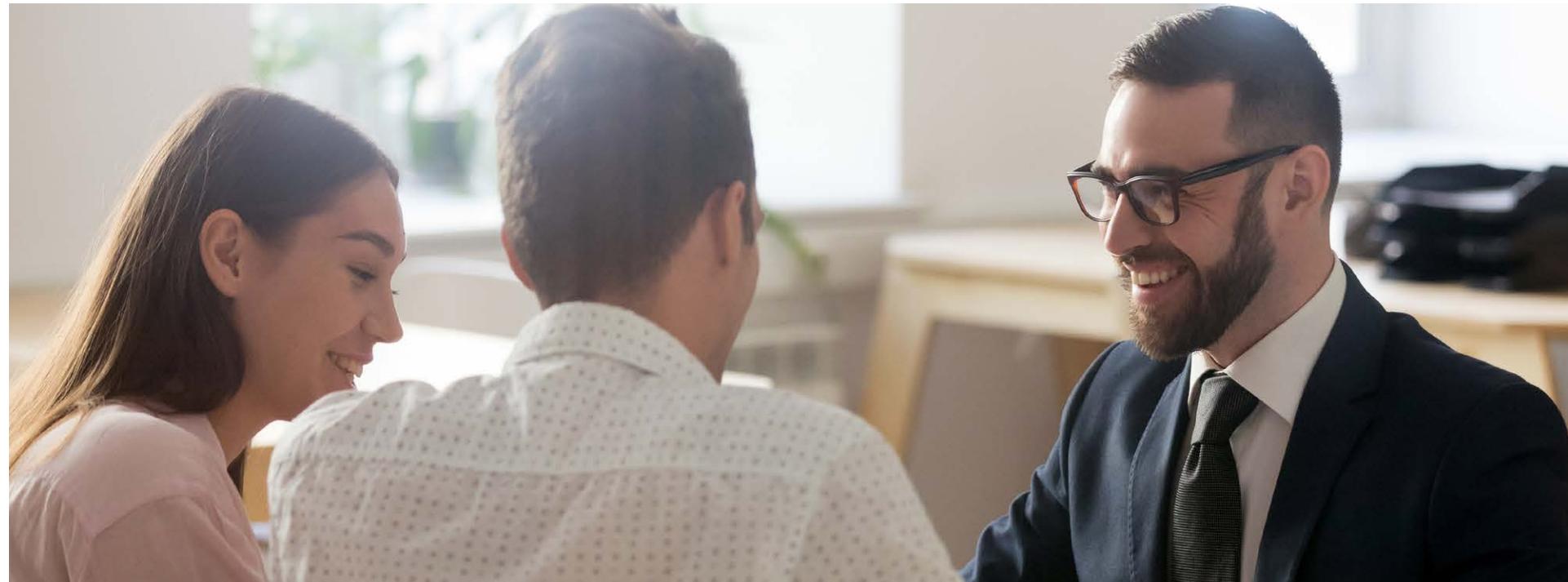
CUSTOMER EXPERIENCE

At MetaBank, we offer a variety of financial services to a range of consumers and commercial customers who have one thing in common: the products and solutions they seek are—at times—not available to them through traditional financial institutions.

For many who find themselves on the other side of the growing divide between the haves and have nots of the current financial system, our role is simply to bridge that gap, to provide access and a path forward.

In other cases, such as commercial lending in the alternative energy sector, chiefly through our Commercial Finance division, we provide financial solutions tailored to the unique needs of businesses operating in emerging sectors—something that many traditional institutions avoid.

Customers in our tax services and payments divisions, meanwhile, are fintechs and financial services companies that we work with to create products and services. We don't market those directly to customers but support their delivery through our work with the third-party partners who do.



ENVIRONMENTAL AND SOCIAL IMPACTS

Environmental

As a company that was founded on helping people, we act as an enabler of new, innovative financial technology companies, neo-banks and others, by bringing new products and solutions to the market so we can reach more people.

Through our Commercial Finance division, we are a significant lender for both solar and fuel cell power generation projects. In addition, our alternative energy portfolio includes a growing mix of biogas, battery storage, thermal, wind and microgrid projects.

