



# Sumitomo Mitsui Banking Corporation

## Modern Slavery Statement

### in accordance with the *Modern Slavery Act 2018* (Commonwealth of Australia)

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

Australian registered office: Level 35, The Chifley Tower, 2 Chifley Square, Sydney, New South Wales Australia

#### Financial year ended 31 March 2021

#### 1. SMBC as Reporting Entity

Sumitomo Mitsui Banking Corporation ARBN 114 053 459 (**SMBC**) is the reporting entity giving this modern slavery statement (**Modern Slavery Statement**) in accordance with the *Modern Slavery Act 2018* (Cth) (the **Act**).

The Act requires 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 and the operations and supply chains of any entities that it owns or controls.

#### 2. SMBC's structure, operations and supply chains

SMBC is an international banking institution licensed and regulated by the Japanese Financial Services Agency (**JFSA**) and is incorporated in Japan.

##### Sumitomo Mitsui Financial Group, Inc.

SMBC is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc. (**SMFG**) and is 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 first section of the Tokyo Stock Exchange and the Nagoya Stock Exchange. SMFG's American Depositary Receipts are also listed on the New York Stock Exchange.

As at 31 March 2021 SMFG's capital was 2,341 billion yen.

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 Banking Business Unit and the Global Markets Business Unit.

SMBC Group's overseas network currently comprises offices in more than 40 countries and regions. As at 31 March 2021, SMBC Group had approximately 86,781 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/annual.html>

### **Sumitomo Mitsui Banking Corporation and group companies**

SMBC and group companies offer a broad range of financial services centered on banking and are also engaged in the leasing, securities, credit card, investment, mortgage securitisation, venture capital, derivatives and other credit related businesses.

SMBC has operations across the world, including in Australia, Japan and other parts of Asia, the United Kingdom, Europe, the Middle East, Africa and the Americas.

SMBC, in addition to branch operations, has an extensive global network of group entities which it either owns or controls.

These group entities operate throughout these regions providing the financial services and credit related businesses described above to SMBC's global network of customers.

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 here:

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

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

As at 31 March 2021, SMBC employed 28,104 employees.

### **SMBC in Australia**

SMBC established its presence in Australia in 1984 through its representative office in Sydney, New South Wales. Subsequently, SMBC became registered in Australia with the Australian Securities & Investments Commission as a registered foreign company (ARBN 114 053 459) and holds an Australian Financial Services Licence (AFSL number 288519). SMBC is also authorised by the Australian Prudential Regulation Authority to operate in Australia as an authorised deposit-taking institution.

SMBC's Australian operations are based in Sydney, New South Wales and Perth, Western Australia. SMBC's registered office in Australia is Level 35, The Chifley Tower, 2 Chifley Square, Sydney, New South Wales Australia. For the purposes of this Modern Slavery Statement, references to "SMBC Sydney Branch" are intended to refer to all of SMBC's Australian operations.

In Australia, SMBC provides corporate lending, financial advisory and derivatives services, project, trade and lease financing and securitisation and structured debt financing for wholesale customers only. The Australian operations form part of the Global Banking Unit of SMBC.

Further information on SMBC's global and Australian businesses can be accessed at: <https://www.smbc.co.jp/global/>; and <https://www.smbc.co.jp/asia/australia/>

## **SMBC supply chain**

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 corporate 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 in which SMBC has operations.

Further, SMBC is connected with many thousands more 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 the financial year ended 31 March 2021) for SMBC Sydney Branch relate to information technology equipment and software; rent; information services; market research; hospitality (including business travel); telecommunications; and professional advisers.

The arrangements SMBC Sydney Branch 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, there is a potential risk that elements of the supply chain are engaging in modern slavery practices, particularly parts of the supply chain relating to the supply of goods and services.

The risk is increased in relation to suppliers to SMBC's operations in developing countries and regions. For example, SMBC operates in a number of jurisdictions rated as high risk for modern slavery by the Global Slavery Index.

