



# JOINT MODERN SLAVERY STATEMENT



1 April 2021 – 31 March 2022

NXT Building Group

[Asahi Kasei Homes Australia Pty Ltd and its controlled subsidiaries]

## DISCLOSURE NOTE

This Joint Statement is prepared for the consolidated entity consisting of Asahi Kasei Homes Australia Pty Ltd (AKHA) and its controlled subsidiaries (together referred to as “NXT Building Group” or the “Group”). This Joint Statement is prepared by each of the below entities within the Group, which are Reporting Entities under the *Modern Slavery Act 2018* (Cth):

- > Asahi Kasei Homes Australia Pty Ltd (ABN 27 618 859 877),
- > McDonald Jones Homes Pty Ltd (ABN 59 089 524 050),
- > McDonald Jones Homes (Sydney) Pty Ltd (ABN 65 135 576 680),
- > McDonald Jones Homes (South Coast) Pty Ltd (ABN 47 131 091 980),
- > Wilson Homes Tasmania Pty Ltd (ABN 96 126 636 897),
- > McDonald Jones Communities Pty Ltd (ABN 42 603 418 364), and
- > Mojo Homes Pty Ltd (ABN 31 166 754 696).

Each of the above Reporting Entities are companies limited by shares, incorporated and domiciled in Australia.

In this statement, the terms ‘NXT Building Group’, ‘the Group’, ‘us’, ‘we’ and ‘our’ are intended to cover the consolidated entity, including all Reporting Entities listed above. The consolidated entity is illustrated on page 4.

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## OUR COMMITMENT TO ADDRESSING MODERN SLAVERY

NXT Building Group is committed to working together with our suppliers and other stakeholders to minimise the risks of modern slavery in our operations and supply chains, and eradicating and remediating instances of modern slavery where they are identified. This commitment is supported by our values, which are excellence, trust, partnership and agile. We strive to work in partnership with each other, our customers and suppliers, deliver continuous improvements and quality outputs and always act with respect and integrity.

We are dedicated to implementing and maintaining effective practices within our business to support the objectives of the *Modern Slavery Act 2018* (Cth) (the Act). We will achieve this by administering an effective anti-slavery framework founded on the pillars of governance, policy, risk management, working with our suppliers and training and educating our people.

- > **Governance:** The Group is committed to implementing a governance framework to oversee the effective management of our modern slavery risks.
- > **Policy:** The Group is committed to implementing policies that support an effective anti-slavery framework. Policies will be communicated to relevant internal and external stakeholders.
- > **Risk management:** The Group is committed to understanding the risks of modern slavery within our supply chains and operations, as well as developing and implementing effective risk mitigation strategies where necessary.
- > **Working with suppliers:** The Group is committed to working with our suppliers to identify, assess and mitigate any risks of modern slavery in our supply chains and operations.
- > **Training and education:** The Group is committed to providing education and training to staff to raise awareness of modern slavery risks and ensure our people understand their role in supporting our anti-slavery processes.

## ABOUT ASAHI KASEI HOMES AUSTRALIA AND THE NXT BUILDING GROUP

AKHA is a wholly owned subsidiary of Asahi Kasei Homes, a Japanese company which has operated in the Japanese urban homes market for more than fifty years. Asahi Kasei Homes is focused on delivering innovative, high-quality home products that help enhance connections between the family and the community, and enable residency to span across different generations, with a focus on sustainability and harmony within the natural environment. AKHA was established to manage the investments it holds in the entities that make up the NXT Building Group, and to provide support to the expatriates seconded to those businesses.

On 16 April 2021, AKHA acquired additional shares in McDonald Jones Homes Pty Ltd, taking the total shareholding in this group of companies to 82%.

McDonald Jones Homes began in 1987 as a family owned, new home building business based in the Hunter region of NSW and grew over the years to form the MJH Group. In November 2021, the Group rebranded to become the NXT Building Group, one of Australia’s largest new project home, multi-residential, relocatable and investment property builders. For the year ended 30 June 2022, the HIA-Colorbond Steel Housing 100 report ranked the NXT Building Group (MJH Group) as the 2nd largest home builder in Australia.

On 1 October 2021, McDonald Jones Homes Pty Ltd acquired the remaining 90% of the issued shares in Steel Building Systems Australia Pty Ltd (SBS), taking its ownership interest in SBS to 100%.

As of 31 March 2022, the Group’s operations were resourced by a team of 1,157 employees and over 1,700 contractors and tradespeople who are committed to a high degree of professionalism and equipped with a range of skills and expertise. The Group’s construction and manufacturing footprint in the reporting year stretched across New South Wales, Queensland, the Australian Capital Territory, Tasmania and South Australia, through the following construction and related service brands:

- > McDonald Jones Homes
- > MOJO Homes
- > Brighton Homes and Brighton Projects
- > Wilson Homes and Wilson Multi
- > MJH Multi
- > Complete by McDonald Jones
- > Weeks Building Group
- > MyChoice Design Studio
- > MyChoice Conveyancing
- > MyChoice Home Loans
- > AllSteel Transportable Homes
- > Supaloc Steel Building Systems

**NXT** Building Group

**allsteel** HOMES

**BRIGHTON** HOMES

**complete** BY McDONALD JONES

**MY** CHOICE CONVEYANCING

**MY** CHOICE DESIGN STUDIO

**MY** CHOICE HOME LOANS

**McDONALD JONES**

**MJH MULTI** RESIDENTIAL PROJECTS

**MOJO** HOMES

**SUPALOC** STEEL BUILDING SYSTEMS

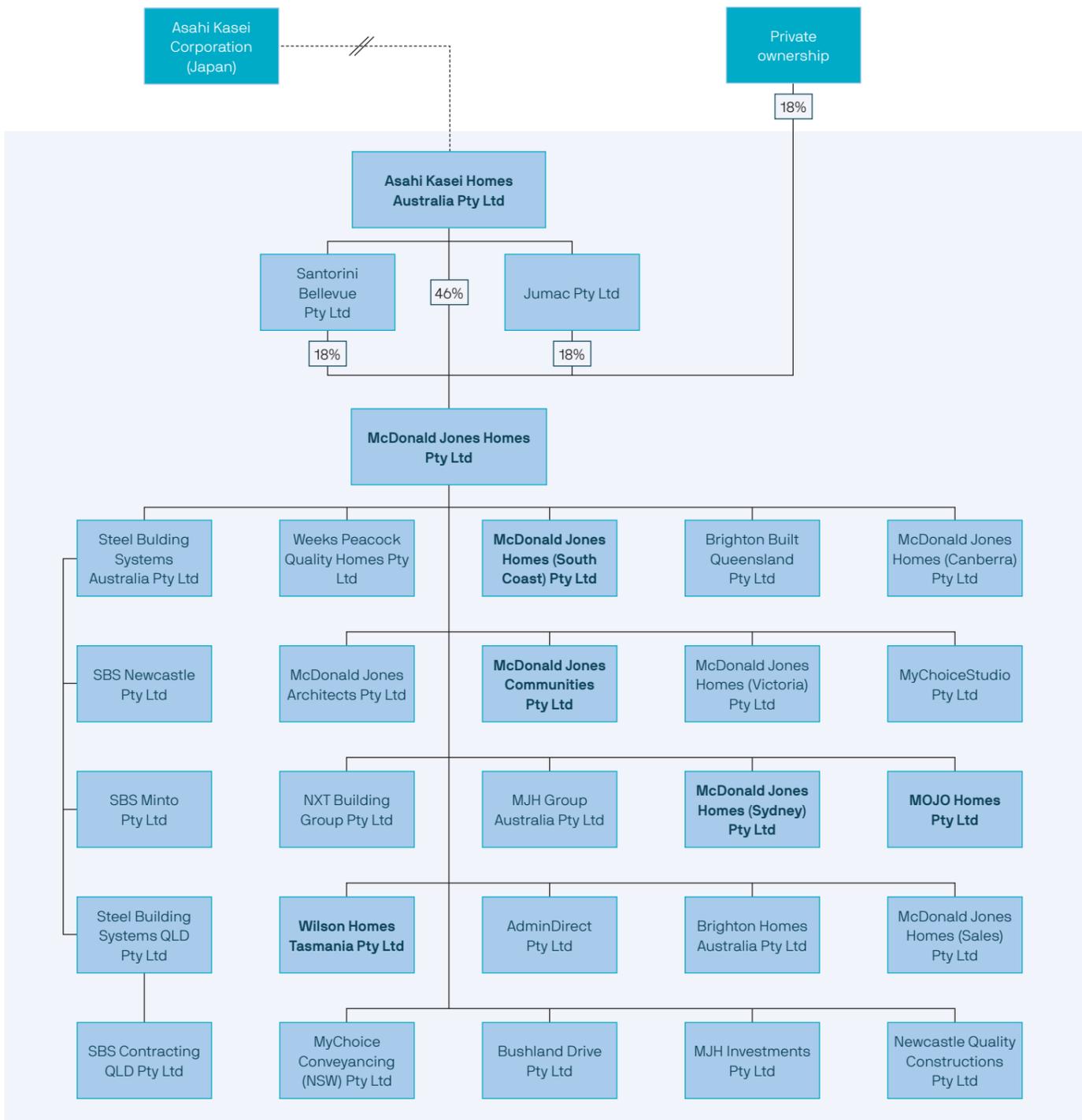
**Weeks**

**WILSON** HOMES

## REPORTING ENTITY AND GROUP STRUCTURE

The Consolidated Reporting Group for the year ended 31 March 2022 (FY22), being Asahi Kasei Homes Australia Pty Ltd and its controlled subsidiaries, is illustrated below, within the blue boundary. Reporting Entities under the *Modern Slavery Act 2018* (Cth) are indicated in bold. The NXT Building Group (and each Reporting Entity within the NXT Building Group) has a single, consolidated approach to minimising the risk of modern slavery within our operations and supply chains.

### Consolidated Reporting Group at 31 March 2022



## OPERATIONS

NXT Building Group operates in the residential construction industry in Australia. In FY22, the Group operated from 12 offices, 5 manufacturing facilities and, as at 31 March 2022, approximately 127 display homes throughout New South Wales, Queensland, the Australian Capital Territory, Tasmania and South Australia. The Group's corporate office is located in Newcastle, New South Wales. All entities in the Consolidated Reporting Group as at 31 March 2022 are located and operate within Australia only.

The Group's principal operations are to design, sell and manage the construction of project homes on land owned by customers and on land purchased by the Group for the sale of completed homes or house and land packages. The Group also manages the construction of display homes to facilitate sales, allowing our customers to better visualise our house designs, fixtures and various options.

The multi-residential arms of the business design and manage the construction of low to medium density residential properties for private and corporate developers. The transportable homes business designs, builds and delivers steel framed relocatable homes and cabins in South Australia and western New South Wales.

