



Global Paper Sourcing Policy

GENERAL STATEMENT OF DIRECTION

Hallmark recognizes that the selection of paper used in our products should be just as thoughtful as the greeting the paper carries. We work throughout our production processes to make choices consistent with this policy that help ensure our paper and wood products are sourced from well managed forests, recycled materials and/or other controlled sources so natural resources are protected and available for future generations.

OUR GOAL

Our goal is that all paperboard and paper used in the products we specify, manufacture and purchase will be sourced from known, well managed sources that promote responsible forestry management practices.

Globally, we will continue to work to increase the amount of paper and paperboard in our products which have been certified to credible certification standards and / or are made from recycled materials.

SCOPE

This policy applies to all paper in product, packaging and advertising materials made by or for Hallmark Cards, Incorporated and its subsidiaries.

PREFERRED ENVIRONMENTAL IMPACTS

Hallmark is committed to increasing the use of paper that comes from sources demonstrating preferred attributes of environmental impact and responsible forestry. Paper with preferred environmental impacts includes paper made with recycled fibre and fibre from chain-of-custody certified sources.

- Hallmark uses recycled fibre in a significant percentage of its greeting cards sold in North America, with an average content of 20% recycled fibre, a majority coming from post-consumer waste. Hallmark continues to evaluate paper sources for opportunities to increase the use of recycled fibre, consistent with paper quality, availability and sound business considerations.
- Hallmark obtains a majority of its paper and wood fibre from sources that are certified by recognized independent third party certification bodies. While we use various methods to verify the certified content of our paper, Chain of Custody certifications give the best assurance that the paper we use meets our expectations. Hallmark recognizes that there

are differences between certification standards we use and that certain programs set requirements higher than others.

- Our exacting paper standards for product quality and performance sometimes impact the availability of certain types of certified fibre, or fibre certified under certain programs. We will continue to seek additional sources of certified fibre that meet our quality, availability and cost requirements, and will work to increase the use of paper from FSC® certified sources. FSC® chain of custody certified paper is our preferred standard.
- Hallmark is Chain of Custody certified to the FSC® (US, UK, Nederland, Central Europe, and Asia), PEFC™ (US and Asia) and SFI® (US and Asia) standards for the production of social expression products and may indicate on selected products the use of that certification.

RESPONSIBLE FORESTRY MANAGEMENT

Hallmark considers a number of factors in determining whether paper and wood fibre is produced using practices that encourage responsible forestry management. We consider both whether the physical source of the timber is acceptable, and whether the source is well-managed. Hallmark should determine the source of the timber used to make fibre using tools such as Chain of Custody certification, site inspections, review of certification status, third party audits, questionnaires, interviews and documentation reviews.

As a minimum all paper materials will originate from verifiable legal sources, in compliance with applicable EU regulations, including, but not limited to, EU Timber Regulations and the Lacey Act.

UNACCEPTABLE SOURCES

A source is an “unacceptable source” where:

- The timber was harvested or traded in violation or circumvention of international laws, or the laws of the relevant country, state or province
- The timber originates from high conservation value forests as identified by credible scientific sources, except where the forest is certified under a credible certification system that ensures the high values are maintained
- The timber is “conflict timber” – timber whose trade drives violent armed conflict
- The timber was harvested or traded in a manner that violates internationally recognized human rights or Hallmark’s Code of Conduct standards
- The timber contains or was grown using genetically modified material
- The source of the timber is unknown

WELL-MANAGED SOURCES

We expect our paper suppliers to use practices in the management of forests and in the production of paper that conserve our natural resources. Specifically, we expect the following:

- Recent conversion to plantations from natural forest only where there is demonstrated net social and environmental gain
- Maintenance and conservation of biological diversity
- Protection of soil quality, riparian zones and water quality
- Sustainable harvest levels
- Protection of endangered species
- Prompt reforestation
- Recognition of and protection of the rights of indigenous peoples
- Minimize chemical use in forestry management
- Elemental Chlorine Free (ECF) paper production

AREAS OF HEIGHTENED RESPONSIBILITY

Hallmark recognizes that paper from certain geographic areas and paper suppliers present an increased risk of fibre originating from unacceptable sources or sources where the responsible management of the land is in serious doubt. Responsible paper sourcing requires additional steps to ensure this paper meets our standards. We will closely monitor our paper suppliers to identify these risks and, when appropriate, we will utilize heightened scrutiny of certifications and documentation of sources and may exclude mills where current certifications or documentation is not deemed adequate to assure compliance with our standards.

REDUCTION

Hallmark strives to recycle paper waste generated during production of its products and through its corporate activities. Hallmark continues to explore ways to reduce the amount of paper and paperboard used in packaging.

RECYCLING

Greeting cards are normally viewed as keepsakes that help preserve a meaningful occasion or memory. However, we recognize that some consumers may choose to dispose of cards they have received, and we are continually working to maximize the compatibility of our printing processes and materials with normal household paper recycling and collection systems.

REPORTING

Hallmark will make an annual assessment of its adherence to this policy, with visibility to the quantities of recycled fibre and certified fibre used.

Appendix 1

Areas of Heightened Responsibility

Geographic Area	Additional Steps to Ensure Paper Meets Our Standard
Indonesia	All fibre from Indonesia must be FSC certified.

Suppliers	Additional Steps to Ensure Paper Meets Our Standard
Asian Pulp and Paper	No Asia Pulp and Paper product will be used in products or packaging, unless it is FSC certified.