



SMBC Leasing and Finance, Inc., Sydney Branch

Modern Slavery Statement

in accordance with the *Modern Slavery Act 2018* (Commonwealth of Australia)

Head office: 277 Park Avenue, New York, NY, USA

Australian registered office: Level 40, The Chifley Tower, 2 Chifley Square, Sydney, New South Wales Australia

Financial year ending 31 December 2020

1. SMBC Leasing and Finance, Inc. as Reporting Entity

SMBC Leasing and Finance, Inc. (ARBN 602 309 366) (**SMBC-LF**) is the reporting entity giving this modern slavery statement (**Modern Slavery Statement**) in accordance with the *Modern Slavery Act 2018* (Cth) (the **Act**). The Act requires SMBC-LF to provide disclosure concerning its efforts to assess and address the risks that modern slavery practices may be occurring in its operations and supply chain and the operations and supply chains of any entities that it owns or controls.

2. SMBC-LF's structure, operations and supply chains

SMBC-LF is an international leasing and finance company incorporated in the State of Delaware, USA.

Sumitomo Mitsui Financial Group, Inc.

SMBC-LF is a wholly-owned indirect subsidiary of Sumitomo Mitsui Financial Group, Inc. (**SMFG**) and is part of the SMFG group of companies (SMFG, together with its subsidiaries and affiliates are referred to as "**SMBC Group**"). SMFG is a publicly listed company. SMFG's common shares are listed on the first section of the Tokyo Stock Exchange and the Nagoya Stock Exchange. SMFG's American Depositary Receipts are also listed on the New York Stock Exchange. As at 31 March 2020, SMFG's capital was 2,339.9 billion yen.

SMBC Group is a global financial group that develops operations in a wide range of fields including banking, leasing, securities, credit cards and consumer finance. SMBC Group is comprised of four business units: the Retail Business Unit, the Wholesale Business Unit, the International Business Unit and the Global Markets Business Unit.

SMBC Group's overseas network currently comprises 137 branches and offices in 40 countries and regions. As at 31 March 2020, SMBC Group had approximately 86,443 permanent employees.

Further information on SMBC Group's business can be found in SMFG's annual report and financial statements, which can be accessed at: <https://www.smbc.co.jp/global/>.



SMBC-LF operations

SMBC-LF specializes in originating, structuring, arranging and investing in structured asset-based, tax efficient and accounting driven financings in the US and worldwide.

SMBC-LF has offices in four (4) countries with approximately 53 employees. SMBC-LF has operations in Australia, the United Kingdom, Germany and the United States of America. As a subsidiary of Sumitomo Mitsui Banking Corporation ("SMBC"), SMBC-LF supports an extensive global network of SMBC group entities which SMBC either owns or controls. These group entities operate throughout these regions providing the financial services and credit related businesses to SMBC's global network of customers. Further information on SMBC's business, including a list of SMBC's principal domestic subsidiaries, principal overseas subsidiaries and principal affiliates and a summary of the main businesses of these companies can be found here:

<https://www.smbc.co.jp/global/aboutus/business>; and
<https://www.smbc.co.jp/global/aboutus/profile/group/>

As at 31 March 2020, SMBC employed 27,957 employees.

SMBC-LF in Australia

SMBC-LF established its presence in Australia in 2014 through its branch (ARBN 602 309 366) in Sydney, New South Wales.

SMBC-LF's Australian operations are based in Sydney, New South Wales. SMBC-LF's registered office in Australia is Level 40, The Chifley Tower, 2 Chifley Square, Sydney, New South Wales Australia.

In Australia, SMBC-LF provides financial advisory, lease financing, receivable purchases and asset backed debt financing for wholesale customers only. The Australian operations form part of the International Business Unit of SMBC Group.

Further information on SMBC's global and Australian businesses can be accessed at: <https://www.smbc.co.jp/global/>; and <https://www.smbc.co.jp/asia/australia/>.

SMBC supply chain

As part of the SMBC group, SMBC-LF outsources a number of support services via service level agreements to the larger SMBC group entities, including SMBC Sydney Branch, in which office SMBC-LF is co-located. SMBC's business is primarily undertaken in an office environment with the majority of its suppliers providing goods and services in connection with office premises (such as stationery supplies, cleaning services and food and refreshments supplies), financial, technology and other professional services and corporate travel. Given its geographic spread, SMBC's supply chain is geographically diverse with suppliers from countries in which SMBC has operations. SMBC's suppliers range from small businesses to international organisations, operating across the developed and developing regions in which SMBC has operations. Further, SMBC is connected with many thousands more organisations across the world via the supply chains of its first tier suppliers. By way of example, the main categories of suppliers and service providers (by aggregate dollar value for the financial year ending 31 March 2020) for SMBC Sydney Branch relate to information technology equipment and software; rent; information services; market research; hospitality (including business

travel); telecommunications; and professional advisers. The arrangements SMBC Sydney Branch has with its suppliers are combination of long-term relationships with large multinational suppliers established and maintained as part of SMBC's global operations and short term relationships with smaller local suppliers. This list is broadly reflective of the categories of suppliers and service providers of SMBC globally and the entities which it owns or controls.

3. SMBC-LF and SMBC's risks of modern slavery practices in operations and supply chains

SMBC-LF uses the technology, policies and procedures provided by SMBC to identify and capture risks associated with modern slavery. 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. For example, SMBC operates in a number of jurisdictions rated as high risk for modern slavery by the Global Slavery Index. In these countries, jurisdiction risk means that some local suppliers have increased modern slavery risk when compared to similar suppliers from lower risk jurisdictions, such as Australia.

Using the Global Slavery Index 2018 as a source, SMBC has identified Information Technology services and software, manufacturing, agriculture, construction, mining, trade and service industries (such as hospitality and cleaning) as high risk sectors for modern slavery. SMBC operates in the banking and financial services industry and primarily within an office environment and therefore it does not operate in these sectors. However, and as noted above, SMBC relies on service providers who do operate in some of these sectors, most notably in IT services (including telecommunications) and hospitality and cleaning.

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.

SMBC is working on further defining its supply chain risk, which is a significant undertaking given its operational footprint and the global nature of its supply chains. While SMBC (through its risk control processes; see section 4 below) 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. This risk is particularly acute for suppliers operating in markets where there is a geographic modern slavery risk. SMBC is in the process of assessing where this risk, is present given its broad operations and supply chains.

SMBC-LF outsources certain functions to SMBC and third party service providers. For example, SMBC-LF engages various third parties to provide services, such as 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. These entities are assessed for their approach to managing modern slavery risk.

SMBC continues its review of its modern slavery supply chain risk. It continues to consult with the group entities within its operational control (including SMBC-LF), given that such entities operate in the same financial services industry as SMBC, it believes that the modern slavery risks in its operations and supply chains is representative of the risks in the operations and supply chains of such group entities.

It is also acknowledged that modern slavery risks can also arise through the operations and actions of SMBC-LF's customers. SMBC-LF, therefore, may be linked to such risks, as either a provider of financial services. Again, where these customers operate within jurisdictions or sectors with a high risk of modern slavery, this risk is heightened. SMBC-LF and SMBC's control processes in respect of these risks are set out in section 4 below.

4. SMBC-LF and SMBC's actions to assess and address risks of modern slavery practices

SMBC Group's commitment to human rights

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

As a signatory to the United Nations Global Compact, the SMBC Group is committed to fulfilling the social responsibilities that are expected of it as a global financial group to create a society that is built on the utmost respect for human rights as directed by the "Universal Declaration of Human Rights," the "ILO Declaration on Fundamental Principles and Rights at Work," the "ISO 26000" guidelines on the social responsibilities of organisations, and the "Guiding Principles on Business and Human Rights" advocated by the UN Human Rights Council in 2011. Further information on SMBC Group's commitment to sustainability can be found here: https://www.smfg.co.jp/english/sustainability/group_sustainability/management/.

SMFG has also published a Statement on Human Rights, which recognises the ethical responsibility of the SMBC Group to support and respect the protection of internationally proclaimed human rights and to prevent complicity on human rights violations. Further information in relation to SMBC Group's commitment to human rights can be found here: https://www.smfg.co.jp/english/sustainability/group_sustainability/forrights/.

SMBC Group has positioned the sustainable development of society as a key issue and in October 2018 the establishment of its Corporate Sustainability Committee enables SMBC Group to better carry out related initiatives.

SMBC-LF and SMBC acknowledges its obligation to respect human rights and acknowledges its responsibilities in an evolving area. SMBC-LF and SMBC are committed to an ongoing review and assessment of its business practices and approach to human rights in light of changing global circumstances.

SMBC Group is committed to maintaining and improving systems and processes to mitigate the risk that it might be involved in the commission of slavery and human trafficking in any part of its operations, customers and supply chain (including contractors and suppliers), products, services and employee activities.

SMBC-LF and SMBC's policies and procedures, including, where applicable, those relating to modern slavery risks, are reviewed on a regular basis for applicability and appropriateness. Screening for connections to jurisdictions with human rights issues is conducted on an ongoing basis.

SMBC subsidiary in the UK (SMBC Bank International plc, SMBC BI) implemented an Anti-Slavery Policy in 2015. This was expanded in 2018 to the SMBC EMEA Anti-Slavery Policy and is applicable to all SMBC branches in the EMEA region including SMBC-LF's EMEA operations.

