



JOINT MODERN SLAVERY
STATEMENT

1 JULY 2020 – 30 JUNE 2021

DISCLOSURE NOTE

This Joint Statement is prepared for the consolidated entity consisting of McDonald Jones Homes Pty Ltd and its subsidiaries (together the 'MJH 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):

- McDonald Jones Homes Pty Ltd (ABN 59 089 524 050),
- McDonald Jones Homes (Sydney) Pty Ltd (ABN 65 135 576 680), 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 'MJH 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 3. The Group launched a new corporate brand in November 2021 and will henceforth be known as the NXT Building Group.

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OUR COMMITMENT TO ADDRESSING MODERN SLAVERY

MJH 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 comprise excellence, trust, partnership and safety. 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 welcome the Modern Slavery Act 2018 (Cth) (the Act) and are dedicated to implementing effective practices within our business to support its objectives. We will achieve this by developing 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 building a governance framework to oversee the effective management of our modern slavery risks.
- Policy: The Group is committed to developing policies that support the implementation of 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 MJH GROUP

McDonald Jones Homes began in 1987 as a family owned, new home building business based in the Hunter region of NSW. McDonald Jones Homes has grown over the years to form the MJH Group, one of Australia's largest new project home, multi-residential, relocatable and investment property builders. For the year ended 30 June 2021, the HIA-Colorbond Steel Housing 100 report ranked the MJH Group as the 3rd largest home builder in Australia.

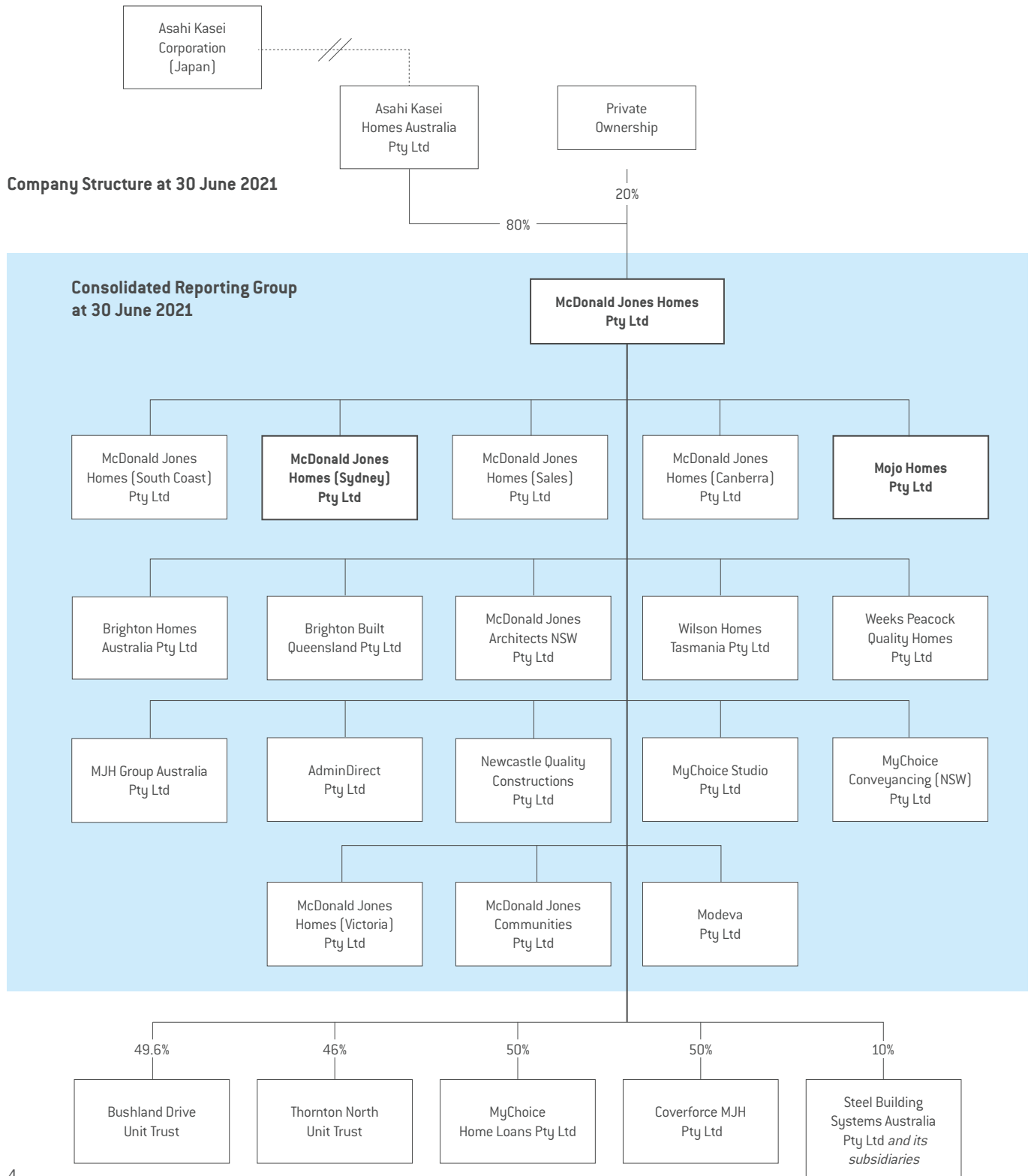
As of 30 June 2021, the Group's operations were resourced by a team of 958 employees and over 2,000 contractors and tradespeople who are committed to a high degree of professionalism and equipped with a range of skills and expertise. The Group's construction footprint in the reporting year stretched 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, Brighton Built 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