The steel framing operations manufacture steel framing products for use in the residential housing and commercial sectors.

Group operations also include providing conveyancing services direct to customers through the MyChoice Conveyancing business. Customers are offered a wide range of colours, fixtures and finishes for their new home through the MyChoice Design Studios.

The Group also holds investments in Australian listed equity securities, namely in Simonds Group Ltd (ASX: SIO), and makes charitable donations to the NXT Building Group Foundation, supporting numerous initiatives in three core areas, being youth, research and education.

## OTHER OPERATIONS

The Group has non-controlling interests in other operations, including:

- > MyChoice Home Loans, a Joint Venture with Mortgageport Management Pty Ltd, which offers mortgage broking services to Group customers in Australia,
- > Coverforce MJH Pty Ltd, a Joint Venture with Coverforce Partners Pty Ltd, which brokers Home Building Compensation Cover for the Group, and
- > Various Unit Trusts, which are involved in the development of land.

# BRANDS AND BUILD FOOTPRINT

## NXT Building Group



**McDonald Jones**  
 Founded 1987

**MOJO homes**  
 Established 2014

**MJM RESIDENTIAL PROJECTS**  
 Established 2014

**complete**  
 BY McDONALD JONES  
 Established 2018

**BRIGHTON HOMES**  
 Established 2018

**SUPALOC**  
 STEEL BUILDING SYSTEMS  
 Acquired 2020

**WILSON HOMES**  
 Acquired 2015

**W Weeks**  
 Acquired 2020

**allsteel homes**  
 Acquired 2020

## SUPPLIERS AND SUPPLY CHAINS

Our supply chain is made up of approximately 80 to 90 major contracted suppliers of key construction materials and products, over 2,000 subcontractors, tradespeople and suppliers who supply and install products and perform services contributing to the construction of homes and approximately 800 vendors of goods and services to the corporate teams that support the business (including IT, HR, Finance, Legal and other Group services). The Group estimates it sources its goods and services from Australian businesses at least 98% of the time, however many of these businesses operate or source internationally or are part of a larger global network.

Our supply chain also includes outsourcing service providers, being Australian businesses who coordinate a mix of multidisciplinary local and offshore resources with specialised skills in drafting and information technology.

Key procurement categories include construction materials and services, purchase of land, professional services, office maintenance and administration, and purchase or lease of motor vehicles, computer equipment and other Personal Protective Equipment (PPE).

