

HSBC Supplier Code of Conduct



Introduction

Our Supplier Code of Conduct (the Code) sets out HSBC's:

- ♦ Sustainability priorities for our supply chain; and
- ♦ What's required from suppliers to support these priorities.

We expect suppliers to join us in working towards our commitments.

All HSBC suppliers must comply with the Code. Suppliers must also require their sub-contractors to meet the relevant standards set out in the Code.



Policy

The Code should always be considered in the context of the:

- ♦ Size and nature of the relevant supplier organisation;
- ♦ Services that they provide; and
- ♦ Jurisdictions that they operate in.

An overarching principle of the Code is that suppliers should, at all times, comply with applicable laws in meeting the requirements set out below.



Requirements

Environment

HSBC has a role to play in addressing the impacts of climate change.

HSBC is committed to becoming a net zero bank. We're reducing our carbon footprint through our:

- ♦ Operations;
- ♦ Supply chain; and
- ♦ Financing portfolio.

Being net zero means reducing the carbon emissions we add to the atmosphere while increasing the amount we remove. We're aiming to achieve a balance that protects the planet, while creating a thriving, resilient global economy.




We can effect change by working with our portfolio of suppliers and customers to help them progressively decarbonise.

We need to ensure we're a responsible consumer of natural resources. We can take steps to achieve this by reducing the water we use or cutting down on the amount of our waste going to landfill.

Healthy ecosystems and biodiversity are an essential factor in helping address climate change and ensuring the future of our planet. It is vital we protect biodiversity and the ecosystems we all rely on.





Requirement: carbon emissions

HSBC	Suppliers
 <p>Is committed to:</p> <ul style="list-style-type: none"> ♦ Achieving net zero in our own operations and supply chain by 2030 or sooner. ♦ Working in partnership with our supply chain to reduce carbon emissions. ♦ Making regular, transparent disclosures on how we are progressing toward net zero. 	 <p>Are committed to:</p> <ul style="list-style-type: none"> ♦ Having a clear ambition statement with regard to their emissions reduction. ♦ Having a plan that supports HSBC's commitments to be net zero in operations by 2030, appropriate to the size of the supplier's operation, their location and the nature of the good and services they provide.  <p>Are encouraged to:</p> <ul style="list-style-type: none"> ♦ Disclose the emissions related to the products and services they provide to us through CDP or comparable platforms. ♦ Have a carbon positive plan to remove more carbon than they emit.



Requirement: being a responsible consumer of natural resources

HSBC	Suppliers
 <p>Is committed to:</p> <ul style="list-style-type: none"> ♦ Identifying key opportunities to reduce our environmental impacts. ♦ Being a responsible consumer of natural resources in our operations. ♦ Reducing the risk to ecosystems and biodiversity from our operations. ♦ Ensuring the effective management of the environmental impacts of our supply chain. 	 <p>Must (as a minimum requirement):</p> <ul style="list-style-type: none"> ♦ Have a written environmental policy appropriate to the size and nature of the supplier's operations and addressing all significant environmental impacts. ♦ Have an environmental management system in place to: <ul style="list-style-type: none"> ♦ Implement the environmental policy; and ♦ Address significant environmental impacts of the goods or services being provided. <p>This will include:</p> <ul style="list-style-type: none"> ♦ The identification of the environmental impacts of the supplier's operations; ♦ Establishing improvement programmes to address the significant environmental impacts; and ♦ Management procedures to support ongoing improvement of environmental performance and policy implementation. <ul style="list-style-type: none"> ♦ Comply with all applicable legislation and regulations related to the protection of the environment.

Human rights

HSBC recognises its responsibility to respect human rights. Our Group Human Rights Statement outlines our commitment to human rights. Our approach is guided by the:

- ♦ International Bill of Human Rights;
- ♦ UN Declaration of Human Rights; and
- ♦ International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We expect our suppliers to:



- ♦ Uphold these same standards;
- ♦ Not cause or contribute to adverse human rights impacts; and
- ♦ Address impacts when they occur.

HSBC makes an annual statement relating to its actions on modern slavery and human trafficking which can be found here:

<https://www.hsbc.com/who-we-are/esg-and-responsible-business/modern-slavery-act>.



Requirement: human rights

HSBC	Suppliers
<p> Is committed to:</p> <ul style="list-style-type: none"> ♦ Respecting human rights. ♦ Seeking ways to prevent or mitigate adverse Human Rights impacts and addressing any when they occur. ♦ Not using forced or child labour or unacceptable working hours. ♦ Protecting the rights of temporary workers. ♦ Ensuring responsible sourcing of minerals used in goods supplied to HSBC. ♦ Upholding the right to freedom of association and collective bargaining where it is permitted by law. ♦ Supporting freedom from harassment in the workplace and providing safe working conditions. ♦ Adopting clear and uniformly applied disciplinary practices and grievance procedures that include provisions prohibiting mental, physical or verbal abuse. 	<p> Must (as a minimum requirement):</p> <ul style="list-style-type: none"> ♦ Avoid causing or contributing to adverse human rights impacts and address any when they occur. ♦ Meet or exceed the standards required by applicable legislation relating to employment and labour. ♦ Not employ children, prohibit the use of child labour in their operations and supply chain, and take immediate and effective measures to stop child labour as a matter of urgency. ♦ Prohibit the use of all types of slavery and forced labour and human trafficking within their operations and their supply chain. ♦ Allow workers, whether local or migrant, to leave employment when they choose. ♦ Ensure that wages meet legal requirements and industry standards without unauthorised deductions. ♦ Ensure that employees are not charged recruitment fees ♦ Ensure that working hours are in accordance with local regulation and industry practice and voluntary overtime is at manageable levels. ♦ Not prevent workers from organising and joining associations such as labour or trade unions (where permitted by law). ♦ Provide facilities and information to workers to assist with agreements and negotiations on conditions of employment. ♦ Protect the rights of temporary workers. ♦ Ensure responsible sourcing of goods supplied to HSBC. ♦ Apply clear and consistent disciplinary and grievance procedures that include provisions prohibiting mental, physical or verbal abuse, and protect workers against retaliation. ♦ Provide safe working conditions where issues, incidents and non-compliance are identified and addressed. ♦ Have appropriate due diligence procedures to identify and manage human rights considerations within their supply chain.



