

# Slavery and Human Trafficking Statement

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**Financial year ending 31 March 2022**

## **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 2022.

The Statement has been prepared in accordance with the UK Home Office statutory guidance<sup>1</sup> on complying with Section 54 of the Act. SMBCL 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.

## **SMBCL's structure and business**

SMBCL is incorporated in London, the United Kingdom, in 1986 under the Companies Act 1985.

Following intra-group reorganisation of the UK leasing business in 2022, Sumitomo Mitsui Banking Corporation, a Japanese banking institution ("SMBC") 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 [www.smbcgroup.com/emea/smbcl](http://www.smbcgroup.com/emea/smbcl) for further details.

## **SMBCL's stance on Slavery and Human Trafficking**

SMBCL 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 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.

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 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

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

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 operational and management control of SMBCL. SMBCL adheres to SMBC EMEA Division's policies and procedures as a result of the relationship. 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, and SMBCL adheres to the Anti-Slavery Policy.

The Anti-Slavery Policy is supplemented by procedures and detailed guidance to SMBCL staff on what constitutes an offence, and the controls in place to mitigate the risk that SMBCL 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. SMBCL adheres to all of 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 Labor<sup>2</sup>. SMBCL adheres to these risk assessments through the process and interactions with SMBC BI.

## 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.

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.

## Supply Chain and Customers

SMBCL 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.

SMBCL 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 SMBCL cause for concern.

SMBC BI has produced 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. SMBCL is guided by SMBC BI and monitors ESG requirements.

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, SMBCL 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.

## **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, training is provided to SMBCL 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 SMBCL's business activities. As SMBCL is governed by SMBC EMEA Division's compliance and financial crime framework, the options for raising concerns and reporting are available 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 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 [leaseadmin@gb.smbcgroup.com](mailto:leaseadmin@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, President.

Lawrence Butcher

April 2022

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1. <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide>
  2. 2020 List of Goods Produced by Child Labor or Forced Labor (dol.gov).