



HSBC

Ethical and Environmental Code of Conduct for Suppliers of Goods and Services

Final

Version 9.0

Date: November 2018

REDUCE
we can all do more to use less

Table of contents

Section 1: Introduction	2
1.1 Scope	2
1.2 Policy	2
Section 2: Requirements	3
2.1 Economic	3
2.2 Environmental	3
2.3 Social	4
Section 3: Management System	5
Section 4: Compliance	5

Section 1: Introduction

HSBC is one of the largest banking and financial services organisations in the world. HSBC has a responsibility to ensure its supply chain operates responsibly and improves the lives of workers, their communities and the environment. HSBC is committed to making a positive contribution to human rights. We are guided by the International Bill of Human Rights, the UN Universal Declaration of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. HSBC is a signatory or has publicly expressed support for to the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Global Sullivan Principles, the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance.

HSBC will periodically review this Code and make revisions when needed, which we will expect suppliers to adopt.

1.1 Scope

All HSBC suppliers must comply with the HSBC Ethical and Environmental Code of Conduct for Suppliers of Goods and Services. This includes suppliers that are:

- Providing services to or on behalf of HSBC
- Third parties sub-contracted by a supplier

1.2 Policy

HSBC has developed this Code for all suppliers and any third parties sub-contracted by suppliers. It is applicable to all suppliers appointed by any HSBC Function, Business or individual working on behalf of HSBC. Any supplier that has any commercial dealings with HSBC, and any of their subcontractors, must state compliance with this Code.

At all times, our goal is to work collaboratively with our supply chain partners on sustainability. In those cases where a supplier or one of its subcontractors is found to not be in compliance with this Code, HSBC will work with the supplier on an improvement plan. If the supplier continues to be not in compliance with this Code, HSBC will take steps to review the terms of the contract, including reduction in the order and exiting of the relationship.

This Code of Conduct is made up of four sections. Sections 1 and 2 outline standards for Economic, Environmental and Social, respectively. Sections 3 and 4 outline the requirements of having a reasonable governance and management structure to ensure compliance with this Code.

Section 2: Requirements

2.1 Economic

Economic sustainability focuses upon bringing economic benefit to the workers, investors and communities in which a company operates. From an ethical perspective, commercial transactions should be economically beneficial to all parties involved and relationships should be based on the principle of fair and honest dealings, whilst promoting fair and sustainable development:

1. Suppliers must embed basic business principles in a Code of Business Standards or a similar policy, including such items as adherence to local laws and regulations
2. Suppliers must ensure that policies are in place to stop fraud, money laundering, bribery and corruption and refrain from offering gifts and entertainment to HSBC employees
3. All suppliers must comply with national and international sanctions policy and legislation
4. Suppliers must have reasonable and lawful payment policies with their own suppliers and subcontractors
5. Suppliers must consider the principles of the Circular Economy, Whole Life Costing and Life Cycle Analysis in design, manufacture and recycling/disposal

2.2 Environmental

Recognising that sustainable businesses should acknowledge the planet's finite resources, HSBC expects its suppliers to support sound environmental management principles and reduce their impact on the environment within which they operate. In addition, HSBC's suppliers are expected to support the development of sustainable technologies:

1. Suppliers must have a written environmental/sustainability policy appropriate to the size and nature of the supplier's operations that, where applicable, addresses preventing, mitigating and controlling serious environmental and health impacts from operations including raw material usage, greenhouse gas emissions, water, waste, air quality and biodiversity
2. Suppliers must have an effective internal environmental management programme/system with adequately trained staff responsible for managing the organisations environmental performance and communicate data on key environmental indicators internally and externally
3. Suppliers must abide by all legislation and regulations related to the protection of the environment and the handling of dangerous and hazardous materials
4. Suppliers must keep dangerous and/or hazardous materials to a minimum and keep records for all hazardous materials that are necessary
5. Suppliers must ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal
6. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations

2.3 Social

The UN Guiding Principles on Business and Human Rights, state that all private enterprises hold an equal responsibility to respect human rights. HSBC is committed to improving human rights. HSBC expects suppliers to respect the human rights of their employees and to comply with all relevant legislation, regulations and directives in the countries and communities in which they operate:

Labour

1. Suppliers must prohibit the use of all types of slavery and forced and bonded labour and give workers, whether local or migrant, the right and the ability to leave employment when they choose
2. Suppliers must ensure that child and underage labour is not used and that the employment of young workers adheres to International Labour Organisation standards, the OECD Guidelines for Multinational Enterprises and local regulations
3. Suppliers must ensure that wages meet legally mandated minimums and industry standards without unauthorised deductions
4. Suppliers must ensure that working hours are in accordance with local regulation and industry practice and voluntary overtime is at manageable levels
5. Suppliers must not discriminate against any group on religious, social, gender identity, sexual orientation or ethnic grounds or any protected classes covered under international human rights standards and such other ground as may be recognized under national law
6. Suppliers must not hinder the right of workers to legally organise and join associations such as labour unions
7. Suppliers must provide clear and uniformly applied disciplinary practices and grievance procedures that include provisions prohibiting mental, physical or verbal abuse

Health and Safety

1. Suppliers must provide a safe work environment, abiding by local laws and regulations
2. Suppliers must ensure health and safety is effectively managed, so that health and safety risks, issues, incidents and non-compliance are identified and addressed in order to provide adequate facilities to ensure the health and well-being of its workforce

Ethics

1. Suppliers must support fair-trade and ethical sourcing practices relevant to the commodity or service provided
2. Suppliers must respect the human rights of the people and communities in which they operate and should strive to improve the lives of the people and communities in which they operate
3. Suppliers must not engage in or support trafficking in human beings
4. Suppliers must provide evidence that they have implemented due diligence procedures to manage ethical issues within their supply chain, including all labour-related processes to ensure they comply with laws on slavery and human trafficking
5. In addition to the requirements of the UK Equality Act 2010, HSBC's general principles are that suppliers and their supply chain, contractors and service providers must ensure that they have robust procedures to ensure that they provide disability accessible products, services and opportunities. Suppliers should:
 - commit to removing employment barriers for disabled people
 - provide products and services that are accessible to disabled people
 - review their products and services with the involvement of disabled people
 - promote their commitment to disability issues externally

Section 3: Management System

Suppliers with whom HSBC has regular and recurring dealings should have good management and governance processes in place to ensure compliance with this Code. Furthermore, suppliers must make reasonable efforts to monitor their supply chain, ensuring their suppliers are aware of, and compliant with, the aims of the Code. Suppliers must ensure that their systems and procedures are sufficient to mitigate any potential negative impact on HSBC's brand and reputation.

HSBC reserves the right to randomly 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.

HSBC is working with Sedex to ensure that the principles set out within this Code are applied and require all suppliers, when requested, to register with Sedex and complete the supplier appraisal questionnaire. If suppliers are assessed as medium or high risks, HSBC may audit the supplier using third party auditors and the Sedex Members Ethical Trade Audit (SMETA) methodology.

Section 4: Compliance

HSBC requires suppliers to sign this code, thereby acknowledging the requirements contained within. HSBC requires suppliers to agree to adhere to these requirements and to be able to demonstrate to HSBC how these requirements are being met.

HSBC operates a policy of transparency with suppliers and will work collectively with suppliers ensure adherence to the Code and develop improvement programmes if required.

I confirm that I have read the Code and acknowledge the requirements contained within.

Company:

Print name:

Signed:

Date: