



Sumitomo Mitsui Banking Corporation

Modern Slavery Statement

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

Financial year ending 31 March 2023

1. Introduction

This statement summarises the current approach to modern slavery of Sumitomo Mitsui Banking Corporation (SMBC) and outlines the actions that it has taken to mitigate the risk that human trafficking and modern slavery are taking place in its business or 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 Section 54 of the UK Modern Slavery Act 2015 and Part 2 of the Australian Modern Slavery Act 2018 (Cth).

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

2.1 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 expands its operations in the Americas, Europe, the Middle East and Africa, and APAC regions, including some high-risk countries ranked in Global Slavery Index 2023.

SMBC is a wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc. (SMFG) and is the 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 Prime Market 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 Business Unit and the Global Markets Business Unit.

SMBC Group's overseas network is currently comprised of offices in approximately 40 countries. As at 31 March 2023, SMBC Group had 105,955 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/investor/financial/>

2.2 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 1,998 domestic offices, 47 overseas offices, a number of subsidiaries, and group entities which it either owns or controls.

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 at:

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

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

2.3 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 business 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. Further, SMBC is connected to thousands of 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 FY2022) for SMBC Australia relate to information technology equipment and software, rent, information services, market research, hospitality (including business travel), telecommunications, professional memberships 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, the potential risk that parts of the supply chain are engaging or involved in modern slavery practices, particularly relate 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 numbers of products that have been linked with modern slavery. For example, according to the Global Slavery Index 2023, 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 heavily rely on the use of laptops, computers and mobile phones.

Using the Global Slavery Index 2023 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 chains, particularly given that most of these services are heavily reliant on IT hardware and software. These entities are assessed in their approaches to managing modern slavery risks.

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 risks of modern slavery practices

4.1 SMBC's commitment and policies in relation to slavery and human trafficking

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 relationships, supply chains (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 "International Bill of Human Rights", the "ILO Declaration on Fundamental Principles and Rights at Work", the "OECD Guidelines for Multinational Enterprises", the "ILO MNE Declaration", and the "United Nations Guiding Principles on Business and Human Rights" advocated by the UN Human Rights Council in 2011.

From FY2023, SMBC Group also focuses on 'human rights' as one of the Priority Issues (Materiality) for the group, and strives to accelerate efforts to identify 'adverse impacts' related to human rights and to prevent, mitigate, and enable remediation of them. SMBC Group will also engage with our clients, suppliers, and others in this regard. In doing so, it aims to properly manage the risks associated with human rights in its own group's management, secure trust from society, and work to enhance its own corporate value.

4.1.1 Governance and oversight

SMBC Group has its governance and oversight framework to address various sustainability issues, including human rights matters.

Matters related to sustainability, including human rights, are reported to the Sustainability Committee and the Risk Committee which are internal committees of the Board of Directors for proper governance and oversight. The Group CSuO (Chief Sustainable Officer) periodically reports to the Sustainability Committee to continuously enhance our corporate governance and management frameworks. The Group CCO (Chief Compliance Office), under whom sits the Compliance Committee which is responsible for reporting on regulatory trends including modern slavery, also reports to the Board of Directors. As the highest executive body for business executions and corporate management for the group, SMBC Group has the Group Management Committee where matters related to sustainability are discussed.

Furthermore, in order to reinforce governance, SMBC Group has newly incorporated "human rights" into its qualitative evaluation factors for non-financial indicators of stock-based compensation for its Directors and Executive Officers, which will take into considerations initiatives and issues that could not be measured by the quantitative evaluations.

SMBC Group regularly holds "SMBC Group Global Advisory Meetings" as an advisory capacity to the Group Management Committee. In this context, it has appointed Mr. Paul Polman, a former CEO of Unilever PLC, as an SMBC Group Global Advisor. Mr. Polman

served as CEO of Unilever PLC from 2009 to 2019 and is a leading figure in the field of sustainability, promoting environmental and social initiatives through the United Nations Global Compact and numerous other organizations.

4.1.2 Initiatives for Sustainability

At the executive level, SMBC Group has established the Corporate Sustainability Committee which is chaired by the Group CEO, to discuss matters pertaining to the spread of sustainability management throughout the Group as well as measures necessary for promoting sustainability.

In 2023, SMBC Group designated “Environment,” “DE&I / Human Rights,” “Poverty & Inequality,” “Declining Birthrate & Aging Population,” and “Japan’s Regrowth” as its new Priority Issues (Materiality), and established “10 Goals” as pathways through to resolve the new priority issues to create social value as a responsible corporate citizen.

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. SMBC Group recognises certain businesses and sectors that are believed to include negative impacts from an environmental and social risk perspectives, including with regards to issues of modern slavery and forced labour. For instance, it recognizes the human rights impacts with respect to illegal labour and child labour in the coal mining, tobacco manufacturing, palm oil plantation development and deforestation industries. SMBC also has devised policies for engaging with businesses in such sectors, for instance through confirming that there are no such labour violations are taking place before providing support or requesting certification by relevant bodies.