REPORTING ENTITY AND GROUP STRUCTURE

The Consolidated Reporting Group for the year ended 30 June 2021 (FY21), being McDonald Jones Homes Pty Ltd and its controlled subsidiaries, is illustrated below. Reporting Entities under the Modern Slavery Act 2018 (Cth) are indicated in **bold**. The MJH Group (and each Reporting Entity within the MJH Group) has a single, consolidated approach to minimising the risk of modern slavery within our operations and supply chains.





OPERATIONS

MJH Group operates in the residential construction industry in Australia. In FY21, the Group operated from 11 offices and, as at 30 June 2021, approximately 134 display homes throughout New South Wales, Queensland, the Australian Capital Territory, Tasmania and South Australia. The Group's head office is located in Newcastle, New South Wales. All entities in the Consolidated Reporting Group as at 30 June 2021 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.

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.

OTHER OPERATIONS

Other operations of the Group include

- 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;
- the Unit Trusts which are involved in the development of land; and
- Steel Building Systems Australia which manufactures steel framing products, including steel frames used by the MJH Group.

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

BRANDS AND BUILD FOOTPRINT



mcdonald jones
FIND YOURSELF AT HOME
Founded 1987



MOJO
homes
Established 2014



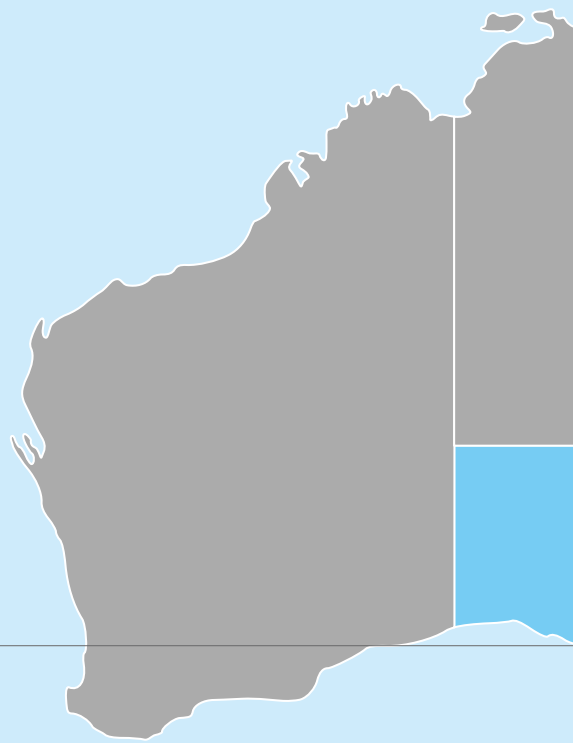

MJHMULTI
RESIDENTIAL PROJECTS
Established 2014

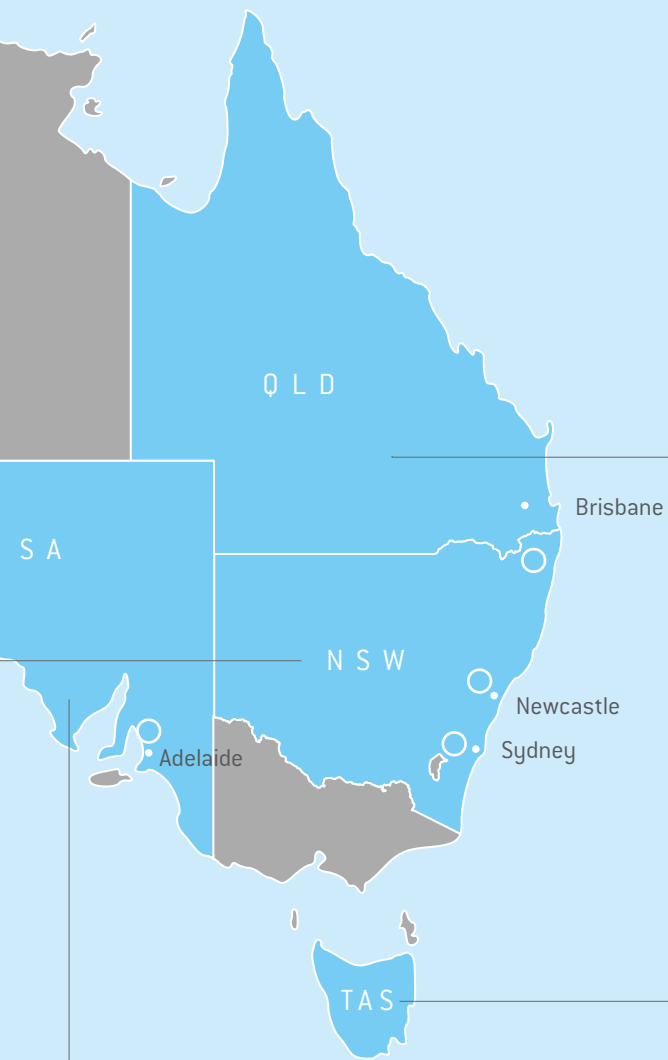


complete
BY McDONALD JONES
Established 2018



Weeks
Acquired 2020





BRIGHTON
let life in.
Established 2018




SUPALOC
STEEL BUILDING SYSTEMS
Acquired 2020



WILSON
HOMES
Acquired 2015



allsteel
HOMES
Acquired 2020





SUPPLIERS AND SUPPLY CHAINS

In FY21, the Group purchased products and services from thousands of direct (Tier 1) suppliers based in Australia. 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 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).

