

Sumitomo Mitsui Banking Corporation

Modern Slavery Statement

in accordance with the *Modern Slavery Act 2015*

Head office: 1-1-2, Marunouchi, Chiyoda-ku, Tokyo, Japan

Financial year ended 31 March 2021

Background

By virtue of having established its London Branch, Sumitomo Mitsui Banking Corporation (SMBC) is required to comply with the Modern Slavery Act 2015 (the "Act") of the United Kingdom.

The Act requires certain businesses to provide disclosure concerning their efforts to address the issues of Slavery and Human Trafficking in their organisations and supply chains.

The disclosure is intended to assist customers to make better, more informed choices about the products and services they buy and the companies they support.

This document comprises the Slavery and Human Trafficking Statement of Sumitomo Mitsui Banking Corporation for the fiscal year ended 31 March 2021.

The Statement has been prepared in accordance with the UK Home Office statutory guidance on complying with Section 54 of the Act.

SMBC acknowledges the future changes to the reporting requirements under the Act, including the mandating of key topics and the introduction of a public registry of modern slavery statements.

SMBC's structure and business

SMBC is a banking institution, incorporated in Japan, and licensed and regulated by the Japanese Financial Services Agency (FSA). SMBC is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group (SMFG).

SMBC and group companies offer a broad range of financial services centered on banking and are also engaged in the leasing, securities, credit card, investment, mortgage securitisation, venture capital, derivatives and other credit related businesses.

SMBC has operations across the world, including in the United Kingdom, Japan and other parts of Asia, Europe, the Middle East, Africa and the Americas, providing the financial services and credit-related businesses described above, to its global network of customers.

SMBC has an extensive organisation structure comprising [1,908] domestic branches, [47] overseas branches, a number of subsidiaries, and group entities which it either owns or controls.

Further information on SMBC's business can be found in SMFG's annual report and financial statements, which can be accessed at:

<https://www.smfg.co.jp/english/investor/financial/annual.html>

SMBC's stance on Slavery and Human Trafficking

SMBC's approach to Slavery and Human Trafficking is that it should not be involved, directly or indirectly, in the commission or facilitation of any relevant offences.

SMBC expects its suppliers and customers to undertake ethical business practices, particularly in, but not limited to, economic sectors where there are higher risks of Slavery and Human Trafficking.

SMBC adheres to the group commitments to Corporate Social Responsibility (CSR), Environmental, Social and Governance (ESG), and the SMBC Group Policy Statement on Human Rights, which stipulates its commitment to respecting human rights, and aims to eliminate all forms of exploitative labour practices in its business and supply chains.

Further information on SMBC Group Policy Statement on Human Rights can be accessed at:

https://www.smfg.co.jp/english/sustainability/group_sustainability/forrights/

SMBC supports the principles of the "United Nations Global Compact," in relation to human rights, labour standards, environment and anti-corruption measures.

Furthermore, SMBC has been a signatory to the Equator Principles since 23 January 2006. The Equator Principles are a set of guidelines developed by private financial institutions for managing environmental and social risks related to financing large-scale development projects. The Equator Principles apply to project finance transactions, project-related corporate loans and bridge loans that are intended to be refinanced to project finance or corporate loans, regardless of the country or the sector.

The Equator Principles are based on the environmental and social policies and guidelines of International Finance Corporation, the private sector arm of the World Bank. These policies and guidelines cover a variety of issues such as the environmental and social impact assessment process, pollution prevention, consideration of local communities and natural resources.

In accordance with the Equator Principles, SMBC has established internal environmental and social guidelines and procedures, and conducts environmental and social risk assessments, including in respect of potential adverse human rights impacts.

SMBC believes that it has an ethical responsibility to promote human rights by showing respect for human rights through its own behaviour, and by sharing its ethos with its customers.

SMBC is committed to maintaining and improving systems and processes to mitigate the risk that it might be involved, wittingly or unwittingly, in the commission or facilitation of Slavery and Human Trafficking in any part of its operations, customers and supply chain (including contractors and suppliers), products, services and staff activities.

SMBC also expects its staff, suppliers and business partners to adhere to the same high standards and to take reasonable steps to ensure that other third parties they do business with adhere to those standards as well.

Governance

SMBC recognises that the protection of human rights and its responsibilities thereof is an evolving area and is committed to an ongoing review and assessment of its business practices and approach to human rights in light of changing global circumstances.