## MODERN SLAVERY RISKS

### OUR APPROACH TO THE RISK ASSESSMENT PROCESS

We have incorporated the risk of modern slavery into our Enterprise Risk Register ensuring it is managed in accordance with our Risk Management Framework. This means modern slavery risk is reviewed on an ongoing basis by our risk management team and ensures periodic updates on risk management are provided to the Governance, Risk and Compliance Committee and the Board of Directors. This provides visibility to senior management and facilitates their engagement.

We continue to monitor our supply chain and operations to identify modern slavery risks. In FY22, this has involved a broader assessment of our Tier 1 suppliers through the Property Council of Australia's Modern Slavery Supplier Platform (Informed 365). We have now obtained data on over 25 of our key Tier 1 suppliers which has enhanced our understanding of the risk profile that exists within this group.

## OUR RISK PROFILE

Through our risk assessment process, we have identified the goods and services in our operations and supply chain that may be at a higher risk of modern slavery. Many of these goods and services are considered higher risk only in specific countries of origin, however until tracing of these goods through our supply chain can be completed, we have recorded them as higher risk.

- > In relation to construction procurement, these goods and services are:
  - > Construction labour, particularly in regard to sub-contractor arrangements,
  - > Manufactured products: HVAC (heating, ventilation and air conditioning), electrical, solar panels, and
  - > Raw materials: bricks, cement, rubber, timber, carpet, glass, paint, piping, steel, tiles, ceramics, granite, gypsum, cotton and textiles.
- > In relation to corporate procurement, these goods and services are:
  - > Merchandising – branded and unbranded goods not for re-sale,
  - > Office supplies – electronics, tea and coffee, soap and personal PPE such as face masks, and
  - > Travel.
- > In relation to operations, these goods and services are:
  - > Building services and asset management: security, cleaning, and installation / maintenance.

In FY22, our supply chain analysis continued to focus on these areas. This included requesting data from our suppliers of some of these higher risk goods and services to gain a better understanding of where they source their raw materials and services from, and the supply chain models and employment practices involved.

## COVID-19 - IMPACT ON OUR SUPPLY CHAIN, OPERATIONS AND MODERN SLAVERY RISK PROFILE

Supply chains and operations within the Australian construction industry continued to be impacted by the COVID-19 pandemic throughout FY22.

The Australian Federal Government's HomeBuilder Grant scheme, designed to help the residential construction market bounce back from the coronavirus crisis, significantly increased demand for residential construction in Australia. Similar increases in infrastructure investment have been seen around the globe as governments seek to stimulate economies. This sharp increase in demand had a direct impact on the cost of our operations and, throughout FY22, created shortages in skilled trades, construction labour and construction materials.

Resource pressures were compounded by COVID-related shutdowns of construction sites and display homes across New South Wales for periods of time during the year, creating backlogs of work and increasing the demand for site workers and materials as sites reopened.

These economic pressures were further exacerbated by several severe weather events experienced along the east coast of Australia.

As a result of these factors, the industry continues to experience cost increases for goods and labour. We recognise that these pressures could continue increase industry demand for goods from countries where modern slavery risks are more prevalent, as well as potentially increase the vulnerability of certain worker groups.

## RESPONDING TO THESE RISKS

The Group continues to develop its framework and specific processes for assessing, managing and responding to modern slavery risks.

Our risk response includes activities building on the pillars of our anti-slavery framework: governance, policy, risk management, working with suppliers, and training and education of our people.

## GOVERNANCE

### 1. MODERN SLAVERY WORKING GROUP

The Working Group (including representatives from the Construction, Legal, Work Health and Safety, and Internal Audit and Risk teams) met periodically throughout FY22 to oversee the progress being made in relation to the implementation of our anti-slavery framework. The Working Group's cross functional nature continued to support the Group to assess its modern slavery risks and identify and action risk mitigation plans.

### 2. REPORTING TO SENIOR MANAGEMENT AND THE BOARD

Throughout FY22, the Working Group has provided updates on the development and implementation of our anti-slavery framework to the Group's Governance, Risk and Compliance Committee, Executive team and the Board of Directors. This reporting ensures senior management is engaged in the risk management process.

## POLICY FRAMEWORK

### 1. MODERN SLAVERY POLICY

In FY22, our Modern Slavery Policy was reviewed and approved by the Board of Directors. This Policy describes the Group's commitment to addressing the risk of modern slavery in our operations and supply chain and states the Group's opposition to forced labour.

