



Sumitomo Mitsui Banking Corporation

Modern Slavery Statement

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

Financial year ending 31 March 2022

1. Introduction

This statement summarises the current approach to modern slavery of Sumitomo Mitsui Banking Corporation (**SMBC**) and outlines the actions that we have taken to mitigate the risk that human trafficking and modern slavery are not taking place in our business or our supply chains. It is also intended to assist customers to make better, more informed choices about the products and services they buy and the companies they support.

This statement has been prepared by SMBC as the reporting entity in accordance with the UK Home Office statutory guidance 1 on complying with Section 54 of the 2015 Act and *Modern Slavery Act 2018* (Commonwealth of Australia).

Both Acts require SMBC 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 of any entities that it owns or controls.

2. SMBC's structure, operations and supply chains

(1) SMBC's company structure

SMBC is an international banking institution licensed and regulated by the Japanese Financial Services Agency and is incorporated in Japan.

SMBC is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc. (**SMFG**) and is part of the SMBC 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.



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 Global Banking Business Unit and the Global Markets Business Unit.

SMBC Group's overseas network currently is comprised of offices in more than 40 countries and regions. As at 31 March 2022, SMBC Group had approximately 101,023 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.smfg.co.jp/english>.

(2) SMBC's operations

SMBC has operations across the world, including the United Kingdom, Australia, Japan, 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 1,770 domestic branches, 48 overseas branches, a number of subsidiaries, and group entities which it either owns or controls. In each area, operations are undertaken by the local Branch of SMBC such as the

SMBC's Australian operations are based in Sydney, New South Wales and Perth, Western Australia. For the purposes of this Modern Slavery Statement, references to "SMBC Australia" refers to SMBC's operations in Australia which are conducted through its branches located in Sydney and Perth.

SMBC Australia provides corporate lending, financial advisory and derivatives services, project, trade and lease financing and securitisation and structured debt financing for wholesale customers only.

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/>

(3) SMBC's supply chains

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 2022) for SMBC Australia relate to information technology equipment and software; rent; information services; market research; hospitality (including business travel); telecommunications; and professional advisers.

The arrangements SMBC Australia 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'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. 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.

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. 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, given that such entities operate in the same financial services industry as SMBC, it believes that the modern slavery risks in its supply chains is representative of the risks in the supply chains of such group entities.

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.

4. SMBC's actions to assess and address modern slavery risk

(1) SMBC's commitment and policies in relation to 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 is also 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.

As a signatory to the United Nations Global Compact, the SMBC Group is also 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.

a. Initiatives for Sustainability

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 the group's Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) commitments.

In addition, SMBC Group has established the "SMBC Group environmental and Social Framework" in FY2021 in order to unify its internal policies on and approach to environmental and social issues.

This framework clarifies the Group's approach to climate change, natural capital, respect for human rights, and social contribution based on the "SMBC Group Statement on Sustainability", which states the Group's basic stance toward realizing a sustainable society, The Group's governance system for ESG risks is organized under this framework, including due diligence and policies related to each sector and business.

SMBC Group also formulated policies for specific businesses and sectors which are likely to have significant impacts on the environment and society. During FY2021, in the perspective of environment and respecting human rights, we decided to revised our policy for coal mining to not support newly planned and the expansion of thermal coal

mining projects, as well as newly planned and the expansion of infrastructure developments that are dedicated to such projects.

Further information on SMBC Group's commitment to sustainability and policies for specific business and sectors can be found here:

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

b. SMBC Group's statement on human rights

During FY2020, SMBC Group enhanced its 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. As noted in its statement, through dialogue and collaboration with stakeholders, SMBC Group aims to eliminate all forms of exploitative labor practices in its business and supply chains, including modern slavery, forced labor, human trafficking and child labor.

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

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

c. Principles of Action on Compliance and Risk

SMBC Group has established the "Principles of Action on Compliance and Risk", which is a fundamental guidance from a compliance and risk perspective, on how SMBC group employees should act, in accordance with our Group Mission, Vision and Values.

The "Principles of Action on Compliance and Risk" require that SMBC Group employees respect human rights and embody these principles through its business, in order for SMBC group to realise the sustainable growth of its corporate values.

Further information on SMBC group's Principles of Action on Compliance and Risk can be accessed at:

https://www.smfg.co.jp/english/company/organization/pdf/Principles_of_Action_on_Compliance_and_Risk.pdf

d. Sustainable Procurement Policy

SMBC Group published the “Sustainable Procurement Policy” on April 1st, 2022, in order to strengthen responsible procurement activities that carefully considers the environment and society throughout its supply chain.

This policy is based on the 10 principles of the United Nations Global Compact, the OECD Guidelines for multinational enterprises, the United Nations Guiding Principles on Business and Human Rights, and other international principles.

