Capital One Paper Policy

Vision

At Capital One, we recognize the need to monitor and be mindful of our impact on the environment. We strive to ensure that we operate our business in an environmentally sound and socially responsible manner, and we seek to raise awareness of sustainability best practices among our shareholders, consumers, associates and suppliers.

Paper is a key material in our business operations. While Capital One does not own or manage forests or paper mills, we recognize that we have a responsibility to support the sustainability of the world’s forests and to reduce environmental impacts.

Pulp and paper production can result in significant environmental impacts. Demand for paper can place substantial stress on our global forests. When not responsibly approached, these demands can lead to forest degradation and destruction resulting in habitat loss, damage to vital ecosystems and increased greenhouse gas emissions that contribute to climate change. In addition, paper manufacturing requires considerable energy, water and chemicals that contribute to water and air pollution including greenhouse gases.

Capital One values the ecological health of forests and our environment, which is required to sustain our economy and keep our communities healthy and vibrant. This Paper Policy describes our commitment to incorporating environmental principles into our procurement and use of paper.

This new policy was developed based on input from several leading environmental NGOs and our supplier network.

Context

In 2009, Capital One established its first Paper Policy that included specific goals to double the number of customers participating in accounts statement suppression and to increase the percentage of recycled content and FSC sources. At the end of 2011, we are proud to have achieved the following:
We recognize that sustainability is a journey requiring continual improvement and not simply a finite goal. Therefore, in 2012, Capital One joined the World Wildlife Fund’s Global Forest & Trade Network North America Program to help us advance on our paper procurement journey. We will leverage this participation to:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double the percentage of credit card customers who suppress their paper statement over the next three years</td>
<td>Statement suppression rate by the end of 2011 was more than triple the rate at the end of 2008</td>
</tr>
<tr>
<td>Increase our use of Forest Stewardship Council (FSC) certified paper to 30%</td>
<td>In 2011, 32.8% of paper was FSC certified.</td>
</tr>
<tr>
<td>Increase our use of Post Consumer Waste (PCW) fiber sources to 10 percent by weight</td>
<td>In 2011, 8.5% of our total paper was from PCW fiber</td>
</tr>
</tbody>
</table>

Note: Some of the paper sourced was both PCW and FSC certified.

We recognize that sustainability is a journey requiring continual improvement and not simply a finite goal. Therefore, in 2012, Capital One joined the World Wildlife Fund’s Global Forest & Trade Network North America Program to help us advance on our paper procurement journey. We will leverage this participation to:

- Update our supply chain database to include information about the tree species, forest sources and volume for all paper procured under this policy.
- Develop an auditable process to ensure that suppliers meet requirements outlined in Capital One’s Paper Policy.
- Train employees and suppliers as needed on Capital One’s Paper Policy, forest certification and broader environmental issues.
- Promote the continued growth of responsible forest management through encouraging suppliers that demonstrate continuous improvement in the paper supply chain.

**Scope**

This policy applies worldwide to paper used by Capital One’s operations
- Marketing Materials (direct mail, envelopes, etc) across our major lines of business (Credit Card, Consumer Banking, Commercial Banking, Auto Finance)
- Customer communications (including statements, envelopes, letterhead, Annual Reports, brochures) across our major lines of business
- Office paper (copier paper in our branches and office buildings)
Paper categories outside the scope of this policy include

- Paper used in partnerships where Capital One does not explicitly control the paper selection. (Ex. mailings from benefit providers to associates, co-branded credit cards, etc.)
- Small use categories which are difficult to track (e.g. sticky notes, janitorial products, etc.) and together represent less than 5% of our overall paper usage

OUR COMMITMENTS

1. Reduce Capital One’s Paper Demands

Capital One is committed to reducing our demands on the world’s forests. Where good business practices allow, we will focus on improving the efficiency of our paper use by:

- Driving to alternative (non-mail) customer acquisition channels
- Promoting the adoption of statement suppression for both banking and credit card customers
- Encouraging customers to adopt electronic delivery of disclosures and correspondences
- Marketing our direct savings products, which default to fully electronic, paper-free communications
- Reducing the need for deposit slips and envelopes in ATM transactions by upgrading to image-capture enabled ATMs
- Simplifying our customers’ “opt-out of mail” choices
- Minimizing undeliverable mail
- Reducing the basis weight of our papers
- Expanding duplex printing by default as our internal standard
- Promoting responsible paper use by our associates

2. Support Responsible Forest Practices and Purchase from Environmentally and Socially Responsible Suppliers

Capital One will procure paper products from suppliers that source from responsibly managed forests and mills that use environmentally preferable practices. We will continue a step-wise approach to ensure we avoid illegal and controversial sources and move to source more environmentally preferred options such as recycled and FSC certified paper.