The objective of all of these projects is to reduce reliance on fossil fuels for power generation. In the case of biogas, there is the added positive environmental benefit of capturing and removing harmful methane emissions. Biogas projects typically digest waste from farm animals, but some of the other options include landfill gas emissions, wastewater treatment plant effluent, food waste and woody biomass.

We provide specialized finance under terms and conditions while using programs and platforms to help these customers. Our customers are—at times—neglected by the other financial institutions because they are working on new technology, they aren't profitable yet or they can't make the kinds of investments based on their size or location.

Our role at Meta is to creatively structure systems and products that both protect the bank and help provide solutions to our commercial customers. In doing so, we facilitate access to financial services that is taken for granted by many every day.

Social

As a financial enablement provider that secures economic mobility, Meta's core mission has direct and significant social impacts.

We provide the underbanked and underserved with access to financial products and services often not available to them from traditional financial institutions. A critical aspect of this is removing barriers in the way of financial access with products, such as general-purpose reloadable cards and commercial financing for entrepreneurs, that promote financial inclusion and set them on secure paths for growth and financial stability. In terms of commercial finance, we work with small and mid-sized businesses, including women-owned and minority-owned businesses, that promote economic mobility and contribute to positive social benefit for the communities that we serve.

Similarly, our Tax Services division provides customers with access to electronic tax filing services they might otherwise not enjoy. In doing so, we enable mobility and create pathways to success for people, their families and their communities.

COVID-19 Pandemic Response

When COVID-19 arrived, we assumed a leadership role in helping our communities and our business partners during the pandemic. In particular:

- We partnered with the U.S. Treasury Department, Fiserv, a financial services technology company, and Visa to support the government stimulus package by distributing \$6.42 billion of Economic Impact Payments on 3.6 million Meta-issued prepaid cards. This work built on our existing relationship with the U.S. government as a service provider providing disbursements for various agencies.
- We provided relief to our clients and borrowers in the form of short-term loan payment deferrals and modifications.
- Through our Commercial Finance division, we helped small businesses by funding \$219 million of Paycheck Protection Program (PPP) loans under the Small Business Administration program.
- Each Meta location was empowered to financially support local community pandemic relief efforts.



Atwater Street Tacos

I own a small restaurant in Wayne County, Mich. We have been in business for just over a year and a half, and we employ over 30 amazing people who rely on our business to support their families. Most of them have been with us since our doors opened. When COVID-19 hit our state and county so hard, our mission was to keep our doors open and our staff working, profit or no profit, no matter what we had to do.

When the Small Business Administration announced they would be helping businesses like mine with the Paycheck Protection Program loan, I was ecstatic! I reached out to my financial institution, gathered all the documents they would need and waited for them to open the application process. Unfortunately, just hours after they started taking applications, they stopped and never did process mine. As I'm sure you can imagine, I was devastated and not sure of my next move.

Then came Crestmark (a division of MetaBank) where I finally was treated the way I feel I should've been from the beginning—like a person, a person in need of help to keep my business and employees going.

I could not be happier with the process, help, knowledge, kindness and especially the understanding that this program was really designed for businesses like mine.

Thank you so much Crestmark for doing business with integrity and for employing some of the most compassionate people I have met.

Monica Ashby, Atwater Street Tacos, Wayne County, Mich.

OUR PEOPLE

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ESG Performance

It's vital that we attract, equip and retain diverse, talented employees on our journey to enable financial equity through solutions, innovation and equitable options in the markets that we serve. To achieve that, we strive to make MetaBank an inclusive, safe and healthy workplace with opportunities for growth, supported by strong compensation, benefits, and health and well-being programs.

VALUING OUR EMPLOYEES

Despite unprecedented challenges due to COVID-19, MetaBank’s overall financial performance last year was exemplary. Credit for that achievement belongs first and foremost to our employees. Our success as a mission-driven company, committed to financial inclusion for all, is only possible with our caring and dedicated team.

Recognizing this, the Board, senior management and our people leaders have continued to advance new policies, programs and initiatives to foster a culture where those qualities thrive—and to ensure we can attract and retain people who will keep the momentum going.

