

Modern Slavery Statement 2022



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 2021 and ending 30 June 2022 (**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

Judo recognises that 'modern slavery' is an umbrella term encompassing 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
- the worst forms of 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 2022. 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 uniquely positions us against the major banks – particularly in the current uncertain, fast-paced and ever-evolving environment, where our service proposition to SMEs has never been more important.

Since Judo obtained its banking licence in April 2019, it has experienced rapid growth. We have provided over \$6.1 billion of funding into the SME sector (as at 30 June 2022) and offer a straightforward, yet innovative, range of retail and commercial deposit, debt and lending products to a range of retail, SME, self-managed superannuation fund (**SMSF**) and institutional customers.

At 30 June 2022, 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>
and in our 2022 Annual Report.



• 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 2022, Judo had 465 full-time equivalent employees spread across 15 national locations (Melbourne, Sydney, Brisbane, Perth, Adelaide, Canberra, Hobart, Geelong, Newcastle, the Sunshine Coast, the Gold Coast, Launceston, Parramatta, Bendigo and Toowoomba).

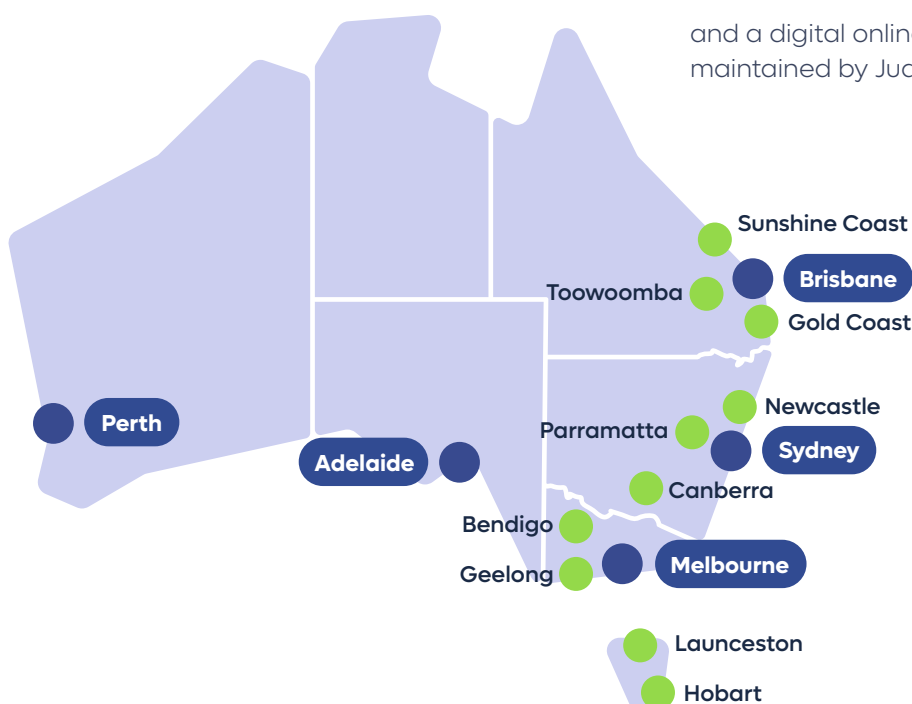
Judo operates in a highly regulated industry and is overseen by regulators including the Australian Prudential Regulation Authority (APRA), the Reserve Bank of Australia (RBA), the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission, the Australian Transaction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

At 30 June 2022, 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 or Judo employees, consumer and commercial term deposits, and negotiable certificates of deposit (NCDs) or other debt issuances available only to 'wholesale clients' within the meaning of the *Corporations Act 2001* (Cth) (**Corporations Act**), 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;
- financial services licence holders; and
- professional services referrers,

and a digital online term deposits channel maintained by Judo.



At 30 June 2022, Judo did not provide transactional banking, non-cash payment products or foreign exchange services and had no correspondent banking relationships.