In these countries, jurisdiction risk means that some local suppliers have increased modern slavery risk when compared to similar suppliers from lower risk jurisdictions, such as Australia.

Using the Global Slavery Index 2018 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.

However, and as noted above, SMBC relies on service providers who do operate in some of these sectors, most notably in IT services (including telecommunications) and hospitality and cleaning.

SMBC's supply chain includes a number of products that have been linked with modern slavery. For example, according to the Global Slavery Index 2018, 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 rely heavily on the use of laptops, computers and mobile phones.

While SMBC (through its risk control processes; see section 4 below) 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 Sydney Branch engages various third parties to provide services, such as Australian 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 chain, particularly given that most of these services are heavily reliant on IT hardware and software. These providers are assessed for their approach to managing modern slavery risk.

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 operations and supply chains is representative of the risks in the operations and 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. SMBC's control processes in respect of these risks are set out in section 4 below.

#### **4. SMBC's actions to assess and address risks of modern slavery practices**

##### **SMBC Group's commitment to human rights**

SMBC Group believes that it has an ethical responsibility to promote human rights by showing respect for human rights through its own behaviour and by sharing its ethos with its customers.

As a signatory to the United Nations Global Compact, the SMBC Group is 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 "Universal Declaration of Human Rights," the "ILO Declaration on Fundamental Principles and Rights at Work," the "ISO 26000" guidelines on the social responsibilities of organisations, and the "Guiding Principles on Business and Human Rights" advocated by the UN Human Rights Council in 2011.



Further information on SMBC Group's commitment to sustainability can be found here: [https://www.smfg.co.jp/english/sustainability/group\\_sustainability/management/](https://www.smfg.co.jp/english/sustainability/group_sustainability/management/).

During FY2020, SMBC Group enhanced its Statement on Human Rights, which recognises the ethical responsibility of SMBC Group to support and respect the protection of internationally proclaimed human rights and to prevent complicity on human rights violations. As noted in its statement, through dialogue and collaboration with stakeholders, SMBC Group aims to eliminate all forms of exploitative labour practices in its business and supply chains, including modern slavery, forced labour, human trafficking and child labour.

Further information in relation to SMBC Group's commitment to human rights can be found here: [https://www.smfg.co.jp/english/sustainability/group\\_sustainability/forrights/](https://www.smfg.co.jp/english/sustainability/group_sustainability/forrights/)

SMBC Group has positioned the sustainable development of society as a key issue and in October 2018 the establishment of its Corporate Sustainability Committee enables SMBC Group to better carry out related initiatives.

SMBC Group acknowledges its obligation to respect human rights and acknowledges its responsibilities in an evolving area. SMBC Group is committed to an ongoing review and assessment of its business practices and approach to human rights in light of changing global circumstances.

SMBC Group is committed to maintaining and improving systems and processes to mitigate the risk that it might be involved in the commission of slavery and human trafficking in any part of its operations, customers and supply chain (including contractors and suppliers), products, services and employee activities.

SMBC Group's policies and procedures, including, where applicable, those relating to modern slavery risks, are reviewed on a regular basis for applicability and appropriateness.

Screening for connections to jurisdictions with human rights issues is conducted on an ongoing basis.

SMBC in the UK implemented an Anti-Slavery Policy in 2015. This was expanded in 2018 to the SMBC EMEA Anti-Slavery Policy and is applicable to all SMBC branches in the EMEA region. The Policy states that in the spirit of best practice, SMBC seeks to ensure that slavery and human trafficking are not taking place in any part of its businesses or supply chains.