Talent Recruitment and Assessment

One of the most important highlights of the new initiatives is our “Talent Anywhere” recruitment strategy. Historically, Meta has been centered in and around Sioux Falls, S.D., and our talent pool was similarly local. As the result of several acquisitions, we now have offices, employees and customers across the U.S. In response to this, rethinking our recruitment strategy was on the agenda before the pandemic hit. With the ensuing widespread move to remote work, it quickly became clear that we could expand our talent pool beyond local candidates.

Since the middle of last year, we’ve worked with hiring managers to consider this when they have positions to fill. They’re now encouraged to be open-minded and creative in determining when they truly need an employee to be local and when a remote hire will work just as well. Early results show an increase in applicant flow as a result.

In late 2020, we began to pilot an enterprise talent assessment framework. We began with our IT department, but our plan is for this framework to be used throughout the company. The aim is to better equip each department to have a clear line of sight on their teams’ strengths or opportunities in terms of skills, diversity or leadership potential.

Training and Development

Talent and leadership development is a second critical area that began to receive new emphasis in 2020.

At a senior level, we introduced a nine-month leadership development program for high-potential, high-performance employees. Participants are paired with executive coaches and work on a curriculum that includes strategy setting, being an inclusive leader, and managing diverse perspectives.

For staff at all other levels, we transformed our training format from traditional classroom-based methods to a more progressive model—using micro learning methods, encouraging department leaders to be coaches for their staff, creating stretch assignments and soft skill workshops. More tools and technologies to support this will be added in 2021 and 2022.

Part of the training also includes familiarizing employees with a new aspirational culture mindset based on “**Hungry, Humble and (People) Smart**” (HHS). The message: striving to live up to these three attributes helps assure success for individuals and the company. The concept was introduced, in part, as a way to help unify the culture. In 2020, employees were surveyed and asked to evaluate themselves, teammates, supervisors and the company against a checklist of HHS attributes. Going forward, we will continue to complete the short, personal HHS self-assessments annually.

Health, Safety and Benefits

COVID-19 Pandemic Response

When the COVID-19 pandemic ensued, we initiated our pre-existing Pandemic Plan in our Business Continuity Program. This enabled us to take immediate action with minimal disruption to our business while ensuring the health and safety of our employees. In addressing the latter, we:

- Instituted a work-from-home program for most employees in March 2020 that remained in place for remainder of fiscal (and calendar) 2020
- Imposed mandatory masking, mandated social distancing procedures, and set protocols for use of sanitizer and disinfectant
- Purchased laptops and related hardware for home-based employees who previously worked on desktop computers; we also provided most employees with a stipend to enhance their at-home workspaces

We're fortunate in that no layoffs, furloughs or salary adjustments were imposed due to COVID-19.

Employee Benefits

MetaBank offers a comprehensive benefits program for both full-time and intermediate employees to help them stay healthy, feel secure and maintain good work/life balance.

Full-time and intermediate employees working at least 30 hours per week receive coverage for:

- Medical
- Dental
- Vision
- Flexible spending
- Health savings
- Group term life/AD&D
- Short- and long-term disability
- Accidental injury
- Critical illness
- Hospital care
- 401(k)/employer match
- Employee stock ownership
- Legal services/identity protection

Work/life balance provisions:

- Accrued paid time off (20-35 days per year based on service)
- New-parent leave
- Bereavement leave
- Military differential pay
- Adoption assistance
- Paid holidays

We also offer access to an Employee Assistance Program, which offers employees and their families information, referrals and short-term counseling for issues affecting their work or personal lives.



DIVERSITY AND INCLUSION

As our materiality assessment illustrated, diversity and inclusion (D&I) is a top priority for both our internal and external stakeholders and aligns well with our mission of financial inclusion. Events of the past year (both the spotlight on social justice and the fallout from COVID-19) have spurred us to make D&I an even higher priority—in recruiting; in staff development and retention; and in MetaBank’s marketplace, be that loan recipients or vendors we work with. We have seen a number of improvements on D&I since that time, including increased diversity among our Board of Directors and the hiring of a leader who has oversight for D&I at Meta.