In addition, we will seek to partner with suppliers who are actively working to reduce environmental impacts from paper production. The commitments described below provide
a framework for improving the sustainability of our paper products while considering market conditions (i.e. availability of product) and the constraints of good business practices.

2.1 LEGAL AND NON-CONTROVERSIAL FIBER SOURCES

Our intent is to source all paper products from responsible and non-controversial sources. Capital One will not knowingly purchase paper produced with wood sourced from the following unwanted sources:

- Illegal sources. We will diligently verify all complaints in this regard and require suppliers to implement immediate remedial actions. Failure to comply with Capital One’s request would lead to reconsideration of our relationship with that supplier
- High Conservation Value Forests (HCVF), except where:
  - The forest is FSC certified or in progress to certification under a credible certification system, or
  - In rare circumstances, paper made with wood sourced from HCVFs may be accepted if specific auditable measures have been taken to ensure the protection of high conservation values
  - Natural forests that are being actively converted to plantation or other land uses
  - Harvesting or processing entities that are in areas associated with human rights violations
  - Forestry practices that include the use of genetically modified trees
  - Unknown forest sources

We will require our suppliers provide information on the fiber used in the manufacturing of their products and enable monitoring of compliance with legal and policy requirements.

Capital One recognizes that different stakeholders value forests on many dimensions such as biodiversity, landscape integrity, intact and endangered forests. When purchasing paper that originates from a forest that is considered to be potentially controversial by appropriate national or international science–based organizations (such as the FSC, United Nations Environment Programme (UNEP), Food and Agriculture Organization of the United Nations (FAO), International Union of Conservation of Nature (IUCN), World Wildlife Fund (WWF) and/or Rainforest Alliance), Capital One will encourage suppliers to:

- Work towards the conservation of ecological and cultural value of the forest
- Maintain the habitat of forest–dependent species
- Support the conservation of biodiversity
- Demonstrate through credible third party certification that their sourcing practices are non–controversial
• Ask its suppliers to address issues in a proactive way and collaborate with conservation organizations, government, indigenous communities and other groups to identify viable solutions and ensure the long-term sustainability of the forest

2.2 ENVIRONMENTALLY PREFERRED PAPER SOURCES:

Capital One values the ecological health of forests, thus we have a preference for paper from these environmentally preferred sources:

• Forest Stewardship Certification (FSC): Capital One prefers FSC certified products, and we will encourage our suppliers to work with their third-party wood suppliers to achieve FSC certification.
• Recycled Content: Appropriate use of both pre-consumer and post-consumer recycled content can lessen the environmental footprint of paper production and the demands on our forests for virgin paper. We will use pre-consumer recycled content such as mill broke as it contributes to an efficient process and post-consumer waste paper, which reuses paper that would otherwise go to landfills. Given reuse of pre-consumer content is already part of efficient manufacturing processes, we will focus our goal on promoting the collection and reuse of post-consumer waste.

Capital One has set a goal to increase our purchase of Environmentally Preferred Paper to 70% by year-end 2014.

Where market conditions and business practices do not support sourcing FSC or post-consumer waste (PCW) recycled content we will seek paper products from suppliers that are either pursuing FSC certification or meet one of the other forest certification standards approved by the Programme for the Endorsement of Forest Certification schemes (PEFC).

2.3 ADDITIONAL ENVIRONMENTAL CONSIDERATIONS

Pulp and paper production ranks among the most resource-intensive manufacturing industries. In addition to wood, the primary inputs into the paper making process are water, energy and chemicals. Therefore, Capital One will give preference to papers that minimize impacts associated with production.

We seek to partner with suppliers who demonstrate a commitment to reduce environmental impacts from paper production.

