



JOINT MODERN SLAVERY  
STATEMENT  
1 JULY 2019 – 30 JUNE 2020



## DISCLOSURE NOTE

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This Joint Statement is prepared for the consolidated entity consisting of McDonald Jones Homes Pty 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),
- Mojo Homes Pty Ltd (ABN 31 166 754 696), and

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 7.

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# 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 and investment property builders.

We have the honour of changing peoples' lives when they purchase a new home with us, as such people are at the heart of everything we do. We have a culture of respectful and professional behaviour and expect our suppliers to have similar ethics if they wish to do business with us, including complying with the *Modern Slavery Act 2018* (Cth). MJH Group is committed to working with our teams and stakeholders to minimise the risks of modern slavery in our operations and supply chain.

As of 30 June 2020, the Group's operations were resourced by a team of 812 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, from 30 April 2020, 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

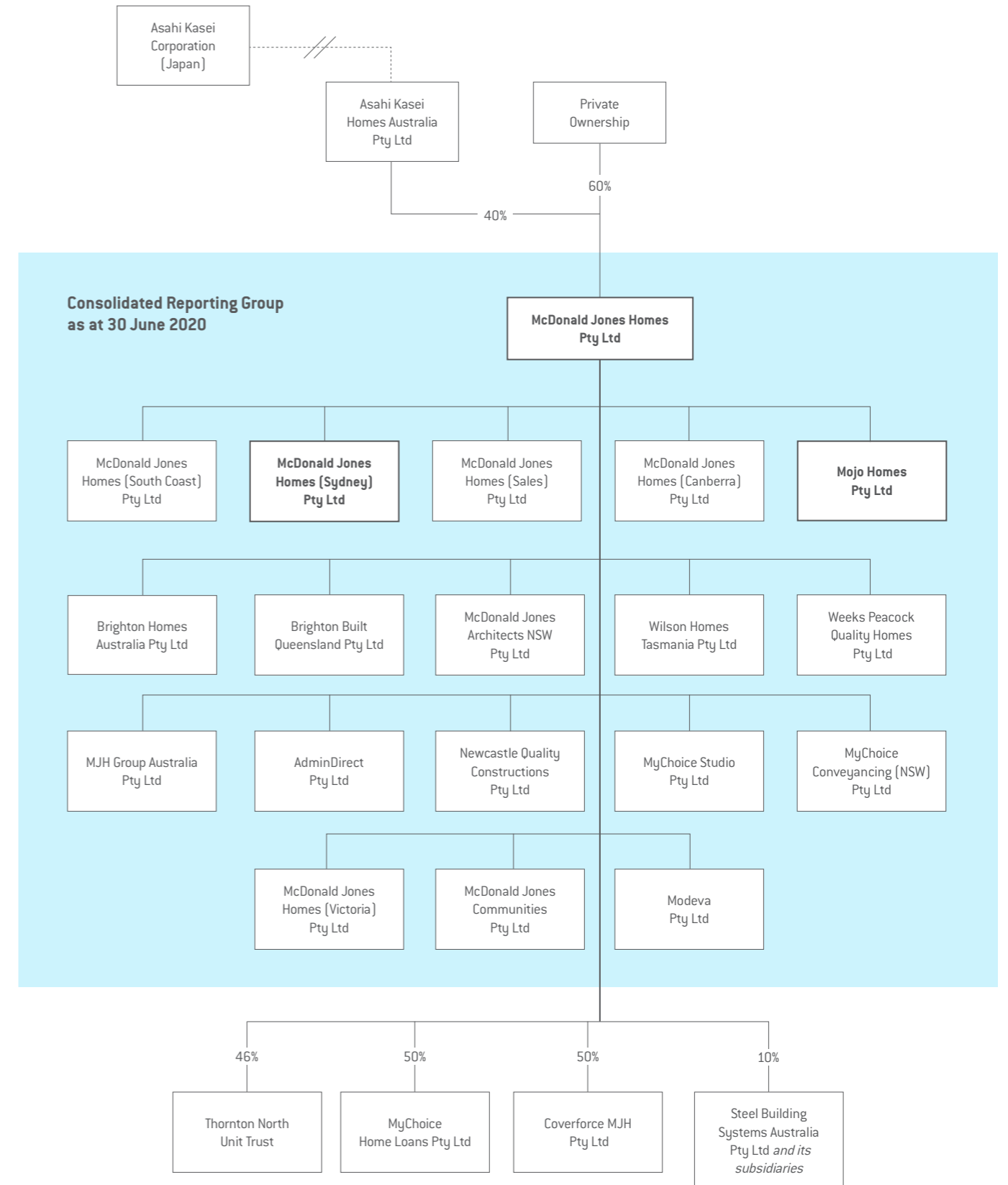
The MJH Group (and each Reporting Entity within the MJH Group) has a single, consolidated approach to minimising the risk of modern slavery within our operations and supply chains.