Completion of our formal strategy continued into 2021, but in 2020 we launched important first steps with our recruiting and sourcing strategies. We started work, for example, on a certified interviewer program designed to train our internal recruiters to understand unconscious bias and how to mitigate it in the hiring process. We also started training recruiters on how to assemble diverse candidate slates for open positions. This required each recruiter to spend 20 hours learning about diversity sourcing and available tools. Recruiters now have measurable D&I goals, including having diverse slates and having minimum thresholds for ethnically diverse hires.

Listening Sessions

In late spring of 2020, we at MetaBank were deeply impacted by the tragedies involving George Floyd, Breonna Taylor and others, and the responses they sparked across the country.

The moment demanded a deep, immediate response that provided our employees with an opportunity to confront their pain, express their feelings, and engage in meaningful discussion about the level of inclusion and diverse community representation at Meta and how we might improve.

We convened a series of executive listening sessions, held virtually due to COVID-19. We provided a forum for groups of employees to talk amongst themselves and with MetaBank’s CEO and other senior leaders, ask questions, provide feedback and present ideas.

A total of nine sessions took place, hosted across 14 locations. Leaders and employees representing 34 departments participated. The discussions and subsequent takeaways for senior management were framed in a series of five questions:

- How could Meta better represent our communities?
- What do we need to start doing?
- What do we need to continue doing?
- What do we need to stop doing?
- What is the one immediate action we could take to make an impact?

Responses, including suggestions to better define what we are doing in regard to community representation, helped determine our areas of focus. The listening sessions and feedback helped inform the D&I strategy we are developing.

Our leadership team acknowledges that these listening sessions increased recognition of the diverse perspectives within our company and accelerated work on issues to help forge a more inclusive culture.

COMMUNITY AND ENVIRONMENT

There is no us and them at MetaBank. Our company, our employees, our customers and our suppliers all belong to the same communities. We share the same values and goals: health and well-being, economic opportunity and prosperity. Acting sustainably means acting to uphold and enhance those values with our services, by empowering employee outreach, working with community organizations, and ensuring that our business practices promote the protection and preservation of a healthy environment.

COMMUNITY

Helping communities move toward prosperity and success is an essential ingredient in advancing Meta’s mission of financial inclusion for all.

Community Reinvestment Act

As a federally insured depository institution, MetaBank is subject to the Community Reinvestment Act (CRA), which requires banks to help meet the credit needs of their entire community, including low- and moderate-income (LMI) individuals and those located in LMI geographies within the bank’s assessment areas. In 2020, we finalized a Community Reinvestment Act Strategic Plan for a three-year period that started January 1, 2021.

We believe our core businesses are structured to serve LMI customers and small businesses, and in our CRA strategy accordingly set our community development goals in three performance categories—loans/investments, donations, and services. Our faith in this commitment was validated in our most recent CRA performance evaluation, completed in February 2020, in which MetaBank received an overall rating of Outstanding.

Federal Fair Lending regulations that prohibit discrimination also apply to our business. We have developed a Fair and Responsible Banking Program to provide an extra layer of oversight to address those standards.



Our CRA efforts within our assessment areas in South Dakota and Iowa:

Financially supported 11 organizations that assist low- to moderate-income individuals and families, donating more than \$300,000

200 volunteer hours donated

Note: The COVID-19 pandemic had an impact on the number of volunteer opportunities available and volunteer hours performed in 2020.

Corporate Giving and Employee Volunteerism

Beyond our core business, we are developing a Community Impact Program, for introduction in 2021, to elevate the effectiveness and scope of our corporate giving programs, employee volunteer programs and other forms of external engagement. Elements of that program will include paid time off for volunteering and matching gifts.

Our employee resource groups are an impactful channel for community outreach and support. As an example, the Meta Women’s Network’s programs include Paint Meta Pink, a month-long initiative in October to raise awareness and funds in the fight against breast cancer.

Our community impact efforts also include a Pro Bono Program that was established last August, shortly before the end of our fiscal year. Its objective is to provide pro bono legal services to people and organizations that could not otherwise afford legal representation. Under the program, attorneys and paralegals within MetaBank are encouraged to devote at least 25 hours per year to pro bono services.

