

Modern Slavery Statement 2021



Purpose

This Modern Slavery Statement (**Statement**) is a joint statement made by Judo Capital Holdings Limited (ABN 71 612 862 727) (ASX: JDO) and its wholly-owned subsidiary Judo Bank Pty Ltd (ABN 11 615 995 581) (together, **Judo, we, us, our**) pursuant to the **Modern Slavery Act 2018** (Cth) (**MSA**). This Statement is in respect of the financial year beginning 1 July 2020 and ending 30 June 2021 (**Reporting Period**) and covers the operations and supply chains of all reporting entities in the Judo group.

The purpose of this Statement is to describe the steps Judo has taken to identify the risks of modern slavery practices in its collective operations and supply chains. The actions taken by Judo during the Reporting Period to identify, assess and address those risks, including due diligence and remediation processes, are set out in this Statement.

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• 1 Introduction

This is Judo's inaugural Statement. Judo recognises that 'modern slavery' is an umbrella term that encompasses abhorrent practices involving coercion, threats or deception to exploit victims including:

- human trafficking
- slavery
- servitude
- forced labour
- deceptive recruiting for labour or services
- debt bondage
- child labour

Judo acknowledges that modern slavery can occur in every industry and sector, including the financial services sector.

Judo holds itself to the highest ethical, compliance and behavioural standards and is committed to helping to eliminate modern slavery in general, and to maintaining a supply chain that meets equivalent standards, as we believe that there is no place for modern slavery in our community, in our business or in our supply chain.

This Statement may refer to matters or events occurring after 30 June 2021. Where the Statement contains forward-looking statements, these are not statements of fact, and actual events or outcomes may differ materially from the events or outcomes expressed or anticipated in this Statement, some of which may be beyond our control.



• 2 Who we are

Judo Capital Holdings Limited (ABN 71 612 862 727) is an Australian public company registered in Victoria, and headquartered in Melbourne, and is listed on the Australian Securities Exchange (**ASX**).

Built from the ground up by a team of deeply experienced and highly credentialed business banking professionals, Judo is Australia's only bank dedicated to small and medium enterprises (**SMEs**). Our relationship-based model and legacy-free digital platform uniquely position us against the major banks – particularly in the current environment, where our service proposition to SMEs has never been more important.

Since Judo obtained its banking licence in April 2019, we have provided over \$3.5 billion of funding into the SME sector (as at 30 June 2021) and offer a straightforward, yet innovative, range of retail and commercial deposit and lending products to retail, SME and institutional customers.

At 30 June 2021, all of our permanent and casual employees were based in Australia. We are a wholly Australian-domiciled business, and do not have any offshore subsidiaries, branch offices or service centres.

More information about us is available at:
<https://www.judo.bank/about-judo>



• 3 Our purpose and our values

Our purpose is to be the most trusted SME business bank in Australia and our culture is founded on four fundamental values – *Trust, Teamwork, Accountability and Performance* – which guide and direct Judo behaviours (how we think, talk and act) on a daily basis.

We are committed to avoiding human rights harm and helping to eliminate modern slavery. Our purpose and our values underpin our approach to identifying, assessing and mitigating modern slavery risks in our operations and our supply chain.



Trust

The foundation of our purpose, the core of our relationships.



Teamwork

We're not a team of champions. We are a champion team.



Accountability

Make the decision and own it. Keep your promises.



Performance

Make today better, stronger and faster than yesterday.



• 4 Our structure, operations and supply chains

Judo Capital Holdings Limited, the parent company of Judo Bank Pty Ltd, was founded in 2016 and listed on the ASX on 1 November 2021. At 30 June 2021, Judo had 320 full-time equivalent employees spread across 12 national locations (Melbourne, Sydney, Brisbane, Perth, Adelaide, Canberra, Hobart, Geelong, Newcastle, the Sunshine Coast, the Gold Coast and Launceston).

Judo operates in a highly regulated industry, and is overseen by regulators including the Australian Prudential Regulation Authority (**APRA**), the Reserve Bank of Australia (**RBA**), the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission, the Office of the Australian Information Commissioner and the Australian Taxation Office.