At 30 June 2022, Judo's products and services are delivered by its circa 465 employees through a combination of face-to-face interactions at its 15 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 2022, our supply chain comprised circa 193 first-tier (**Tier 1**) suppliers, with 154 of these headquartered or based in Australia (representing circa 80% of all our Tier 1 suppliers) and the remaining 39 suppliers (representing circa 20% of all our Tier 1 suppliers) headquartered or based in:

- New Zealand;
- the United States of America;
- the United Kingdom;
- Germany;
- Switzerland;
- Singapore; and
- Sweden,

noting that New Zealand, Germany, Sweden, 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.

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, debt and lending products and Treasury function
- **Funding**
Our financiers (including the RBA) and distributors or referrers
- **Marketing & digital services**
Including customer and employee 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 2022, all circa 465 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 at **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 or negligible modern slavery risks as Judo predominantly 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'.

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 or Judo employees with loans secured by Australian real estate or assets.
- 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.
- Judo's NCDs or other debt issuances are available only to 'wholesale clients' within the meaning of the Corporations Act.
- as noted in **Section 4** above, our customer term deposits relate to retail, SME, SMSF or institutional investors domiciled or tax resident in Australia.

5.3 Our supply chain

Judo considers a lower 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;
- offshore-based 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**), it is reasonable to consider these to be lower 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 Our policies

Judo has an established framework of policies that set the expected standard of conduct for the Board, and all Judo employees, to act ethically, and with integrity, in our business relationships.

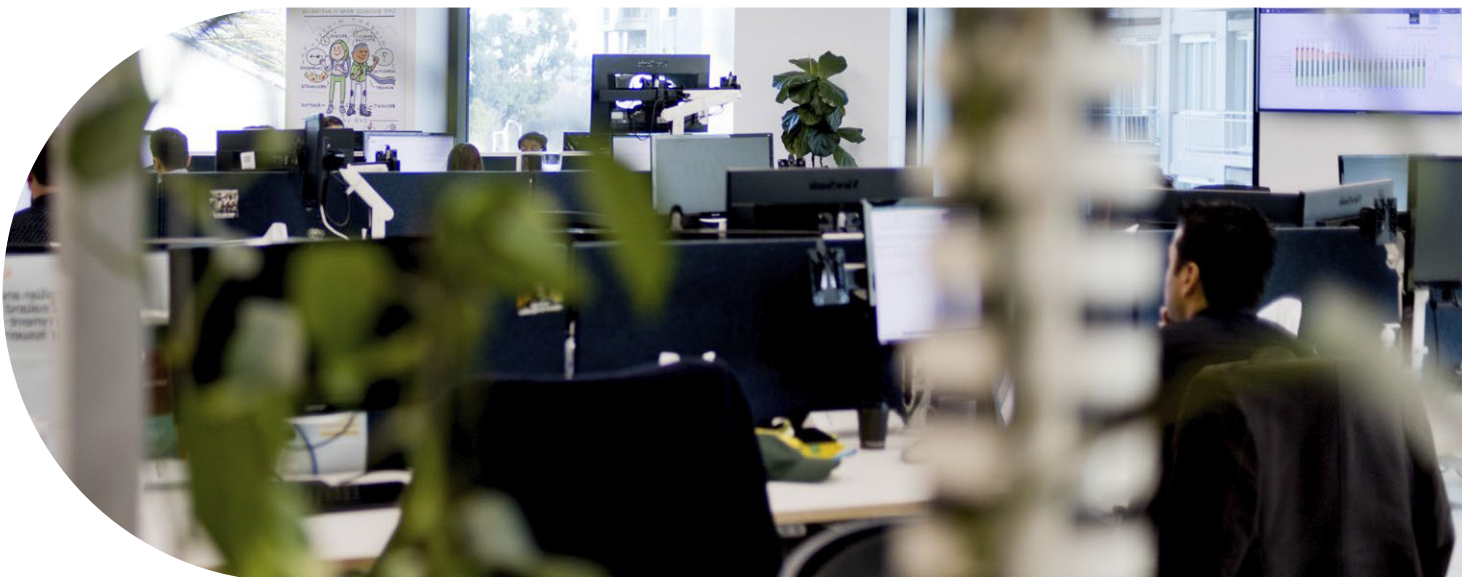
This framework includes Judo's:

- Procurement Policy;
- Code of Conduct;
- Whistleblower Policy;
- Anti-Bribery and Corruption Policy;
- Conflicts of Interest Policy;
- Securities Trading Policy;
- Vulnerable Customers Policy; and
- ESG Policy.