MetaBank’s primary partnership in the Pro Bono Program is Operation HOPE, Inc., a for-purpose organization—long-supported by MetaBank—that is working to disrupt poverty and empower inclusion for low- and moderate-income individuals. In less than two months, it received 31 hours of pro bono services from our legal employees.

Another primary for-purpose organization that MetaBank supports through funding and employee volunteers is Junior Achievement of South Dakota.



Junior Achievement of South Dakota

Junior Achievement (JA) empowers kids to believe in themselves and have a sense of purpose so they can achieve their highest potential. For many years, Meta has been a key partner in supporting Junior Achievement experiences for students in Sioux Falls, S.D. From financial contributions to associates giving time to serve as classroom volunteers, Meta has played a huge part in ensuring JA programs were available to more than 25,000 students in Sioux Falls each year.

Meta’s classroom volunteers help students connect what they learn in school to what life is like after graduation. The volunteers share their personal and professional stories to enhance lessons about money, jobs, ethics, and business ownership. They provide a bridge between the school and the community and show students that the community cares about them and wants them to succeed. Because of JA volunteers, students can learn what careers are available not only in Sioux Falls and South Dakota, but around the country and the world.

The funding provided from Meta’s annual involvement in the JA Bowl-a-Thon ensures JA can continue providing experiences for students, even during unique, challenging years like 2020-21. JA couldn’t happen without the generous financial donations of partners like Meta, and the generous donations of time by Meta’s dozens of classroom volunteers.

Kayla N. Eitreim, President, Junior Achievement of South Dakota



Operation HOPE, Inc.

MetaBank has been a trusted friend and partner of Operation HOPE, Inc. for many years. Their commitment to supporting the underbanked and underserved through financial literacy and inclusion demonstrates that they care about impact and mission just as much as they care about organizational milestones.

Last year, COVID-19 crushed millions of Americans, but among the hardest hit were minorities and those on our society’s economic fringes. Thanks to the generosity and support of MetaBank, our organization quickly pivoted and revamped its programming model to continue in

a virtual setting seamlessly. Additionally, we have been able to hire more financial well-being coaches and staff members to power our work.

With the increase in workforce, we increased impacts and improved outcomes. We are proud to say that we increased the number of clients served and services rendered by 38% and helped launch more than 700 small businesses. Of those 700+ businesses started, 78% are led by women and minority founders. Additionally, we helped clients collectively obtain \$208 million in mortgage lending while moving credit scores on average by 46 points in less than five months.

MetaBank has played a vital role in helping us reach more people with the services they need most in these uncertain times. Thanks to our partnership, we have provided a level of peace and security for thousands of families. We look forward to the continued impact that we’ll have together as we continue working to eliminate poverty and put in its place sustainable financial wellness.

*Mary Ehram, President,
Operation HOPE, Inc. Partnerships*

ENVIRONMENT

A healthy environment and environmentally responsible behavior are fundamental to the well-being and prosperity of communities and the world at large.

Given MetaBank's mission to support financial enablement and help communities prosper, it is a growing priority—reinforced by feedback from many stakeholders and our developing ESG strategy—that we do everything we can to practice and promote environmental stewardship, while mitigating our company's exposure to environmental risk.

We look at these challenges in two ways. The first involves focusing on the environmental impacts of our business operations by striving to reduce waste, conserve resources and reduce our carbon footprint in all aspects of our operations. The second derives from our core competency as a money lender, and careful assessment of our portfolio and strategy. We recognize that the ventures and activities we finance—particularly in alternative energy—can have a powerful, positive environmental impact, while providing optimal return for our shareholders.

Environmental Footprint

For years, MetaBank has focused on traditional efficiencies within our operations. This includes using programmable lighting, running waste and electronics recycling programs, and conserving water in our corporate office. As of the end of fiscal year 2020, Meta occupied 14 properties across the U.S., and all but one of them is leased.

Looking ahead, we will begin measuring our emissions impacts and will continue to evaluate our own practices to further reduce our footprint.