At 30 June 2021, Judo maintained four warehouse facilities, which are revolving facilities under which Judo periodically assigns loan receivables to a special purpose vehicle warehouse funding trust, and also entered into a rated self-securitisation transaction for the purposes of accessing the RBA's term funding facility. Our funders include the RBA, and a range of Australian-regulated and international financiers.

Judo does not maintain physical bank branches and focuses on SME lending (bank guarantees, business loans, lines of credit, asset finance), associated home lending to new or existing SME customers and consumer and commercial term deposits, supported by our specialist frontline bankers and analysts, and distributed through a network of approved or accredited Australian:

- lending and term deposit brokers;
 - aggregator networks;
 - comparison websites; and
 - professional services referrers,
- and a digital online term deposits channel maintained by Judo.



At 30 June 2021, Judo did not provide transactional banking, non-cash payment products or foreign exchange services and had no correspondent banking relationships.

Government health settings and restrictions permitting, Judo's products and services are delivered by its circa 320 employees through a combination of face-to-face interactions at its 12 offices around the country, at a customer's premises and/or via Judo's IT and communications systems. Our call centre function is wholly based onshore in Melbourne, Australia.

Our customers are primarily Australian citizens, Australian permanent residents or Australian tax resident entities. Judo does not maintain any operations in foreign jurisdictions.

Building and maintaining strong, strategic, mutually productive and lasting relationships founded on respect, trust and ethical dealing, are key to our procurement and supply chain strategy.

At 30 June 2021, our supply chain comprised circa 186 first-tier (**Tier 1**) suppliers, with 156 of these headquartered or based in Australia (representing circa 84% of all our Tier 1 suppliers) and the remaining 30 suppliers (representing circa 16% of all our Tier 1 suppliers) headquartered or based in:

- New Zealand;
- the United States of America;
- the United Kingdom;
- Switzerland; and
- Nepal,

noting that New Zealand, the United Kingdom and Switzerland have each ratified the International Labour Organization's legally binding *Protocol of 2014 to the Forced Labour Convention, 1930 (Convention)* requiring ratifying States to take measures regarding prevention, protection and remedy in giving effect to the Convention's obligation to suppress forced labour, while Nepal has ratified the Convention.

Broadly, our Tier 1 suppliers provide us with products, goods and/or services in the following sectors:

- **IT and technology**
Including services, infrastructure, applications, software, data analytics and equipment to support our digital distribution channels, our banking products and services, identity verification of customers and business partners, flexible working arrangements, payment processing and our customer support staff
- **Recruitment**
Including recruitment, training and temporary and permanent workforce management
- **Facilities management**
Including security, logistics and property management services (such as furnishings, cleaning and servicing)
- **Legal and settlement**
Including legal and settlement services supporting our deposit and lending products and Treasury function
- **Funding**
Our financiers (including the RBA)
- **Marketing & digital services**
Including customer engagement, data analytics, publications, advertising, disclosure documents, merchandise
- **Administration**
Including travel, courier/delivery, office supplies, catering and consumables

We consider that our 'Tier 2' and below suppliers (ie indirect suppliers who supply our Tier 1 suppliers) would provide similar products and services to our Tier 1 suppliers including products, goods and/or services related to:

- IT and technology;
- Legal, funding and other professional services;
- Marketing and digital services; and
- Facilities management and administration services.

• 5 Risks of modern slavery practices in our operations and supply chains

5.1 Our operations

We consider that in our operations, the risks of modern slavery practices are low. At 30 June 2021, all circa 320 Australian-domiciled employees occupied skilled and/or professional roles and were remunerated and employed in accordance with Australian labour and modern slavery laws. As noted in **Section 4**, Judo does not maintain any operations or branches, or utilise any support centres, in foreign jurisdictions outside Australia. As our investments would be considered part of our operations for the purposes of this Statement, Judo considers our investments to have low modern slavery risks as Judo largely invests in externally rated Australian Treasury, government, semi-government, authorised deposit-taking institution and asset-backed securities or instruments. Judo does not consider that it operates an 'investment business' and, at 30 June 2021, did not hold any foreign investments.