The Policy states that in the spirit of best practice, SMBC seeks to ensure that slavery and human trafficking are not taking place in any part of its businesses or supply chains.

SMBC's actions in connection with its workplace environment

SMBC seeks to provide 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. This is reflected in SMBC's numerous public statements on its commitment to protecting human rights as well as its employee codes of conduct and policy and procedure manuals in operation across its global network.

SMBC and its group entities within its operational control (including SMBC-LF) require their employees to adhere to the same high standards that it has committed to in respect of human rights, with employees agreeing as part of their employment terms to adhere to various codes of conduct and other organisational policies which require employees to comply with all applicable laws and regulations, which includes those relating to modern slavery.

SMBC and the group entities which it owns or controls (including SMBC-LF) have in place a whistleblower framework that includes an alarm line to rapidly detect and rectify legal violations, violations of bank rules, and cases of abuse of power. This extends to modern slavery concerns. SMBC in the Asia Pacific region, including Australia, has recently launched a new Whistleblowing Policy and external reporting platform in the region that enhances the confidentiality and protection of whistleblowers, including service providers and their employees, in accordance with the applicable whistleblowing legislation

Employees of SMBC and those of its group entities which it owns or controls (including SMBC-LF) are encouraged to identify and report immediately via SMBC's whistleblowing framework, without any negative repercussions, any conduct that the employee knows or reasonably believes would violate legal or regulatory requirements or ethical standards, which include such requirements and standards set out in internal policies and guidance in relation to human rights and modern slavery.

Additionally, in order to ensure proper understanding of the risks posed by modern slavery and human trafficking, SMBC will look to update its compliance training for its employees to include modern slavery and human trafficking risks. This type of employee training would be in addition to existing training that SMBC employees are provided in respect of human rights. SMBC's consultation with the group entities within its operational control (including SMBC-LF) will look to extend this training to employees of these entities.

SMBC's further actions in connection with its operations

SMBC group entities over which SMBC has operational control (including SMBC-LF) operate subject to internal group policies which require these entities to report any breaches of law to SMBC. On this basis, they are obliged to notify SMBC of any breach of law relating to slavery and other human rights issues.

Further, in accordance with applicable obligations under the *Modern Slavery Act 2015* (United Kingdom) (**UK Act**), certain group entities within SMBC's operational control, including SMBC-LF, have published Slavery and Human Trafficking Statements, which provide disclosures concerning their respective efforts to address the issues of slavery and human trafficking. These statements can be accessed here:

SMBC:

<http://www.smbc.co.jp/aboutus/english/csr/>

SMBCE:

<http://www.smbcgroup.com/emea/about-us/corporate-disclosures/#trafficking>

SMBC Nikko London: <http://www.smbcnikko-cm.com/corporate/our-policies/slavery-trafficking.html>.

SMBC-LF:

<https://www.smbcgroup.com/americas/legal/#Slavery>

Customers

The credit policy of SMBC Group prohibits granting credit to certain businesses and customers, which includes those who exhibit unacceptable practices from the perspective of public order and morals. 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 addition, by way of example, SMBC-LF, as part of its anti-money laundering compliance responsibilities, undertakes due diligence on its customers at both the on-boarding stage and at regular periods thereafter. This due diligence includes compliance specific database searches on customers in relation to adverse news, which would identify news in connection with sanctions and human rights violations. This also includes ongoing screening in respect of customers, customer associated parties and trade finance transactions for connections to jurisdictions with human rights issues.

Further, 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 Group commissioned an independent external party (Ernst & Young ShinNihon LLC) to review a number of transactions for the year ended 31 December 2018 regarding their compliance with the Equator Principles, including

- 59 Project Finance transactions closed in 2018;
- 8 Project Related Corporate Loans closed in 2018; and
- 25 Finance Advisory Transactions mandated in 2018.

An Independent Assurance Report was issued by Ernst & Young ShinNihon LLC on 21 August 2019, wherein no adverse finding or non-compliance had been noted.

A list of the transactions reviewed and assured by Ernst & Young ShinNihon LLC (under the section 'Transactions Subject to the Equator Principles (SMBC)'), the relevant Independent Assurance Report, as well as further information on SMBC's commitment to the Equator Principles can be found here:

<https://www.smfg.co.jp/english/sustainability/materiality/environment/risk/equator/>.

SMBC's actions in connection with its supply chain

Suppliers and service providers

SMBC will continue to consult with its offshore branches and group entities within its operational control (including SMBC-LF) with a view to determining whether the steps taken by such entities to assess and address the risk of modern slavery practices in their supply chains are appropriate having regard to the size and nature of their businesses. Certain SMBC branches and group entities (including SMBC-LF) within its operational control have frameworks in place to assess and address modern slavery risk in their supply chains and operations. Part of the consultation process with these branches and group entities, will consider whether these existing frameworks could apply to SMBC's broader operations.