SMBC's Senior Management are responsible for establishing a culture in which modern slavery is not tolerated in any form, ensuring that all SMBC staff are aware of the risks, so that informed decisions are made in a timely way, which mitigate and manage these risks.

SMBC seeks to ensure that it provides a workplace free from any type of violation of employees' human rights, including but not limited to forced labour, harassment and discrimination without distinction of any kind such as race, gender, sexual orientation, gender identity, religion, creed, national origin, disability, family status and birth status.

In addition, an Anti-Slavery Policy has been implemented within SMBC London Branch, which sets out the processes through which it seeks reasonable assurance that none of its customers, business partners, suppliers and other third parties are involved in the commission or facilitation of Slavery and/or Human Trafficking.

The Anti-Slavery Policy is supplemented by procedures and detailed guidance on what constitutes an offence and the controls in place to mitigate the risk that the branch may be directly or indirectly involved in the commission or facilitation of Slavery and/or Human Trafficking.

SMBC complies with applicable laws and regulations in the regions and countries where it does business.

SMBC's risks of modern slavery practices in operations and supply chains

SMBC conducts business internationally with operations spanning developed and developing countries and regions. Given the breadth of these operations, there is a potential risk that elements of the supply chain are engaging in modern slavery practices, particularly parts of the supply chain relating to the supply of goods and services. The risk is increased in relation to suppliers to SMBC's operations in developing countries and regions.

SMBC's supply chain includes a number of products that have been linked with modern slavery. For example, according to the Global Slavery Index 2018, the number 1 product category at risk of modern slavery imported into G20 countries (by US\$ value) are

laptops, computers and mobile phones. SMBC's operations rely heavily on the use of laptops, computers and mobile phones. However, SMBC operates in the banking and financial services industry and primarily within an office environment and therefore it does not operate in these sectors.

While SMBC aims to mitigate the risk that its suppliers are directly engaged in modern slavery, there is also a risk that suppliers have modern slavery risks in their own supply chains.

SMBC outsources certain functions to third party service providers. For example, SMBC engages various third parties to provide services, such as transaction banking services, information technology systems development and document archiving. There is a risk that such providers have modern slavery risks within their operations and supply chain, particularly given that most of these services are heavily reliant on IT hardware and software.

It is also acknowledged that modern slavery risks can also arise through the operations and actions of SMBC's customers. SMBC, therefore, may be linked to such risks, as either a lender of money or provider of other financial services. Again, where these customers operate within jurisdictions or sectors with a high risk of modern slavery, this risk is heightened.

Risk Assessment

In 2020, SMBC Group Global Compliance Risk Assessment framework was enhanced to include the assessment of modern slavery risks.

In accordance with the SMBC Group Global Compliance Risk Assessment program, the effectiveness of actions to assess and address modern slavery risks are determined by:

- appropriate design of relevant policies and procedures to ensure compliance and risk management;
- how well the control processes have operated, including timeliness and comprehensiveness;
- the extent of employee training that has been conducted;
- the outcomes from monitoring and validation procedures; and
- the timeliness of remedial action taken for any issues arising.

Enhancements may be made as appropriate, as a result of these assessments.

Due Diligence

All departments involved in due diligence processes are required to conduct appropriate checks in order to obtain reasonable assurance that customers, business partners, suppliers, and other third parties are not involved in the commission or facilitation of Slavery and/or Human Trafficking.

SMBC London Branch requires specific anti-slavery due diligence to be undertaken on all its counterparties, and applies consistent due diligence measures for Slavery and Human Trafficking, whereby suppliers, contractors, customers and any other business

partners are all subject to the same level of identification, verification, and risk evaluation.

As part of the on-boarding and periodic due diligence processes in SMBC London Branch, all counterparties are assessed to determine if they fall within the scope of the Act, and, if so, a copy of their Anti-Slavery Statement is sought and retained.

By way of best practice, for those counterparties who are not in scope of the Act, SMBC London Branch will seek to obtain an equivalent policy or document relating to CSR, ESG or Human Rights.

Supply Chain

SMBC takes appropriate steps to verify, evaluate and mitigate the risk that Slavery and Human Trafficking may occur in its supply chain.