### 2. WHISTLEBLOWER POLICY

NXT Building Group has a Whistleblower Policy, published internally on the Group's intranet and publicly on the Group's corporate website, which describes the Group's commitment to supporting a culture of professional behaviour, ethical conduct and integrity. The policy was established to ensure staff, suppliers, subcontractors and other stakeholders have a means to raise concerns regarding suspected or actual misconduct or improper states-of-affairs in relation to the Group. This could include concerns relating to modern slavery risks or suspected incidents of modern slavery. Reporting options provide for anonymous disclosure via the whistleblower hotline.

All new starters are required to complete an induction course that includes an overview of the Group's Code of Conduct and Whistleblower Policy.

The Whistleblower Policy and reporting hotline was initially rolled out to staff in 2019. In 2022, the reporting hotline was upgraded, making it even easier to communicate with anonymous reporters and to receive reports about an expanded range of matters. In the last quarter of FY22 all current staff were enrolled in mandatory refresher training on the Whistleblower Policy to reinforce awareness of both the Policy and the hotline.

## RISK ASSESSMENT AND MONITORING

### 1. PERFORM RISK ASSESSMENTS AND ASSESS OUR SUPPLY CHAIN

In FY22, we commenced a risk assessment of our Tier 1 suppliers. Utilising the Property Council of Australia's Modern Slavery Supplier Platform (Informed 365), we obtained data on over 25 of our key Tier 1 suppliers which has enhanced our understanding of the risk profile that exists within this group.

#### Example: Labour Hire Arrangements Risk Assessment

Steel Building Systems Australia Pty Ltd (SBS) became a wholly owned subsidiary of McDonald Jones Homes Pty Ltd during the reporting year. Unlike the rest of the Group, SBS regularly used labour hire providers to supplement its workforce in FY22.

From review of the final report published by the Australian Government's Migrant Workers' Taskforce in March 2019, four high risk sectors for labour hire were identified. These were the horticulture, cleaning, meat processing and security industries. SBS does not engage workers in these high risk sectors.

In November 2021, the Group identified six labour hire providers used by SBS and confirmed all providers engaged were registered members with the Recruitment, Consulting & Staffing Association (RCSA) industry body. Members of the RCSA are bound by standards of professional conduct. In addition, we identified that three of the providers, including the two main providers, had published Modern Slavery Statements and formally committed to addressing the risks of modern slavery within their businesses and supply chains.

As a result of the risk assessment performed, the residual risk of labour hire arrangements within the operations of the Group was considered low.

### 2. SECTOR COLLABORATION

We became members of the Property Council of Australia's Modern Slavery Supplier Platform (Informed 365) in March 2021 and completed the setup and onboarding process to this platform in FY22. This platform allows us to collect and review data about our suppliers' operations, supply chains and the actions they are taking to assess and address modern slavery risks. It also creates a forum for discussion of key issues, risks and trends. Each month a virtual meeting for platform partners is attended by a member of the Working Group to discuss these matters and receive updates on the portal, the Act and best practice processes.

## WORKING WITH SUPPLIERS

### 1. PREPARE SUPPLY CHAIN QUESTIONNAIRES

In FY22, we identified one of our major suppliers with one or more higher risk factors and, with their support, undertook a pilot test of the supply chain questionnaire available through the Informed 365 platform. The Group worked with this supplier to obtain feedback about the process and understand how we might use the results from the questionnaire to further explore identified risks.

### 2. ENHANCE SUPPLIER SELECTION AND ONBOARDING PRACTICES

In FY22, the Group reviewed the pre-selection criteria for sub-contractors and prepared amended criteria to include requirements to act in accordance with the Australian Modern Slavery Act. These amendments were implemented after the end of the reporting period. These amendments support our anti-slavery and responsible sourcing principles by requiring suppliers to commit to compliance with Modern Slavery legislation before they are engaged to work for the Group. These amendments are also expected to help increase awareness of modern slavery issues with our suppliers and highlight the whistleblower hotline as a means to report modern slavery risks, or suspected incidents of modern slavery, where identified.

### 3. REVIEW CONTRACTS

In FY22, we reviewed our supplier contractual terms to ensure that they included requirements to comply with all local, national, and other applicable laws and regulations in the areas in which they operate.

With support from the executive leadership team of the Group, the Working Group began developing a Supplier Code of Conduct to set out our expectations of our key suppliers in terms of ethical conduct and responsible sourcing, including consideration of modern slavery risks. This Supplier Code of Conduct is intended to be incorporated into the onboarding process for key suppliers through Procurement.

