



SMBC Leasing (UK) Limited

Slavery and Human Trafficking Statement

**Financial year ending
31 March 2023**

Background

The Modern Slavery Act 2015 (the “Act”) of the United Kingdom 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 (the “Statement”) of SMBC Leasing (UK) Limited (SMBCL) for the financial year ending 31 March 2023.

The Statement has been prepared in accordance with the UK Home Office statutory guidance¹ on complying with Section 54 of the Act, and details the steps SMBCL has taken during the financial year to mitigate against the risks that Slavery and Human Trafficking are taking place in any part of its business or supply chains.

SMBCL’s structure, business and supply chains

SMBCL was incorporated in London, the United Kingdom, in 1986 under the Companies Act 1985 and SMBC Leasing and Finance, Inc. (“SMBC-LF”) acquired SMBCL from SMBC Leasing Co., Ltd. in 2006. Following an intra-group reorganisation of the UK leasing business in 2022, Sumitomo Mitsui Banking Corporation (“SMBC”), a Japanese banking institution owns 70% of SMBCL and Sumitomo Mitsui Finance and Leasing Company Limited (“SMFL”) owns 30% of SMBCL. SMBC is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group (“SMFG”), a financial services conglomerate that is also incorporated in Japan. SMFL is 50% owned by SMFG and 50% owned by Sumitomo Corporation.

SMBCL is engaged in the leasing of personal or real property, or acting as agent, broker or adviser in leasing of such property, in net, full-payout leasing transactions and making, acquiring or servicing loans, receivables and other extensions of credit.

See [https://www.smbcgroup.com/emea/group-companies/smbc-leasing-\(uk\)-limited/](https://www.smbcgroup.com/emea/group-companies/smbc-leasing-(uk)-limited/) for further details.

SMBCL relies upon a number of external suppliers to provide certain products or services that assist in the running of its business, including operating its offices. Suppliers are engaged for a variety of reasons, including the provision of expertise or resource that SMBCL may or may not possess itself.

¹ <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide>

SMBCL's stance on Slavery and Human Trafficking

The main principle guiding SMBCL's approach to Slavery and Human Trafficking is that it should not be involved, directly or indirectly, in the commission or facilitation of the offences specified by the Act.

SMBC Group is a signatory to the United Nations Global Compact, and the ten principles related to human rights, labour standards, environment, and anti-corruption measures. SMBC Group also participates in the "Industrial Federation for Human Rights, Tokyo", which aims to establish respect for human rights as part of core corporate culture through awareness raising and initiatives. SMBCL supports the SMBC Group Policy on Human Rights and Statement on Human Rights. As such, SMBCL is committed to protecting and respecting human rights in accordance with international human rights standards.

SMBCL demonstrates an on-going commitment 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, supply chain (including customers, contractors and suppliers), products, services, and staff activities.

SMBCL supports the SMBC Group aim to eliminate all forms of exploitative labour practices in its business and supply chains, including modern slavery, forced labour, human trafficking and child labour.

SMBCL 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 – Policies in relation to Slavery & Human Trafficking

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

SMBCL is governed by SMBC EMEA Division's compliance and financial crime framework and has a close relationship with SMBC Bank International plc (SMBC BI), as SMBC BI has day-to-day operational and management control of SMBCL. SMBCL adheres to SMBC EMEA Division's policies and standards as a result of the relationship.

SMBC BI stipulates within its EMEA Financial Crime Risk Appetite Statement that it will not knowingly establish or maintain a relationship with any entity that engages in or derives any revenue from, inter alia:

- Slavery or Human Trafficking; and/or
- Forced or child labour.



SMBC BI also stipulates within its EMEA Environmental, Social and Governance (ESG) Risk Statement that it will not knowingly provide support (e.g., financing, advisory services) for businesses involved in illegal, forced or child labour, or human trafficking.

SMBC BI has a well-established Anti-Slavery Policy, 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 to SMBC\ staff on what constitutes an offence, and the controls in place to mitigate the risk that SMBC\ may be directly or indirectly involved in the commission or facilitation of Slavery and Human Trafficking. The Anti-Slavery Policy and supporting documents are reviewed on a regular basis, in accordance with SMBC BI's governance strategy.

SMBC BI has specific policies which form its Financial Crime governance framework, including an Anti-Money Laundering/Combating of Terrorist Financing (AML/CTF) Policy, Anti-Bribery and Corruption (ABC) Policy, Defence Policy, Anti-Fraud Policy, Gifts and Entertainment (G&E) Policy, Sanctions Policy, and Trade Finance Financial Crime Policy. The Anti-Slavery Policy is aligned to, and is supported by, these policies. SMBC\ adheres to all policies within the Financial Crime governance framework.

