

## **Lazari Financial Holdings Limited**

### **Modern Slavery and Human Trafficking Statement 2024**

#### **Introduction**

Lazari Financial Holdings Limited ("LFHL") and its two wholly owned subsidiaries are committed to practising ethical business operations and upholding internationally recognised human rights. This statement is relevant to LFHL and its two subsidiary companies:

- Lazari Finance Limited ("LFL"); and
- Lazari Finance 2 Limited ("LF2L")

together referred to as ("Lazari".)

We have used the corporate reporting requirements set out in the UK's Modern Slavery Act 2015 (the "Act") as an opportunity to evaluate our business activities and our interactions with stakeholders. This exercise has helped us identify our areas of strength and those which require improvement.

Lazari is dedicated to ensuring that neither our business dealings nor our supply chain is involved in modern slavery or human trafficking. This is our third modern slavery statement (the "Statement") and it sets out the steps taken to address modern slavery up to 31 March 2024 and the commitments we intend to make over the next 12 months.

#### **Our Business**

LFHL is a money lending company incorporated on 6 September 2017. Its wholly owned subsidiaries, LFL and LF2L, are both Annex I Institutions, registered with the Financial Conduct Authority (the "FCA"), which advance funds to external parties as well as to other companies within the Lazari Group. The four Lazari directors oversee the decision making and management of the business. Lazari has no employees, but its operations are run by the employees of Lazari Investments Management Limited.

#### **Our Policies & Processes**

Lazari has in place Compliance Policies which set out our modern slavery, anti-bribery, anti-fraud, anti-money laundering, anti-tax evasion and sanctions policies, procedures and controls, as well as additional compliance guidance. The Compliance Policies apply to Lazari's directors, intermediaries and persons operating under the control of Lazari. We update the Compliance Policies with the support of external compliance advisers, to ensure they accurately reflect our current legal and compliance requirements, corporate governance standards, reflect our risk profile and embed a strong control framework. Since our last Statement, and following feedback from our community, we have added a Compliance Policy Executive Summary, which aims to make the policies easier to decipher and digest. Our on-going objective is to identify, assess and mitigate compliance risks and implement a robust compliance culture with a strong and clear tone from the top.

**Modern Slavery** - Within the Compliance Policies, our Modern Slavery Policy sets out our commitment to implementing and enforcing effective systems and controls to try and ensure modern slavery is not taking place anywhere in Lazari's business or supply chain. It references this Statement and extends the Lazari commitment of zero tolerance to modern slavery to all persons working with, for, or on behalf of Lazari. In line with the UN Guiding Principles for Business and Human Rights, Lazari believes that as a business we have a particular responsibility to respect children's rights through our business activities. We will continue to identify and respond to the risks that are identified in our business and supply chains and are committed to improving our working practices. Modern Slavery training was most recently delivered during an in-person compliance workshop held in 2023, a recording of which was available for those who were unable to attend.

In addition to our specific human rights, modern slavery and human trafficking policies, we also have in place strong due diligence procedures and supporting policies in relation to the following:

**Corporate Social Responsibility** - Established in 2017, the Lazari family founded a charitable foundation called the Christos Lazari Foundation. The Foundation donates to many charitable causes, many of which are based locally. The Foundation was established through an income generative investment property that was transferred from Lazari by way of a charitable donation. We intend on maintaining the work of the Foundation and continuing to give back to the community through our social and charitable initiatives. During the financial year ending 31 March 2024, the Foundation made 15 donations to various charities and other good causes which align with the Foundation's charitable objectives. These donations amounted to £120,272.

We have aligned our ESG goals with the UK government's ambition of improving energy efficiency and reducing greenhouse gas emissions. At Lazari, we continue to actively monitor and limit emissions, and have previously successfully reduced our emissions year on year, whilst having implemented and followed waste recycling and minimisation initiatives. We have also adopted Energy Performance and Carbon Emission targets for both the development pipeline and the operational performance of our existing portfolio. We are committed to investing in new technology to enhance our energy efficiency and we regularly modernise our equipment to improve functionality and employ locally where feasible to reduce our carbon footprint. 100% of our purchased electricity is from renewable sources and is REGO backed.