5.2 Our customers and distributors

Judo considers that the risks of modern slavery within its financial products and services, including lending operations, are low because:

- its lending activities largely involve Australian SMEs with loans secured by Australian real estate or assets, which we consider are lower risk for facilitating the flow of funds to activities involving modern slavery.
- Judo's lending activities must be consistent with its current 'Environmental, Social and Governance' (ESG) appetite and ESG Policy, which have a focus on avoiding human rights harm.
- as noted in **Section 4** above, our customer term deposits relate to retail, SME or institutional investors domiciled or tax resident in Australia, which we consider are lower risk for facilitating activities involving modern slavery.

5.3 Our supply chain

Judo considers a relatively low degree of modern slavery risk may arise in relation to its Australian-based suppliers because of Australia's strong labour and modern slavery protections, and because many of our domestic suppliers provide professional services (including legal, financial, data analytics, data security and IT services) and employ qualified personnel, primarily under Australian labour laws.

Judo's Tier 1 supply chain does not include high risk industries including:

- agriculture;
- electronics manufacture;
- fashion/textiles manufacture;
- construction; or
- extractive/mining/resources.

Our third-party supply chain is relatively simple, and largely supports our provision of banking-related products and services.

Further, of our suppliers that are headquartered or based offshore (see **Section 4**), we consider these to be relatively low risk for modern slavery as the goods, products or services supplied by them are largely office-based or professional activities only. Additionally, none of our suppliers are based in any of the 10 countries whose governments have been identified as taking the least action to respond to modern slavery (as noted in the 2018 Global Slavery Index).

5.4 Judo's actions for the next reporting period

Judo's contractual arrangements with our Tier 1 suppliers vary depending on the materiality or value of the goods or services procured and take the form of written agreements which vary by term and value.

Judo has identified the potential for modern slavery risks in the following three categories of suppliers:

- **IT and technology**

Hardware that is likely to be manufactured in foreign jurisdictions, or Tier 1 supplier support staff in foreign jurisdictions, over which Judo has little or no oversight or control

- **Facilities management**

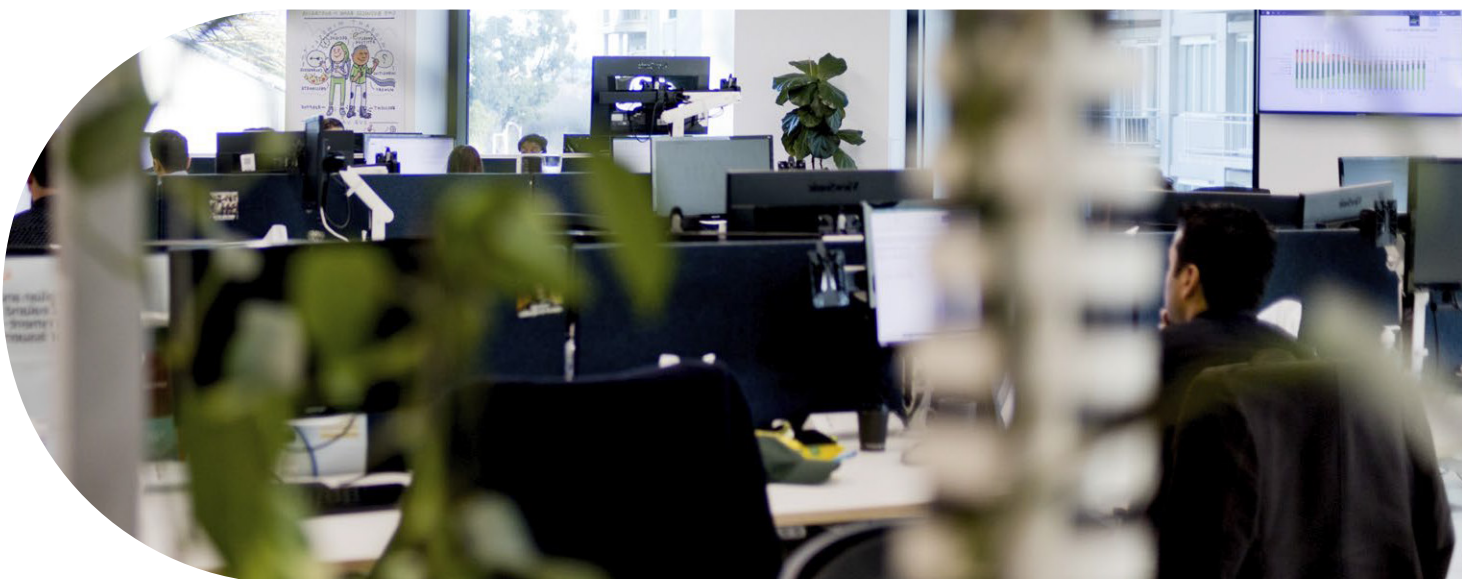
Labour, logistics, furnishings and services, such as cleaning and security services, provided by facilities management companies over which Judo has little or no oversight or control