In Japan, SMBC has established Outsourcing Management Procedures, which require every office to perform due diligence on third parties in relation to Slavery and Human Trafficking by reviewing publicly available information. In FY2020, the SMBC Group Outsourcing Due Diligence Program was enhanced to ensure an assessment and monitoring of all vendors/service providers (regardless of whether the service is considered to be outsourcing) is undertaken at least annually. The three areas of focus include the Japanese Anti-Social Forces Screening, Anti-Bribery and Corruption Due Diligence and Modern Slavery Due Diligence. SMBC has also established Outsourcing Management Procedures for Overseas Offices, which stipulates that overseas offices should conduct appropriate due diligence in relation to Slavery and Human Trafficking. This due diligence process includes reviewing publicly available information such as the third party's or its parent company's website in respect of its policies or positions on the protection of human rights, as well as internet searches to determine whether there is any adverse news in respect of human rights violations.

SMBC London Branch adopts the due diligence measures established by Sumitomo Mitsui Banking Corporation Bank International plc (SMBC BI) and performs due diligence on suppliers and contractors, which includes identification and verification, determination of where suppliers and contractors operate, an analysis of the activity carried out and a detailed review of publicly available information.

Customers

The credit policy of SMBC prohibits granting credit to certain businesses and customers, including those who exhibit unacceptable practices from the perspective of slavery or human trafficking.

There is a prohibition on the origination of loans for certain types of businesses where human rights abuses, such as child labour is, or may, be taking place or is likely to take place.

In line with the SMBC AML/CTF Global Procedures, as part of its anti-money laundering compliance responsibilities, SMBC London Branch adopts the due diligence measures established by SMBC BI and undertakes due diligence on its customers at both the

on-boarding stage and at regular periods thereafter.

The due diligence on customers includes identification and verification, determination of where customers operate, an analysis of the activity carried out and a detailed review of publicly available information. In addition, customers are subject to adverse news screening, incorporating specific terms relevant to Slavery and Human Trafficking.

Enhanced Due Diligence

Any instances where the supplier, customer or transaction may be involved in the commission or facilitation of the relevant offences due to their core activities, line of business, business relationships, country of establishment and/or operations will require enhanced due diligence measures, more detailed investigation and approval by an appropriate person. As a result, SMBC London Branch may take the following course of action:

- Not to establish or renew the relationship;
- Not to offer certain products or services; or
- To end the existing relationship.

Training

In order to ensure proper understanding of the risks posed by Slavery and Human Trafficking in the context of SMBC's supply chains and business, SMBC provides training to staff on Slavery and Human Trafficking and the requirements of the Act.

SMBC has provided specific training in relation to modern slavery, incorporating relevant resources and due diligence requirements.

Members of staff are encouraged to report any instances of suspected Slavery and Human Trafficking identified in any part of SMBC's business activities. The options for raising concerns and reporting are incorporated within SMBC's whistleblowing program.

Staff are also aware of their responsibility, under relevant local legislation, to raise a Suspicious Activity Report (SAR) where they have knowledge or suspicion, or where there are reasonable grounds for having knowledge or suspicion, that another person or entity is engaged in money laundering or terrorist financing. As such, staff have a legal obligation to submit a SAR in relation to any funds in a transaction derived as a result of Slavery or Human Trafficking.

It is equally important for SMBC to demonstrate that no relevant offences are committed within its premises and/or in relation to its own staff. Human Resources have the responsibility to demonstrate, through the introduction of appropriate controls, that SMBC's own staff are being treated in line with local laws and regulations and are not victim of any of the relevant offences as a result of their employment.

Slavery and Human Trafficking

As used in this Statement, the above term refers to a variety of offences, including but not limited to:

- Slavery, servitude and forced or compulsory labour;
- Sexual exploitation, including all offences contemplated in the Part 1 of the UK Sexual Offences Act 2003;
- Removal and trafficking of organs outside the context of authorized health treatments;
- Securing services or other type of benefits by force, threats or deception; and
- Securing services or other type of benefits from children and vulnerable persons.

Approval

This Statement was approved by the SMBC Board of Directors on 30/07/2021 and has been signed on behalf of the Board by Mr. Tetsuro Imaeda, Director and Senior Managing Executive Officer.



Tetsuro Imaeda

Director and Senior Managing Executive Officer

Sumitomo Mitsui Banking Corporation

Date: 06/09/2021