SMBC Group’s procurement activities are carried out in accordance with fair, impartial and transparent procedures based on free competition, which is in line with this policy and other relevant laws and regulations.

Further information on SMBC Group Sustainable Procurement Policy can be accessed at:

https://www.smfg.co.jp/english/sustainability/group_sustainability/pdf/stakeholder_policy_e.pdf

e. Human Rights Awareness Promotion Committee

In Japan, SMBC established the Human Rights Awareness Promotion Committee chaired by the Executive Officer supervising the Human Resources Dept to raise employees’ awareness about human rights.

The Human Rights Awareness Promotion Committee establishes basic policies on ways to promote human rights awareness for the departments and the branches located in Japan. Also, it supports efforts by the Office Human Rights Awareness Promotion Committee of each department or branch to promote human rights awareness by designing training plans and helping related activities proceed smoothly. The Secretariat addresses matters needed to operate the committee, monitors the status of operation at each office, and updates measures to promote human rights awareness on an ongoing basis.

f. Anti-Slavery Policy

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.

(2) SMBC's actions in connection with its workplace environment, customer and supplier

SMBC is committed to prevent and remediate modern slavery risks by taking the following steps and actions.

a. Workplace

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 Group'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.

b. Customer

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.

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 Group commissioned an independent external party (Ernst & Young ShinNihon LLC) to review a number of transactions for the year ended 31 December 2020 regarding their compliance with the Equator Principles, including 56 Project Finance transactions closed in 2020; 4 Project Related Corporate Loans closed in 2020; and 17 Finance Advisory Transactions mandated in 2020. An Independent Assurance Report was issued by Ernst & Young ShinNihon LLC on 30 June 2021, wherein no adverse finding or non-compliance had been noted.

Furthermore, in accordance with the SMBC AML/CFT Global Procedures, SMBC conducts due diligence on its customers at both the on-boarding stage and at regular periods thereafter, as part of its anti-money laundering compliance responsibilities.

In SMBC Australia, the 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.

Furthermore, SMBC established human rights working group in FY2021, which includes various corporate departments, to discuss and introduce efficient measures to prevent human rights abuse. As a result, SMBC is planning to introduce a new set of measures concerning human rights due diligence on clients and projects that SMBC provides loans to, in order to identify and assess the risks concerning modern slavery. In addition, we also introduced enhanced due diligence for clients operating in a sector that is considered high risk from a modern slavery or human trafficking perspective.

c. 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.

Per SMBC Group policy, contracting with a third party is prohibited if the third party is engaged / involved in human rights violations. Results of the assessments for all SMBC offices are consolidated and reported as part of the SMBC Risk Management program.

(3) Measures taken by each area

In the last financial year, SMBC Australia engaged a third-party global compliance and due diligence company that specialises in third party due diligence and management. For the next financial year, the top 20 vendors by annual aggregate expenses engaged by SMBC Australia will be requested to answer a series of questions through an online platform that has been tailored for SMBC Australia, which will assist SMBC Australia to assess the modern slavery risk within its supply chain and enable it to focus its efforts on any high-risk suppliers.

SMBC London 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.

(4) Access to Remedial Measure

SMBC Group has systems in place (grievance mechanisms) through which various stakeholders can raise human rights issues associated with its business. Customers can contact SMBC Group through the call center, telephone, and website. Employees can raise their concerns via dedicated internal whistle-blowing channels.

5. SMBC's methods to assess effectiveness of actions

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

The global compliance risk assessment framework referred to above is a channel for SMBC offices to provide feedback to Head Office through the annual reporting of risk assessment and implementation of control practices to assist in mitigating risks. As well,

the enhanced Vendor and Outsourcing review management program provides an additional source of information for SMBC to assess the modern slavery risks associated with its suppliers and outsourced activities.

7. 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, as a part of compliance training. During FY2021, nearly 21,000 employees which accounts for most of SMBC employees in Japan, had completed the training.

SMBC Australia is also including modern slavery and human trafficking risks as well as due diligence measures undertaken in its compliance training program.

Furthermore, during FY2021, SMBC planned to hold a study session for executives by inviting human rights experts to enhance their understanding of modern slavery, and the study session was conducted in May 2022. SMBC will also continue to provide the training in relation to human rights on regular basis for our employees in order to promote awareness of human rights.

8. Approval

This Statement was approved by the SMBC Board of Directors on 27/07/2022 and has been signed on behalf of the Board by Mr. Yoshihiro Hyakutome, Director and Senior Managing Executive Officer.



Yoshiro Hyakutome
Director and Senior Managing Executive Officer
Sumitomo Mitsui Banking Corporation
Date: 12/09/2022