- **Marketing**

Merchandise that has a fashion/textile component that is sourced or manufactured in foreign jurisdictions over which Judo has little or no oversight or control

In the next reporting period following this Reporting Period, Judo intends:

- that all new agreements that are determined to be material by size, criticality or value, including under relevant APRA prudential standards (**Material Contracts**) will contain contractual provisions to mitigate modern slavery risks arising in our arrangements with the relevant supplier on or before onboarding.
- to review existing Material Contracts in order to seek to amend them to include our standard anti-modern slavery provisions (if not already present).
- to review all Tier 1 suppliers in the three categories of supplier noted at left (by way of due diligence into beneficial ownership or supplier surveys) to better identify potential modern slavery risks that may arise in regard to the supplier or their downstream supply chains. Findings will inform whether our arrangements with a particular supplier continue, or will require further investigation or amendment.
- to rollout internal training in 2022 to increase awareness around modern slavery risks that may impact Judo's operations and its supply chains.



• 6 Assessing the effectiveness of our actions

This is Judo's inaugural Statement.

In the next reporting period after this Reporting Period, the further identification, review, reporting and mitigation of modern slavery risks will form part of our Risk Management Framework and procurement and contract management frameworks, and is already embedded as a key consideration in our internal Procurement Policy and associated guidelines. Our Code of Conduct and Whistleblower Policy (as applicable) enable our people, suppliers and customers, among others, to raise modern slavery concerns.

We intend to regularly review our Material Contracts, material suppliers and our procurement practices as they relate to modern slavery risks and, in the next reporting period and prior to the publication and lodgement of our second MSA statement, Judo will assess the effectiveness of the actions discussed in **Section 5.4** by:

- determining the number of Material Contracts and/or written supplier agreements uplifted to contain our standard anti-modern slavery provisions;
- undertaking more detailed mapping of the beneficial ownership of material Tier 1 suppliers;
- monitoring successful completion rates of internal mandatory modern slavery awareness training; and
- mapping of the downstream supply chains of Tier 1 suppliers that fall within the three categories of supplier noted in **Section 5.4**,

with a view to reporting on these actions in our second MSA statement.

We are committed to undertaking regular reviews of our procurement and supply chain management procedures to ensure that we are doing everything we can to identify, assess, mitigate and address modern slavery risks, and this commitment will be reflected in successive Judo MSA statements.



• 7 Consultative process

At 30 June 2021, all entities in the Judo group shared the same board and key members of senior management and the preparation and approval process for this Statement was joint and consultative.

This Statement was approved by the Boards of Judo Capital Holdings Limited and Judo Bank Pty Ltd on 2 December 2021.

Signed by:



A handwritten signature in black ink that reads "Peter".

Peter Hodgson , Chairman, for and on behalf of Judo Capital Holdings Limited and Judo Bank Pty Ltd

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