• We encourage suppliers to monitor and reduce overall greenhouse gas emissions, minimize impacts to water availability and reduce waste by adopting the latest technologies to minimize pollution and certifying their environmental management systems.
• The use of chlorine as a bleaching agent in paper production leads to chlorinated organic compounds, including chlorinated dioxins. Dioxins are recognized as a persistent environmental pollutant that is highly toxic. We seek to avoid purchasing papers manufactured using elemental chlorine bleaching processes and will encourage suppliers to move toward processing chlorine-free, elemental chlorine-free and or totally chlorine-free bleaching.
3. Recycle

Closing the loop on paper use requires that we maximize the collection and recycling of paper. By increasing this collection we aid in the supply of post-consumer waste (PCW) fiber and avoid sending reusable paper to landfills.

Capital One will continue to strengthen our internal recycling practices by ensuring the wide availability of recycling bins; maintaining our program to recycle inbound remittances, remittance envelopes and checks; and engaging our associates in recycling initiatives across our campuses. As in prior years we will promote recycling to our associates through participation in National Recycling Day events, local community clean-ups and various educational events.

For our customers, we will seek to maximize the amount of our customer mail that is recyclable and continue to promote and raise consumers’ awareness of the benefits of recycling. For example, we continue to include a symbol on US credit card solicitations to remind consumers to recycle, where feasible.

Monitoring and Reporting
Capital One will require its suppliers to monitor and regularly report to the company on these policy criteria. In addition, Capital One will report publicly on our performance against this policy annually.

Capital One will evaluate the content of this policy annually and will refine it, as appropriate, based on business and market conditions and with input from key stakeholders. This review will include examination of new environmental and life-cycle analysis studies to ensure that we are selecting the most responsible options and setting goals that encourage suppliers toward continuous improvement and promote further environmental benefits.

Appendix

Definitions
Environmentally Preferred Paper: Capital One has defined FSC certified and post-consumer waste (PCW) recycled papers as our environmental preference and will track our continued progress against this metric.

- **Recycled sources:** Both virgin and recycled sources have value and a legitimate place in paper production. Recycled fiber can be more expensive and in some cases may be less environmentally appropriate for some uses. In addition, wood fiber has limits on the number of times it can be recycled and virgin fiber is needed to help maintain quality of paper fiber. Responsible forestry practices can extract virgin fiber while maintaining value of the working forests of the world and supporting local economies. Nevertheless, the use of post-consumer waste paper lessens the demands on natural forests and reuses paper which would otherwise be transported to landfills, thus Capital One will continue its efforts to increase the procurement of recycled papers.

- **Forest Stewardship Certification (FSC):** FSC leverages 10 Principles and 56 associated Criteria to ensure that forest resources are managed to meet the social, economic and ecological needs of present and future generations. FSC is globally recognized as the most stringent certification system to provide protection of high conservation value forests, biodiversity, ecosystem services and customary of rights of indigenous people and local communities. FSC's chain of custody tracking system ensures that FSC certified paper comes from forests that were managed to the FSC Principles and Criteria anywhere in the world.

Program for the Endorsement of Forest Certification Schemes (PEFC): and other forest certification schemes meeting broadly recognized performance based criteria such as insurance of legality of harvest, process and trade.

**Unwanted sources:** are defined as:
- unknown forest sources,
- natural forests being converted to plantations or other land uses,
- harvesting or processing entities located in areas where there are human rights violations, and
- sources that use genetically modified organisms (GMO)

**High Conservation Value Forests (HCVF):** are defined by the Forest Stewardship Council as those forests that have one or more of the following attributes:
- contain globally, regionally or nationally significant concentrations of biodiversity (e.g. endangered species; significant large landscape level forests where viable
populations of most, if not all, naturally occurring species exist in natural patterns of distribution and abundance;
- are in or contain rare, threatened or endangered ecosystems; provide basic services of nature in critical situations (e.g. watershed protection, erosion control);
- are fundamental to meeting basic needs of local communities (e.g. subsistence, health) or are critical to local communities' traditional cultural identity.

**Bleaching Systems:**
- Process Chlorine-Free (PCF): Paper that contains recycled content produced without elemental chlorine or chlorine derivatives, although one or more fiber components may have originally been bleached with chlorine/chlorine derivatives.
- Elemental Chlorine-Free (ECF): Paper for which chlorine dioxide is used instead of elemental chlorine in the bleaching process.
- Unbleached: Paper for which no bleaching agents of any kind are used including oxygen or chlorine compounds.

**Chain of Custody (CoC):** The channel through which products are distributed from their origin in the forest to their end-use. Chain of Custody certification allows credible tracking of certified material from the forest, through all successive stages of the production process, to committed retailers and consumers.