As part of our recognition of the growing importance of ESG factors, we also ensure that we are aware of the key sustainability factors underpinning the investments we make. For example, we have ensured that all new loans in 2024 include a requirement for the proposed borrower to provide ESG commentary related to the loan's use in their asset management plan, which is periodically updated.

**Anti-Money Laundering ("AML")** - We use a risk-based approach to protect Lazari from any involvement in money laundering or terrorist financing through our business transactions or third parties. Our risk assessments and Know Your Customer processes are proportionately conducted in line with the nature, scale and complexity of the relevant entity or proposed activities. A review of our findings and records is conducted annually. This AML due diligence is applied to all prospective borrowers of LFL and LF2L who are asked to complete a Know Your Customer form

and provide certain identity documents. The forms and the borrowers must be approved before any lending agreement / advance of funds is agreed.

Moreover, since receiving a Dear CEO Letter from the FCA in March 2024, we have taken the time to review LFL and LF2L's existing financial crime compliance framework by conducting an AML Gap Analysis and Risk Assessment. This assessment analysed the inherent AML risks and considerations relevant to the structure of the companies' businesses, and looked into the business's financial crime compliance and relevant policies and how well those policies are adhered to. This allowed us to identify the gaps in existing policies, procedures and processes and implement changes.

In 2024, LFL also paid its first instalment of the Economic Crime Levy to help fund the UK government's efforts at combating economic crime such as money laundering, fraud, and other financial misconduct. LF2L was not required to pay the levy.

**Anti-Bribery and Corruption** - To protect Lazari's integrity, reputation and third-party confidence, we are fully committed to the prevention and detection of bribery and corruption during the course of our business, and we apply a zero-tolerance policy to any such behaviour which can be construed as falling below the expected standards in this regard.

**Fraud** - Lazari expects all who work with it or on behalf of it to act honestly and with integrity and to safeguard the resources for which they are either directly or indirectly responsible.

### **Risk Assessment, Prevention and Mitigation**

We continue to recognise that commercial real estate and associated lending is a high-risk sector for modern slavery and human rights issues. As such we are mindful of the risks involved in this industry and are committed to ensuring that we have carried out risk assessments and have the policies and procedures in place to reduce our risk exposure. We aim to build and develop enduring and transparent relationships with key stakeholder groups, including our borrowers.

### **Training**

Although Lazari has no employees, we understand that all those Lazari Investments Management Limited employees who work with us were provided with training which included topics such as modern slavery; money laundering; bribery and corruption; and the facilitation of tax evasion, amongst others. Following the training workshop, those attendees were asked to complete declarations to confirm that they had understood the content and its application to their work. These declarations are stored centrally.

### **Key Performance Indicators**

We are pleased to report that in the last year, and since the incorporation of Lazari, we have received no complaints concerning the suspicion or actual knowledge of modern slavery or human trafficking in our business or our supply chain.

We will continue to monitor our business and supply chain and report on any complaints raised

internally or externally.

### **Our Commitments**

We are committed to ensuring the elimination of modern slavery in both our own business activities and in our supply chain. Lazari's commitment to the elimination of modern slavery and human trafficking is codified in our existing Compliance Policies, which also set out how we ensure compliance with the Act.

Lazari presents its future vision and business updates at its regular Town Halls. The commitments we intend to make over the next 12 months, in order to further combat risks related to modern slavery both in our business and our supply chain, include:

- Implementing further updates to our Compliance Policies in line with any change in our risk profile and following the additional findings from our AML Gap Analysis and Risk Assessment;
- Building a business strategy to enhance equality and prevent discrimination in the workplace and across our supply chain;
- Responding to any changes that come out of the Modern Slavery Act 2015 Committee House of Lords consultation report; and
- Monitoring the financial crime risks facing our business in light of the ever-changing social regulatory landscape and responding accordingly through our working practices.

### **Approval**

This statement is made pursuant to and for the purposes of section 54(1) of the UK's Modern Slavery Act 2015 and has been formally approved by Maritsa Lazari on behalf of the Board of Directors of Lazari Financial Holdings Limited and its wholly owned subsidiaries.

Signature: *M. Lazari*

Date: *30/9/2024*

Published by Lazari Financial Holdings Limited and its wholly owned subsidiaries.