Alternative Energy Financing

The environmental and social impacts from lending to alternative energy projects not only support customers and enable business growth.

Our alternative energy investments take various forms depending on which commercial lending division executes the transaction.

- Our equipment finance group typically funds projects where a company needs financing to purchase and install power producing equipment (e.g., a rooftop solar array or a microgrid) for use in their operations to reduce costs, cut emissions or lessen dependence on the grid.
- A second channel is our USDA Rural Energy for America Program platform, which is sometimes coupled with the USDA's Business & Industry Guaranteed Loan Program. Through this, we provide long- and short-term financing to help energy developers purchase, install and construct renewable energy systems—mostly solar, but increasingly biogas as well.
- Third is our sale-leaseback division, where we provide project finance and structure it such that we buy the equipment from the developer and lease it back to them. We are then eligible to collect the tax credits and depreciation benefits in that transaction, and we are essentially an investor and an owner in the project.

In each case, a hallmark of our service is to provide flexible capital solutions that businesses can't get elsewhere. This can also translate into support for new technology or new applications.



ESG PERFORMANCE

Metric	FY2018	FY2019	FY2020	Notes	SASB Standards	GRI Standards
Financial Performance						
Net income	\$ 51.6M	\$ 97M	\$ 104.7M			102-7
Earnings per share	\$ 1.67	\$ 2.49	\$ 2.94			102-7
Total revenue	\$ 315.1M	\$ 486.8M	\$ 498.8M			102-7
Customers and Communities						
Number of organizations supported through CRA efforts	35	33	11	As of the end of calendar year.		
CRA volunteer hours	1,104	1,133	200	The COVID-19 pandemic had an impact on the number of volunteer opportunities available and volunteer hours performed in 2020.		
CRA-eligible financial donations	\$ 83,058	\$ 463,427	\$ 324,247			
Customers						
CARES Act participation						
Payments distributed	N/A	N/A	\$ 6.42B	CARES Act only EIP cards issued in Fiscal 2020.		
Prepaid cards distributed	N/A	N/A	3.6M	CARES Act only EIP cards issued in Fiscal 2020.		
Paycheck Protection Program						
Funds distributed	N/A	N/A	\$ 219M			
Small businesses assisted	N/A	N/A	689			
Jobs saved nationwide	N/A	N/A	20,000+			
Governance						
Total number of Directors on the Board	9	8	8			
Female Directors on the Board of Directors	2	2	2			102-22, 405-1
Description of whistleblower policies and procedures				Code of Business Conduct (Page 32)	FN-CB-510a.2	102-17
Employees						
Total employee headcount	1,230	1,204	1,026	All regular employees.		102-8
Women	55%	54%	57%			102-8
Men	45%	47%	43%			102-8
Total number of contractors	N/A	N/A	211	This information is not available for years prior to FY20 in our current system.		102-8

Data presented are as of the end of fiscal year unless otherwise noted.

Metric	FY2018	FY2019	FY2020	Notes	SASB Standards	GRI Standards
Employee demographics						
Overall ethnic minorities	11%	12%	12%	Percentages may equal greater than 100 due to rounding.		102-8, 405-1
American Indian/Alaskan Native	<1%	<1%	<1%			405-1
Asian	2%	2%	2%			405-1
Black or African American	3%	4%	4%			405-1
Hispanic or Latino	5%	4%	4%			405-1
Native Hawaiian or Other Pacific Islander	<1%	<1%	<1%			405-1
Two or more races	<1%	1%	1%			405-1
White	85%	85%	84%			405-1
Not specified	4%	4%	4%			405-1
Employee training and development						
Total hours of training employees received via our learning management system	5,592	9,358	15,267	As of the end of the calendar year. Meta's learning system tracks time based on the length of time for which the application is open.		404-1
% of employees who completed ethics training	100	100	100			102-16
Environment						
Computer equipment recycled (lbs/year)	3,446	9,305	4,743	Includes peripherals, imaging devices and mixed electronics.		

Data presented are as of the end of fiscal year unless otherwise noted.



We welcome your feedback.
Please send questions or comments about
this report to esg@metabank.com.