Certain group entities within SMBC's operational control in EMEA have published Slavery and Human Trafficking Statements, which provide disclosures concerning their respective efforts to address the issues of slavery and human trafficking. These statements can be accessed here:

SMBC:

<https://www.smbc.co.jp/aboutus/english/csr/>

SMBC Bank International plc (formerly SMBCE):

<https://www.smbcgroup.com/emea/notices-and-reporting/corporate-disclosures/#trafficking>

SMBC Nikko Capital Markets (London):

<http://www.smbcnikko-cm.com/corporate/our-policies/slavery-trafficking.html>



## **SMBC's actions in connection with its workplace environment**

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'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 and its group entities within its operational control require their employees to adhere to the same high standards that it has committed to in respect of human rights, with employees agreeing as part of their employment terms to adhere to various codes of conduct and other organisational policies which require employees to comply with all applicable laws and regulations, which includes those relating to modern slavery.

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 centre, telephone, and website. Employees can raise their concerns via dedicated internal whistle-blowing channels

Additionally, in order to ensure proper understanding of the risks posed by modern slavery and human trafficking, SMBC Sydney Branch is including modern slavery and human trafficking risks as well as due diligence measures undertaken in its compliance training program.

### **Customers**

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 child labour is, or may, be taking place or is likely to take place.

In addition, and by way of example, SMBC Sydney Branch, as part of its anti-money laundering compliance responsibilities, undertakes due diligence on its customers at both the on-boarding stage and at regular periods thereafter. This 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.

Further, 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, 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.

SMBC Group commissioned an independent external party (Ernst & Young ShinNihon LLC) to review a number of transactions for the year ended 31 December 2019 regarding their compliance with the Equator Principles, including 64 Project Finance transactions closed in 2019; 12 Project Related Corporate Loans closed in 2019; and 24 Finance Advisory Transactions mandated in 2019.

An Independent Assurance Report was issued by Ernst & Young ShinNihon LLC on 1 June 2020, wherein no adverse finding or non-compliance had been noted.

### **SMBC's actions in connection with its supply chain**

In FY2020, SMBC Group outsourcing due diligence program was enhanced to ensure an assessment and monitoring of all vendors/service providers (regardless of whether the service is considered to be outsourcing) is undertaken at least annually. The three areas of focus include the Japanese Anti-Social Forces Screening, Anti-Bribery and Corruption Due Diligence and Modern Slavery Due Diligence.

Prior to outsourcing any relevant function to a third party, a due diligence assessment of modern slavery risk must be completed so as to confirm that the relevant third party is not engaged in modern slavery.

For SMBC Sydney Branch, 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.

As part of its vendor/service provider review, SMBC Sydney Branch undertook modern slavery due diligence on 106 active vendors/service providers, including whether the vendor has an appropriate program to manage and mitigate modern slavery risks. In addition, for monitoring purposes, SMBC Sydney Branch undertook additional due diligence on vendors for any adverse or negative news to ensure no other information arose with regard to human rights issues in vendors' supply chains.

In addition, if as a result of the assessment it is determined that any service would pose a significant risk to SMBC, then the office should take appropriate remedial measures. Should this arise, SMBC Sydney Branch will consider whether it is appropriate to escalate the matter with the relevant supplier or law enforcement agency, subject to its obligations under law. 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.

**5. SMBC's methods to assess effectiveness of actions to assess and address modern slavery risks**

Modern slavery risk review has been introduced in SMBC Group global compliance risk assessment framework.

Consistent with 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**

SMBC Sydney Branch requested specific feedback using a questionnaire from overseas offices/branches/subsidiaries and other group entities within SMBC's operational control through the head office and regional head offices in order to prepare the initial statement. This consultation was facilitated through the global compliance framework. Given the addition of Modern Slavery in the global compliance risk assessment, this assessment program remains 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.

**Approval**

This Statement was approved by the SMBC Board of Directors on 30/07/2021 and has been signed on behalf of the Board by Mr. Tetsuro Imaeda, Director and Senior Managing Executive Officer.

A handwritten signature in black ink, appearing to read 'Tetsuro Imaeda', is written over a light blue horizontal line.

Tetsuro Imaeda

Director and Senior Managing Executive Officer

Sumitomo Mitsui Banking Corporation

Date: 06/09/2021