

Slavery and Human Trafficking Statement

Financial year ending 31 March 2021

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 Bank International plc (SMBC BI) for the financial year ending 31 March 2021.

The Statement has been prepared in accordance with the UK Home Office statutory guidance¹ on complying with Section 54 of the Act. SMBC BI acknowledges the future changes to the reporting requirements under the Act, including the mandating of key topics and the introduction of a public registry of modern slavery statements.

SMBC BI’s structure and business

SMBC BI is a commercial bank authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA, and is incorporated in England and Wales.

SMBC BI is a wholly owned subsidiary of Sumitomo Mitsui Banking Corporation (SMBC), which is a Japanese banking institution. SMBC is in turn a wholly owned subsidiary of Sumitomo Mitsui Financial Group (SMFG), a financial services conglomerate that is also incorporated in Japan.

SMBC BI has a permanent presence in the United Kingdom and France (SMBC BI Paris branch), and carries out the majority of its activities in Europe, the Middle East and Africa. SMBC BI offers a wide range of wholesale banking products and financial solutions, including, but not limited to:

- Aviation Finance
- Cash Management
- Corporate Banking
- Deposits & Foreign Exchange
- Financial Institutions
- Islamic Finance
- Leasing Finance
- Leveraged Finance
- Loan Capital Markets
- Maritime Finance
- Project Finance
- Real Estate Finance
- Reserves Based Lending
- Securities & Derivatives
- Structured Credit Investments
- Structured Export Finance
- Trade Finance

See <https://www.smbcgroup.com/emea/products-services/> for further details.

Further information on SMBC BI’s business can be found in our annual report and financial statements, which can be accessed at <https://www.smbcgroup.com/emea/notices-and-reporting/corporate-disclosures/>.

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

SMBC BI's stance on Slavery and Human Trafficking

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

The main principle guiding SMBC BI'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 BI 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.

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

Governance

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

SMBC BI has established an 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 BI staff on what constitutes an offence, and the controls in place to mitigate the risk that SMBC BI 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 an annual 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, Anti-Fraud Policy, Gifts and Entertainment (G&E) Policy, and Trade Finance Financial Crime Policy. The Anti-Slavery Policy is aligned to, and is supported by, these policies.

Risk Assessment

SMBC BI has enhanced its risk assessment of countries, industry sectors, goods and products, which have been reported to be involved in the potential commission or facilitation of Slavery and Human Trafficking. Specifically, the assessment of goods and industry sectors has been updated 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.

Due Diligence

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

SMBC BI 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 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

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

not in scope of the Act, SMBC BI 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.

Supply Chain and Customers

SMBC BI 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 BI 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. This due diligence process includes, but is not limited to:

- Identification and verification;
- 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 SMBC BI cause for concern.

SMBC BI has enhanced these steps by producing more detailed guidance, which provides information on equivalent CSR and Environmental, Social and Governance (ESG) policies, as well as countries, industry sectors, goods and products identified as having a higher risk of Slavery and Human Trafficking.

Furthermore, in relation to trade finance business, controls have been established to mitigate the risk of the possible commission or facilitation of Slavery and/or Human Trafficking. All trade finance transactions are subject to checks to obtain reasonable assurance that the goods have not been produced by forced, trafficked or child labour. Additional checks are undertaken where the industry sector or country of origin are known to allow, tolerate or encourage forced, trafficked or child labour.

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

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

Staff

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

Members of staff are encouraged to report any instances of suspected Slavery and Human Trafficking identified in any part of SMBC BI'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 SMBC BI to demonstrate that no relevant offences are committed within its premises and/or in relation to its own staff. Human Resources have the responsibility to demonstrate,

through the introduction of appropriate controls, that SMBC BI's own staff are being treated in line with local laws and regulations, and are not victim of any of the relevant offences as a result of their employment.

Slavery and Human Trafficking

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

- Slavery, servitude and forced or compulsory labour;
- Sexual exploitation, including all offences contemplated in the Part 1 of the UK Sexual Offences Act 2003;
- Removal and trafficking of organs outside the context of 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 smbcimsa@gb.smbcgroup.com.

Approval

This Statement was approved by the SMBC BI Board of Directors and has been signed on behalf of the Board by Mr Keiichiro Nakamura, Chief Executive Officer.

Keiichiro Nakamura

July 2021