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

In considering our Modern Slavery Risk and preparing this statement, the Group referred to:

- Guidance for Reporting Entities published by the Department of Home Affairs;
- Property, Construction and Modern Slavery: Practical responses to managing risks to people published by the Australian Human Rights Commission and KPMG Banarra;
- Guiding Principles on Business and Human Rights published by the United Nations;
- Global Slavery Index 2018 published by The Minderoo Foundation; and updated guidance published by the Australian Border Force following the first round of Modern Slavery Statement submissions.

In FY21, we incorporated the risk of modern slavery into our Enterprise Risk Register ensuring it is managed in accordance with our Risk Management Framework. In addition, we established processes through which we can better analyse our supply chain and operations for indicators that they may be causing, contributing to or directly linked to modern slavery practices. In developing these processes, we considered the modern slavery risks specific to the construction sector and then analysed our own operations through this lens.

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

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 are considered higher risk only in specific countries of origin, however until thorough tracing of these goods through our supply chain can be completed, we have recorded them as higher risk.

- In relation to construction procurement:
 - Construction labour, particularly in regard to sub-contractor arrangements,
 - Manufactured products: HVAC (heating, ventilation and air conditioning) and electrical, and
 - Raw materials: bricks, cement, rubber, timber, carpet, glass, paint, piping, steel, tiles, ceramics, granite, gypsum, cotton and textiles.
- In relation to corporate procurement:
 - 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:
 - Building services and asset management: security, cleaning, and installation / maintenance.