5.5 Judo's progress in FY22

In this Reporting Period, Judo:

- as far as reasonably practicable, added contractual provisions to our existing and new contracts that are determined to be material by size, criticality or value including under relevant APRA prudential standards (**Material Contracts**) to mitigate modern slavery risks arising in our arrangements with the relevant supplier on, or before, onboarding.
- conducted a risk assessment of our suppliers and sent modern slavery questionnaires to 16 of our higher to medium-risk suppliers in the IT and technology, facilities management and marketing categories, the results of which will inform the refinement of our onboarding and ongoing due diligence processes.
- updated our Procurement Policy to outline in more detail what steps should be taken when completing due diligence assessments of new suppliers and ongoing due diligence of existing suppliers.



Updating contracts

In the last reporting period, Judo commenced incorporating our modern slavery compliance clause into new, and certain renewed, contracts with suppliers. The clause requires that suppliers at a minimum:

- comply with all applicable modern slavery laws, statutes, regulations and codes; and
- take reasonable steps to identify, assess and address risks of modern slavery practices, and ensure that there is no modern slavery or human trafficking, in its or its subcontractors' or agents' supply chains or business operations

The clause also requires that if at any time the supplier becomes aware of any modern slavery or human trafficking practices, the supplier must inform Judo as soon as reasonably possible.

Risk assessment

In the last reporting period before the Reporting Period, Judo 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

Sixteen suppliers who were deemed to be higher or medium risk in these categories were sent a modern slavery questionnaire. Of the responses received, no concerns were identified, and these responses will be used to inform the refinement of our onboarding and ongoing due diligence processes going forward.



Procurement Policy

Judo's Board approved a new Procurement Policy in April 2022. The Policy focuses on ensuring that Judo conducts its procurement activities in a way that maximises practical, open and free competition between potential suppliers and responsible sourcing on Judo's part, but also seeks to reduce the risk of human rights and other abuses in our supply chain.

Our Procurement Policy provides, among other things, that any suppliers located, or that Judo is reasonably aware has operations or subcontractors, in any high risk or medium risk countries must be pre-vetted before the relevant agreement is executed.

5.6 Judo's actions for the next reporting period

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

- to continue adding contractual provisions to our new Material Contracts to mitigate any modern slavery risks arising in our arrangements with the relevant supplier on, or before, onboarding.
- to continue 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 our procurement processes and guidelines in preparation for the introduction of a supplier code of conduct.
- to enhance our supplier due diligence process to better identify potential modern slavery risks that may arise in regard to the supplier or their downstream supply chains.
- refining our credit guidelines to reduce potential modern slavery risks in our loan book.



• 6 Assessing the effectiveness of our actions

Judo is in the process of embedding the identification, review, reporting and mitigation of modern slavery risks in our Risk Management Framework. Our Code of Conduct and Whistleblower Policy (as applicable) enable our people, suppliers and customers, among others, to raise modern slavery concerns. These policies are both regularly reviewed to determine their effectiveness in assessing and mitigating modern slavery risks.

We are also 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.
- assessing, mitigating and addressing any modern slavery issues raised through complaints or whistleblower reports.
- refining the format and content of our modern slavery questionnaire to seek to ensure more responsiveness from potentially higher to medium risk suppliers or proposed suppliers and better integrating the questionnaire into our due diligence processes.

Judo intends to review how responsible sourcing and ESG considerations can inform its procurement practices and supply chain management going forward.



• 7 Consultative process

At 30 June 2022, 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 8 December 2022.

Signed by:



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

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

Judo Bank Pty Ltd

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AFSL and Australian Credit
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