Risk Assessment

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\ takes appropriate steps to mitigate the risk that Slavery and Human Trafficking may occur in its supply chain, or that its products and services may be used by a customer for the commission or facilitation of Slavery and Human Trafficking. When engaging suppliers, SMBC\ seeks assurances from them that they will comply with applicable laws and regulations.

SMBC BI conducts a risk assessment of countries, industry sectors, business activities, goods, and products, which have been reported to be involved in the potential commission or facilitation of Slavery and Human Trafficking, and undertakes the assessment of goods and industry sectors in line with the US Department of Labor's Bureau of International Labor Affairs (ILAB) List of Goods produced by Child Labor or Forced Labor².

SMBC\ also assesses ESG risks associated with its customers and suppliers, and any red flags that SMBC\ becomes aware of in relation to social impacts such as human rights abuses, impacts on

² 2020 List of Goods Produced by Child Labor or Forced Labor (dol.gov).

communities, social discrimination, forced labour, child labour, freedom of association, employment discrimination, occupational health and safety, and poor working conditions, will require escalation to the relevant internal committees for further consideration by senior management.

Certain business activities and relationships present a heightened ESG risk, and may only be considered on a restricted, case-by-case basis where there are potential social impacts. In the following cases further review and assessment will be required:

- Customer has a negative track record with ESG controversies;
- Customer is currently in violation of national and/or international ESG-related laws or regulations; and/or
- Customer is currently under an ESG-related management action plan or receiving comments or requests from relevant authority.

The Sustainability Risk Control Team has been established in SMBC BI to provide second-line-of-defence oversight of sustainability risks at the customer/transaction level. The team promotes integration of ESG into lending processes through ESG risk assessment tools, conducting ESG-related assessments and advising on material ESG issues facing customers. SMBCL is guided by SMBC BI and monitors ESG requirements accordingly.

As such, SMBCL continues to implement measures to ensure that Slavery and/or Human Trafficking are not taking place in its business and supply chains.

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.

SMBCL 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.

SMBCL applies a rigorous due diligence process when onboarding new suppliers and customers and regularly monitors their activities. This due diligence process includes, but is not limited to:

- Identification and verification;
- Determination of ESG risks by industry sector and business activity, ESG performance against relevant ESG-related laws or regulations, compliance with mitigation certifications/standards;
- Determination of where the suppliers, contractors, customers, and business partners are

based and operate;

- Analysis of the activity carried out by the suppliers, contractors, customers, and business partners; and
- Detailed review of publicly available information, in order to identify instances related to Slavery and Human Trafficking offences that may give SMBCL cause for concern.

Also, as part of its on-boarding and periodic due diligence processes, all suppliers, contractors, customers, and business partners are assessed to determine whether 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, SMBCL will seek to obtain an equivalent policy or document relating to their CSR, Human Rights etc.

In addition, in the course of conducting due diligence processes, all customers, business partners, suppliers and other third parties are subject to adverse news screening, incorporating specific terms relevant to Slavery and Human Trafficking. SMBC BI has invested in tools to enhance its capability to identify possible human rights-related risk events, including forced labour and human trafficking allegations.

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.

As a result, SMBCL may take the following course of action:

- Implementing mitigating steps to reduce the risk or setting up a structured engagement plan;
- Not establishing or renewing the relationship;
- Not offering certain products or services; or
- Ending the existing relationship.

Training

In order to ensure proper understanding of the risks posed by Slavery and Human Trafficking in the context of SMBCL's supply chains and business, SMBC BI provides training to SMBCL staff on Slavery and Human Trafficking and the requirements of the Act, incorporating relevant resources and due diligence requirements. SMBC BI also provides a framework of sustainability-related training under its Sustainability University framework, which comprises online resources and classroom sessions, and is available to all staff.

Members of staff are encouraged to report any instances of suspected Slavery and Human Trafficking identified in any part of SMBCL's business activities. The options for raising concerns and reporting are incorporated within SMBC BI's Speak-Up framework, including internal reporting lines, and SMBC BI's whistleblowing programme.

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 SMBCL 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 SMBCL's own staff are being treated in line with local laws and regulations, and are not victims 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 authorised 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.

Contact

Questions, comments and requests regarding this Statement are welcomed and should be addressed to GBLOLFCompliance [@gb.smbcgroup.com](mailto:gb.smbcgroup.com)

Approval

This Statement was approved by the SMBCL Board of Directors and has been signed on behalf of the Board by Mr Lawrence Butcher, Managing Director.

Lawrence Butcher

August 2023