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

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

4.1.3 SMBC Group's statement on human rights

During FY2020, SMBC Group worked to enhance 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. For instance, the statement contains a commitment to avoid business transactions that contribute to exploitative labour practices.

The statement was published in FY2023 and is now enhanced to include the human rights due diligence system for financing transactions and the revisions of the Sustainable Procurement Policy, in response to the Guidelines on Respecting Human Rights in Responsible Supply Chains published by the Japanese government, and recent progress within the SMBC Group.

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

4.1.4 Principles of Action on Compliance and Risk

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

Further information on the "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

4.1.5 Sustainable Procurement Policy

SMBC Group published the “Sustainable Procurement Policy” on 1 April 2022, in order to strengthen responsible procurement activities that carefully considers the environment and society throughout its supply chain. By way of example, suppliers are expected to comply with appropriate standards as regards labour issues. 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

4.1.6 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.

4.1.7 Anti-Slavery Policy

An established Anti-Slavery Policy is in place 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.

The Anti-Slavery Policy and supporting documents are reviewed on a regular basis, in accordance with the governance strategy.

4.1.8 SMBC Group Human Rights Report

In FY2022, SMBC Group had planned and worked to publish SMBC Group Human Rights Report which describes the Group's efforts to respect human rights of its clients, suppliers and employees. SMBC Group is also committed to enhancing its corporate value by appropriately managing risks, related to human rights within its own business. The report was published in May, 2023.

Further information on the "SMBC Group Human Rights Report" can be accessed at:

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

4.2 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.

4.2.1 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.

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.

4.2.2 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 where 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, project-related refinance, project-related acquisition finance, and project finance advisory services, 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.

In order to prevent and mitigate human rights violations and any direct links to such violations resulting from its business activities such as investment and financing, SMBC has identified high-risk business activities in terms of the severity and likelihood of violations and conducts regular monitoring starting with those with the highest priority.

SMBC carefully checks for any information on human rights violations relating to the business partners it monitors, and if a business partner is found to have committed human rights violations, SMBC refrains from engaging in any new business with them.

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.

Lastly, SMBC Group continues to improve branch operations and online services, and raising awareness of employees to ensure that all clients receive financial services equally. SMBC is working to enhance its accessibility to safeguard against client discrimination due to a disability.

4.2.3 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. At the point of engagement with a new supplier, due diligence is done following the procedures, and existing suppliers are monitored and periodically reviewed.

SMBC overseas offices are also required to conduct appropriate due diligence in relation to Slavery and Human Trafficking, through SMBC Outsourcing Management Procedures or local rules. 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.

4.3 Measures taken by each area

When SMBC verifies, through its prioritized activities, its clients are committing slavery or

human trafficking violations, SMBC encourages them to mitigate the impact of such violations. If no remediation or improvement is observed, it will reduce credit exposure. For other clients as well, if SMBC obtains information on slavery or human trafficking violations in the daily transactions, it will take similar approaches.

At the start of FY2022, SMBC Australia engaged a third-party global compliance and due diligence company, ethibase360 that specialises in third party due diligence and management. During FY2022, we sent out Modern Slavery surveys that had been tailored for SMBC Australia through the ethibase 360 platform to our top 20 vendors by annual aggregate expenses in June/July 2022. We received ten responses and over the course of the year, there were no alerts generated on the platform. For the next FY2023-2024, the top 50 vendors by annual aggregate expenses engaged by SMBC Australia will be requested to answer Modern Slavery surveys through the ethibase360 platform.

As part of the on-boarding and periodic due diligence processes, all suppliers, contractors, clients, and business partners 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. Any instances where it is identified that the supplier, customer, or transaction may present a heightened ESG risk, or 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 senior management approval.

4.4 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.

Furthermore, SMBC Group is engaging with stakeholders, including clients and investors, and sharing recognition of the respect for human rights to control adverse impact to human rights and to fulfill our responsibility for the respect of human rights. For example, SMBC introduced "ESG risk summary sheet" for major clients that fall under the Policies for Specific Sectors and Businesses to grasp the status for addressing environmental and social risks,

including the respect for human rights.

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 FY2022, nearly 29,000 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, an external expert was invited to conduct a study group on “business and human rights” for SMBC Group Management Committee executives in May 2022. The study group focused on “Business and human rights trends surrounding corporate supply chains”. 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 28/07/2023 and has been signed on behalf of the Board by Mr. Yoshihiro Hyakutome, Director and Senior Managing Executive Officer.

A handwritten signature in black ink, appearing to be 'Yoshihiro Hyakutome', is written over a horizontal line.

Yoshihiro Hyakutome
Director and Senior Managing Executive Officer
Sumitomo Mitsui Banking Corporation
Date: 10/08/2023