For example, SMBC-LF conducts screening of all new suppliers in its direct supply chain, including reviewing publicly available information, in order to identify instances that may give cause for concern in relation to slavery, human trafficking and other human rights issues and name screening on local and global sanctions lists. Reviews and assessments of all of its suppliers are undertaken on an annual basis. In the event of any adverse circumstances arising from this screening, SMBC-LF, where appropriate, will escalate the matter with the relevant supplier or law enforcement agency, subject to its obligations under law.

Further, SMBC and its related body corporates operating in the United Kingdom and the European Union markets (including SMBC-LF), conduct due diligence on their suppliers, contractors, customers and any other business partners in order to address slavery and human trafficking risk in its operations and supply chain. Where a relevant counterparty is subject to the UK Act, in pursuance of SMBC EMEA Anti-Slavery Policy, SMBC-LF seeks an Anti-Slavery Statement and confirm that such party is not involved in the commission or facilitation of slavery and/ or human trafficking. SMBC-LF's due diligence processes include, but are not limited to, an assessment to determine if the relevant counterparty falls within the scope of the UK Act, an evaluation of where such third party is based and operates, an analysis of the business activities being carried out, and a detailed review of publicly available information, in order to identify instances which may give cause for concern in relation to slavery, human trafficking and other human rights issues.

For those counterparties who are in Europe but not in scope of the UK Act, SMBC-LF seeks an equivalent policy, document or statement relating to their commitment to Corporate Social Responsibility (CSR), Environmental, Social, and Governance (ESG) and human rights, etc. to provide reasonable assurance that they are not involved in the commission or facilitation of slavery and/ or human trafficking. Analysis is undertaken on the jurisdiction risk of the relevant counterparty having regard to its locations, operations and activities.

In essence, third parties, including suppliers, are expected to undertake ethical business practices, particularly in high risk sectors such as manufacturing, construction or service industries

Outsourcing

SMBC and group entities within its operational control (including SMBC L-F) operate subject to an outsourcing policy which expressly addresses modern slavery risks. Prior to outsourcing any relevant function to a third party, a due diligence assessment of modern slavery risk must be completed so as to confirm that the relevant third party is not engaged in modern slavery.

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. Outsourcing is expressly prohibited if the due diligence reveals that the third party is engaged or involved in modern slavery or any other human rights violations.

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.

Additionally, in FY2019, in Japan, SMBC expanded the scope of its outsourcing policy to apply to service providers, vendors and certain other suppliers

5. SMBC's methods to assess effectiveness of actions to assess and address modern slavery risks

Upon finalisation of the consultation process with SMBC branches and group entities within its operational control (including SMBC-LF) and the implementation of a modern slavery risk management framework (i.e. policies, control processes, training and ongoing monitoring program), it is intended that the framework and the risk control activities that have been undertaken as part of the framework (i.e. the results of customer, supplier and outsourcing monitoring, any internal audits or other examinations) will be regularly (and at a minimum, annually) reviewed and evaluated for effectiveness. Consistent with the assessment of other SMBC policies, effectiveness will be determined on an assessment as to:

Modern slavery has been introduced in the SMBC Group global compliance risk assessment framework.

Consistent with the SMBC Group global compliance risk assessment program effectiveness is determined on an assessment as to:

- 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.

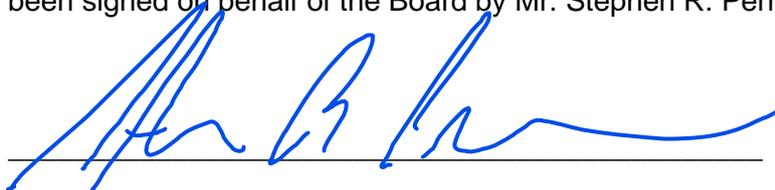
Enhancements may be made as considered necessary as a result of these assessments.

6. SMBC's consultation process with its subsidiaries and other controlled entities

SMBC and the group entities within its operational control (including SMBC L-F) operate in accordance with a compliance risk assessment framework. As a result of the consultation undertaken to prepare this statement, consideration is being given to including modern slavery risk as a new category of assessment in the compliance risk assessment framework, which would operate in conjunction with a global policy.

Approval

This Statement was approved by the SMBC-LF Board of Directors on 30 June 2021 and has been signed on behalf of the Board by Mr. Stephen R. Perry, President of SMBC-LF.



Stephen R. Perry
President, SMBC Leasing and Finance, Inc.