Our supply chain analysis continues to focus on these areas. This includes working with our direct (Tier 1) suppliers to gain a better understanding of where they source their raw materials and services from, and the supply chain models and employment practices involved.

The COVID-19 pandemic impacted the construction industry in Australia and internationally during the year ended 30 June 2021.

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 across the globe as governments seek to stimulate economies. This sharp increase in demand had a direct impact on the cost of our operations and, towards the end of FY21, was also leading to forecast shortages for skilled trades, construction labour and construction materials in FY22.

Resource pressures have been compounded in some areas by regional issues, such as the significant increase in demand for roofers and roofing materials in Queensland following a severe hailstorm in October 2020 that caused roofing damage to thousands of homes.

As a result of these factors, the industry as a whole is experiencing cost increases for goods and labour and preparing for construction delays and resource shortages. We recognise that these pressures could increase the industry demand for goods from countries where modern slavery risks are more prevalent, as well as potentially increase the vulnerability of certain worker groups.

Finally, we note that our construction sites and office buildings remained open wherever possible during FY21 with the Group continuing to implement COVID-19 safe workplace initiatives including social distancing, increased hygiene practices, daily temperature scanning, mask wearing and use of screens in meeting rooms. The necessary PPE and cleaning and sanitising products for our staff, contractors and customers were largely sourced through our existing supply chain, with additional vendors required to source sufficient hand sanitiser. As in the previous year, a small number of on-the-spot purchases were made from local suppliers and producers where necessary.

RESPONDING TO THESE RISKS

The Group continues to develop its framework and specific processes for assessing, managing and responding to modern slavery risks. In FY21, we established a number of processes which will enhance our existing risk management capabilities. In FY22, we will focus on embedding these processes in our day-to-day work, through engagement with, and education of, staff and suppliers.

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

GOVERNANCE

1. Modern Slavery Working Group – In FY21, our Modern Slavery Working Group was expanded to include representatives from the Construction team, in addition to the Legal, Procurement, Work Health and Safety, and Internal Audit and Risk teams. The Working Group's cross functional nature helps the Group to assess modern slavery risks, identify risk mitigation plans, and drive actions to support the development and implementation of an anti-slavery framework across all areas of the business. The Working Group met regularly throughout FY21 to steer and oversee the progress being made.

2. Reporting to senior management and the Board – Throughout FY21, 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.

POLICY FRAMEWORK

1. Modern Slavery Policy – In FY21, a Modern Slavery Policy was drafted and is awaiting approval 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, provides a foundation for educating our staff about modern slavery and outlines the Group's anti-slavery framework.

2. Whistleblower Policy – MJH 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 which provides an overview of the Group's Code of Conduct and Whistleblower Policy. Staff are required to complete refresher training on these policies every two years.

RISK ASSESSMENT AND MONITORING

1. Perform risk assessments – In FY21, the Working Group began assessing the key risks that exist within our supply chain. This involved identifying the raw materials, goods and services which we procure directly or indirectly through our supply chains which are typically associated with heightened risks of modern slavery as per our risk profile. We also considered the types of labour arrangements that exist within areas of our supply chain, with a particular focus on areas that rely on sub-contractor or low-skilled labour. This assessment was performed to enable the Group to adopt a targeted, risk-based approach to our supplier engagement.

2. Assess our supply chain – With thousands of direct (Tier 1) suppliers, the Group has employed a risk-based approach to analysing our supply chain and operations. The Group has decided to initially focus our detailed supply chain assessment on those vendors identified through our risk assessment process, who may supply high risk raw materials, products and services or who source goods and services from high risk geographies.

In FY21, the Group commenced an analysis of its vendor data to identify those suppliers and subcontractors of higher risk goods and services within Tier 1 of our supply chain.

3. Sector collaborations – In FY21, the Group assessed a range of options for obtaining more information about our vendors' operations and supply chains. After some due diligence, the Group elected to join the Property Council of Australia's Modern Slavery Supplier Platform (Informed 365). 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. With supplier consent, we are able to share this information with other Informed 365 members and can compare and benchmark these results against information from other suppliers shared with us. The platform creates a forum for discussion of key issues, risks and trends and each month a virtual meeting for platform partners is held to discuss these matters and provide updates on the portal, the Act and best practice processes.