Diversity and inclusion

HSBC wants to ensure our suppliers represent our employees, our customers and the communities we serve to create a world of opportunity. We believe that creating a diverse supply chain drives innovation and increases our agility and adaptability.

HSBC wants to ensure:

- ◆ Diversity and inclusion is recognised in the goods and services we buy from suppliers;
- ◆ Contractors and supplier teams providing services to HSBC are diverse; and
- ◆ The goods and services suppliers deliver are equally accessible to everyone.

Requirement: diversity and inclusion

HSBC	Suppliers
<p> Is committed to:</p> <ul style="list-style-type: none"> ◆ Working with large, medium and small enterprises that are diverse owned. ◆ Having in place a Supplier Diversity programme focussed on increased collaboration with diverse suppliers. ◆ Not tolerating unlawful discrimination, bullying or harassment on any grounds, including: age, race, caste, ethnic or national origin, colour, mental or physical health conditions, disability, pregnancy, parent or carer role, gender, gender expression, gender identity, sexual orientation, marital status or other domestic circumstances, employment status, working hours or other flexible working arrangements, religion or belief. ◆ Meeting or exceeding the requirements of all relevant equalities legislation. 	<p> Must (as a minimum requirement):</p> <ul style="list-style-type: none"> ◆ Not discriminate against any individual or group on the grounds of age, race, caste, ethnic or national origin, colour, mental or physical health conditions, disability, pregnancy, parent or carer role, gender, gender expression, gender identity, sexual orientation, marital status or other domestic circumstances, employment status, working hours or other flexible working, religion or belief. ◆ Meet or exceed the requirements of all relevant equalities legislation. ◆ Encourage supplier diversity within their own supply chain. ◆ Take D&I into consideration in the widest context when providing services to HSBC, i.e. by taking into account and complying with international accessibility standards when creating and/or maintaining any deliverables for HSBC.





Economic

HSBC has a statement of business principles and a code of conduct that sets out:

- ♦ Our purpose and values; and
- ♦ The high standards of conduct that we expect.



Requirement: economic – business conduct

HSBC	Suppliers
<p> Is committed to:</p> <ul style="list-style-type: none"> ♦ Following our Supplier Management Conduct Principles. See - https://www.hsbc.com/who-we-are/esg-and-responsible-business/working-with-suppliers. ♦ Complying with all relevant legislation and regulations including those related to prevention of money laundering, tax evasion, fraud, bribery and corruption and sanctions. ♦ Working collaboratively with our suppliers to improve the sustainability performance of the goods and services we buy. ♦ Upholding a fair payment policy for suppliers. 	<p> Must (as a minimum requirement):</p> <ul style="list-style-type: none"> ♦ Have a Code of Business Standards or a similar policy, that sets out the basic business principles they operate under. ♦ Comply with applicable national and international laws and regulations, including international sanctions policy and regulations. ♦ Ensure that policies are in place to stop fraud, money laundering, bribery and corruption and refrain from offering gifts and entertainment to HSBC employees. ♦ Have reasonable and lawful payment policies with their own suppliers and subcontractors, that do not permit unfair practices such as 'pay when paid' terms and unilateral extension of payment terms.

Governance

It is essential that suppliers have good governance and management processes in place to ensure they and their own suppliers are able to comply fully with this code when providing goods and services to HSBC, as is appropriate to the size of the supplier's operations, their location and the nature of the goods and services they provide.

Requirement: governance

HSBC	Suppliers
<p> Is committed to:</p> <ul style="list-style-type: none"> ♦ Engage suppliers who are able to fully comply with this Code. ♦ Advise suppliers to develop a plan for change or improvement where necessary to fully comply with this Code. ♦ Review performance of suppliers to evidence compliance. 	<p> Must (as a minimum requirement):</p> <ul style="list-style-type: none"> ♦ Have sufficient management systems and governance in place to enable compliance with this Code. ♦ Positively and fully respond to information, compliance and audit requests.



Compliance

Our aim is to work with suppliers that have committed to this Supplier Code of Conduct or to their own policy of equivalent or higher standards.

When engaging and reviewing a potential new supplier relationship, applicability of all elements of this Code of Conduct will be evaluated taking the size of the supplier's operations, their geographic location and the nature of the goods and services they provide into account.

If a supplier is unable to accept or can't adhere to the HSBC Supplier Code of Conduct, HSBC will seek in the first instance to work with the supplier to develop a plan for change or improvement to make a collaboration possible. Unwillingness to accept or adhere to the Code without a clear or valid justification, nor openness to work on improvement, could lead to a supplier's onboarding being declined.

HSBC reserves the right to review the supplier's policies, procedures or any other document related to adherence to this Code. In some cases, HSBC may require an on-line or on-site audit of a supplier's adherence to this Code.

Supplier relationship

HSBC values the opportunity to work in partnership with suppliers to address common sustainability challenges and ensure that the management of our supply chain leads to improved sustainability.