## EDUCATION AND TRAINING

### 1. PROVIDE STAFF TRAINING

In FY22, we prepared a modern slavery training pack to be rolled out to staff in conjunction with the approved Modern Slavery Policy. Training will be targeted towards staff working in relevant roles in the business, such as Procurement, Work Health and Safety and Construction. This training has been designed to improve awareness of modern slavery risks and support the implementation of our Modern Slavery Policy, risk management processes and procedures.

### 2. CONTINUAL LEARNING

The Working Group continues to review updated guidance material provided by subject matter experts, including the Australian Border Force and the Property Council of Australia. We also continued to review annual Modern Slavery Statements of major suppliers and other organisations in our industry to help us evaluate, and improve upon, our own modern slavery risk management processes.

## ASSESSING THE EFFECTIVENESS OF THE RISK RESPONSE

In FY22, we have focused on continuing to develop our anti-slavery framework to establish and embed the processes required to identify, assess and respond to modern slavery risks within the Group's supply chain and operations. This included establishing Informed 365 to broaden our risk assessment processes, finalising a modern slavery policy, incorporating modern slavery conditions into our subcontractor terms and conditions, and developing staff training. As our framework and processes mature and become embedded in our day-to-day work, we will be better able to assess the impact of our risk response and define measures of success.

Our Modern Slavery Working Group continues to provide a forum for regular engagement and feedback between the Group's Procurement, Work Health and Safety, Legal, Construction and Internal Audit and Risk teams in relation to our ongoing risk assessments and implementation of our anti-slavery framework. It is also providing periodic reporting to the Group's Governance, Risk and Compliance Committee, the Executive team, and the Board of Directors.

Additionally, our whistleblower hotline continues to provide a variety of methods (including anonymous options) for our suppliers, employees, and other stakeholders to raise any concerns they may have regarding misconduct, or improper circumstances, in relation to the Group, including incidents of suspected modern slavery. The hotline enables us to gain feedback on the effectiveness of the actions we take to mitigate and remediate any issues identified.

Developing the Modern Slavery Policy and anti-slavery framework for the Group has helped raised awareness of modern slavery at the executive level of the Group.

## SUBSEQUENT EVENTS

This statement has been prepared for the consolidated reporting group at 31 March 2022. On 12 April 2022, the following changes were registered with the Australia Securities and Investments Commission (ASIC):

- > McDonald Jones Homes Pty Ltd (ABN 59 524 050) changed its name to NXT Building Group Pty Ltd,
- > NXT Building Group Pty Ltd (ABN 67 622 145 671) changed its name to Modeva Pty Ltd, and
- > Newcastle Quality Constructions Pty Ltd (ABN 82 003 687 232) changed its name to McDonald Jones Homes Pty Ltd.

## CONSULTATION

The legal entities covered by this statement operate under Asahi Kasei Homes Australia, within the NXT Building Group. The policies, standards and actions outlined in this statement apply to all reporting entities and brands in the Consolidated Reporting Group. Management has undertaken a consultation process with the Directors of each of the reporting entities to prepare this Joint Modern Slavery Statement. This Joint Modern Slavery Statement has been reviewed by relevant subject matter experts within the Procurement, Construction, Work Health and Safety, Legal and Internal Audit and Risk business units, as well as relevant members of the Executive team.

## APPROVAL AND ENDORSEMENT OF OUR MODERN SLAVERY STATEMENT

This Modern Slavery Statement has been approved by Asahi Kasei Homes Australia's Board of Directors on 27 September 2022.



### KOJI NAGANAWA

Director, Asahi Kasei Homes Australia Pty Ltd (ABN 27 618 859 877)  
Director, NXT Building Group Pty Ltd (ABN 59 089 524 050)  
Director, McDonald Jones Homes (Sydney) Pty Ltd (ABN 65 135 576 680)  
Director, McDonald Jones Homes (South Coast) Pty Ltd (ABN 47 131 091 980)  
Director, Wilson Homes Tasmania Pty Ltd (ABN 96 126 636 897)  
Director, McDonald Jones Communities Pty Ltd (ABN 42 603 418 364)  
Director, Mojo Homes Pty Ltd (ABN 31 166 754 696)



### TAKAMASA KAWASHIMA

Director, Asahi Kasei Homes Australia Pty Ltd (ABN 27 618 859 877)  
Director, NXT Building Group Pty Ltd (ABN 59 089 524 050)  
Director, McDonald Jones Homes (Sydney) Pty Ltd (ABN 65 135 576 680)  
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**NXT**  
Building Group