WORKING WITH SUPPLIERS

1. Prepare supply chain questionnaires – As part of our due diligence in selecting a modern slavery platform, the Group reviewed several supply chain questionnaires. In joining the Informed 365 platform, we obtained access to use their modern slavery questionnaire which includes in-built risk scoping for the submitted answers. This questionnaire assesses a supplier's awareness of modern slavery risks within their own operations and supply chains, and the actions they are taking to mitigate these. The data gathered will provide us with better visibility of our end-to-end supply chains, beyond our Tier 1 suppliers, and give us a greater understanding of any specific risks which may exist. We can then work together with suppliers to address these risks.

In FY21, we reviewed the list of all organisations already onboarded to Informed 365 to identify which of our suppliers had already started or completed the supplier questionnaire, so that we could request access to their responses. We identified one of our major suppliers with one or more higher risk factors and commenced a pilot test of the questionnaire and our risk management approach through the Informed 365 platform.

In FY22, we will roll out our modern slavery questionnaires to a broader group of suppliers which we have identified as being higher risk.

2. Review supplier onboarding practices – In FY21, the Group began reviewing our supplier and subcontractor onboarding processes to look at ways to incorporate anti-slavery and responsible sourcing principles, as well as information on the Whistleblower Policy, and ensure these are communicated to onsite workers during induction.

3. Review contracts – In FY21, 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.

The Working Group further began developing a Supplier Commitment Statement to set out our expectations of our key suppliers in terms of ethical conduct and responsible sourcing, including modern slavery. This Supplier Commitment Statement is intended to be incorporated into the key supplier onboarding process.

EDUCATION AND TRAINING

1. Provide staff training – In FY21, we identified relevant staff to undertake modern slavery training, based upon their role within the Group. The aim of this training is to increase awareness and understanding of modern slavery risks and support the implementation of our Modern Slavery Policy, risk management processes and procedures. The Board of Directors and key executives were provided education on modern slavery and the Act as part of preparing the Group's annual Joint Modern Slavery Statement for the year ended 30 June 2020.

2. Continual learning – In FY21, the Working Group reviewed updated guidance material provided by the Australian Border Force and the Property Council of Australia and representatives attended Property Council of Australia modern slavery webinars. We also reviewed the annual Modern Slavery Statements of major suppliers and other organisations in our industry, as well as those considered to be best practice. This helped us evaluate, and improve upon, our own modern slavery risk management processes.

ASSESSING THE EFFECTIVENESS OF THE RISK RESPONSE

In FY21, we have focused on developing our anti-slavery framework with an emphasis on establishing the processes required to identify and assess modern slavery risks within the Group's supply chain and operations. This includes joining Informed 365 and adopting a supplier questionnaire which will provide us with enhanced data to assess the impact of our interventions and actions over time. 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.

Currently, the Modern Slavery Working Group is providing a forum for regular engagement and feedback between the Group's Procurement, Work Health and Safety, Legal and Internal Audit and Risk teams in relation to our initial risk assessments and the actions being taken to develop and implement 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 states-of-affairs or 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.

CONSULTATION

The legal entities covered by this statement operate within the MJH Group, which includes a centralised Head Office. The policies, standards and actions outlined in this statement apply to all entities and brands in the Consolidated Reporting Group. MJH has undertaken a consultation process with the Company Secretary 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 and the Board of Directors of the MJH Group.

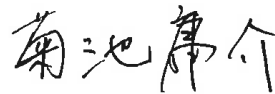
APPROVAL AND ENDORSEMENT OF OUR MODERN SLAVERY STATEMENT

This Modern Slavery Statement has been approved by McDonald Jones Homes Pty Limited's Board of Directors on 14 December 2021.



Andrew Helmers

Director, McDonald Jones Homes Pty Ltd
Director, McDonald Jones Homes (Sydney) Pty Ltd
Director, Mojo Homes Pty Ltd



Yosuke Kikuchi

Director, McDonald Jones Homes Pty Ltd
Director, McDonald Jones Homes (Sydney) Pty Ltd
Director, Mojo Homes Pty Ltd

