

HSBC Paper Sourcing Policy

Policy

All paper and paper based products must be sourced from certified sustainable sources, such as FSC (Forest Stewardship Council) or equivalent. This policy supports the HSBC Operational Sustainability Strategy, 'REDUCE', which includes goals on reducing paper consumption and the sustainability of our paper purchases.

Purpose

The purpose of this policy is to:

- ensure that the principles of sustainable development are considered when purchasing paper, print and other paper-based products;
- minimise adverse impact on the environment, on the communities from which paper and pulp originate, and on HSBC's brand and reputation;
- align our purchasing policy with the Group's Forestry Policy.

This policy supports the REDUCE goal, which includes targets on:

- The sustainability of our paper purchases
- Overall paper reduction
- Reducing waste and recycling

Background

For HSBC, sustainability is about being here for the long term and operating in a way that manages our impacts on the environment and society. The Group COO has set out ten goals that make up REDUCE, the operational sustainability strategy of the bank. These goals sum to a high level vision to reduce our annual per employee carbon emissions from 3.5 – 2.5 tonnes by 2020. One of the ten goals focuses on paper and paper based products. The aim of the goal is twofold: to reduce the volume of paper HSBC uses internally and externally, and to ensure that all paper HSBC purchases comes from sustainable sources.

Aim

HSBC's aim is to ensure that all paper and paper based products originate from sustainable sources as defined within this policy document. All paper and paper based products purchased by HSBC must comply with this policy document. Further, all paper purchased on behalf of HSBC by external vendors must also comply with this policy document.

Coverage

All paper types are covered, including but not limited to:

- Printer/copier paper
- Branch brochures and leaflets
- Statements, correspondences and advices
- Brochures and leaflets used as statement inserts
- Cheque books
- Paper signs and banners
- ATM receipts
- Shareholder reports
- Sustainability reports and related materials
- Calendars and diaries
- Staff newsletters
- Pension Reports
- Hand towels
- Toilet paper
- Napkins
- Notepaper
- Envelopes
- Business cards

Categorisation

For the purposes of this policy, paper is classified as 'compliant' or 'non-compliant'.

To be aligned with our Forestry Policy, this policy reflects HSBC's acceptable certification schemes and high risk country assessments. These schemes and assessments are reviewed on a regular basis and updated as conditions warrant and form the basis for compliant paper categorisation.

For any of the certification schemes below, a chain of custody certification number exists for all shipments and must be provided by the supplier to HSBC when paper is purchased or issued on behalf of HSBC.

Compliant with HSBC's Paper Sourcing Policy

- Paper certified by an HSBC Approved Certification Scheme as listed below:
 - Forest Stewardship Council (FSC)
 - Programme for the Endorsement of Forest Certification (PEFC)
 - Bonsucro (for bagasse based paper, www.bonsucro.com)
- Dispensation Previously Granted
 - An active dispensation authorised by the Chief Procurement Officer and entered in the Group Manuals System is in effect.

Non-compliant with HSBC's Paper Sourcing Policy

- Any paper that does not fulfil the requirements of the Compliant category above.

Procurement

The Group COO's paper goal is to ensure all paper and paper based products purchased by HSBC and on behalf of HSBC by external vendors must be 100% compliant with this policy. This goal is owned by Procurement.

Paper, print and paper-based products must be purchased in conjunction with local Procurement departments per Group guidelines.

Compliant paper must always be purchased. In exceptional circumstances compliant paper may not be available (e.g. issued by a central bank, specialist paper for notes, ATMs). If this is the case, then all paper purchased must receive dispensation in advance from Chief Procurement Officer.