

SMBC BANK INTERNATIONAL

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 Bank International plc (SMBC BI) 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 SMBC BI 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.

SMBC BI's structure, business and supply chains

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
- Structured Credit Investments
- Structured Export Finance
- Trade Finance
- Subscription & Fund Finance
- Infrastructure Fund Finance

See <https://www.smbcgroup.com/emea/> 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-reporting/corporate-disclosures/>.

SMBC BI 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 SMBC BI may or may not possess itself.

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

SMBC BI's stance on Slavery and Human Trafficking

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 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. SMBC BI supports the SMBC Group Policy on Human Rights and Statement on Human Rights. As such, SMBC BI is committed to protecting and respecting human rights in accordance with international human rights standards.

SMBC BI demonstrates an ongoing 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 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.

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 - Policies in relation to Slavery & Human Trafficking

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, which mitigate and manage these risks, are made in a timely way.

SMBC BI stipulates within its 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 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 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 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.

Risk Assessment

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

As such, SMBC BI 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.

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.

SMBC BI 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 SMBC BI 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, SMBC BI will seek to obtain an equivalent policy or document relating to their CSR, Human Rights etc.

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

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.

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 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, SMBC BI 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 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. 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 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 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 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 Hideo Kawafune, Chief Executive Officer.

Hideo Kawafune

July 2023