# REPORTING ENTITY AND GROUP STRUCTURE

The Consolidated Reporting Group for the year ended 30 June 2020, being McDonald Jones Homes Pty Ltd and its controlled subsidiaries, is illustrated adjacent. Reporting Entities under the *Modern Slavery Act 2018* (Cth) are indicated in **bold**.

Company Structure at 30 June 2020



# OPERATIONS

MJH Group operates in the residential construction industry in Australia. During the year ended 30 June 2020, the Group operated 11 offices and approximately 120 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 at 30 June 2020 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.

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

MyChoice Home Loans is a Joint Venture with Mortgageport Management Pty Ltd offering mortgage broking services to Group customers in Australia. Coverforce MJH Pty Ltd is a Joint Venture with Coverforce Partners Pty Ltd that brokers Home Building Compensation Cover for the Group. Operations of Unit Trusts involve the development of land.

Steel Building Systems Australia manufactures steel framing products, including steel frames used by the MJH Group.

The Group also has investments in Australian listed equity securities, namely in Simonds Group Ltd (ASX: SIO).

The Group also makes charitable donations to the McDonald Jones Charitable Foundation, which was established to provide money, property or benefits to eligible charities in Australia.



## SUPPLIERS AND SUPPLY CHAINS

In FY2020, 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 major contracted suppliers of key construction materials and products, over 2,000 subcontractors and tradespeople who supply and install products and perform services contributing to the construction of homes and over 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 PP&E.

## COVID - 19 – IMPACT ON OPERATIONS AND SUPPLY CHAIN

From March 2020, the Group's Board and executive management redirected efforts towards responding to the impacts and uncertainties of the COVID-19 pandemic. Our offices and display homes experienced varying periods of closure and disruption between March 2020 and June 2020. However, as construction sites and office buildings were declared essential activities, the Group implemented social distancing and increased hygiene practices to enable these operations to continue in a safe environment. Existing contracts and purchase orders with vendors were honoured, and we received strong support from many of our vendors as we implemented cash flow management measures.

There was a marked increase in our requirement for personal protective equipment and cleaning and sanitising products for our staff, contractors and customers. These were largely sourced through our existing supply chain, with a small number of on-the-spot purchases made from local suppliers (including independent pharmacies) when necessary.

## MODERN SLAVERY RISKS

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, the *Guiding Principles on Business and Human Rights* published by the United Nations and the *Global Slavery Index 2018* published by The Minderoo Foundation.

As part of the ongoing assessment process, the Group considers risks that may possibly cause, contribute to and/or be directly linked to modern slavery practices, in accordance with the *Guidance for Reporting Entities and the Guiding Principles*.

With thousands of direct (Tier 1) suppliers, the Group has decided to employ a risk-based approach to assessing and addressing any risks of modern slavery in our supply chain.

## CATEGORIES OF RISK

**Industry:** The *Property, Construction and Modern Slavery* report identifies that there is an elevated risk of modern slavery within operations and supply chains of the Construction industry. This is due to a high demand for low skilled labour, and the use of certain raw materials which can be sourced from high risk geographies. In addition, the Construction sector typically has long and multi-tiered supply chains, which often provide little visibility and control over the recruitment and employment practices of suppliers and subcontractors.

**Geography:** As stated, the Group largely sources its goods and services from Australian businesses, however many of these businesses operate or source internationally or are part of a larger global network. In reviewing lower tiers of our supply chain, the Group will consider high-risk geographies for Australian imports as noted by the *Global Slavery Index 2018*, including electronics from China and Malaysia and garments from China, India, Vietnam, Thailand, Malaysia, Brazil and Argentina. We will also consider the Index's list of countries with the highest prevalence of modern slavery, topped by North Korea, Eritrea, Burundi, the Central African Republic, Afghanistan, Mauritania, South Sudan, Pakistan, Cambodia and Iran.

**Products and Services:** The *Property, Construction and Modern Slavery* report identifies a range of products and services in a typical Construction company supply chain that are considered a higher risk for modern slavery. The following products and services in the Group's supply chain are included in these higher risk categories:

### Construction Procurement

- Construction Labour
- Manufactured products: HVAC (heating, ventilation and air conditioning), electrical
- Raw Materials: bricks, cement, rubber, timber, carpet, glass, paint, piping, steel, tiles, ceramics

### Corporate Procurement

- Merchandising – branded and unbranded goods not for re-sale
- Office Supplies
- Travel

### Operations

- Building services and asset management – security, cleaning and installation & maintenance

## RESPONDING TO THESE RISKS

### INITIAL STEPS AND PLANNING

The MJH Group established an internal Working Group consisting of members of management from Procurement and Internal Audit and Risk, who conducted preliminary research into modern slavery and the associated risks in the Construction industry, as well as attending online learning. In late 2020, this Working Group was expanded to include members of management from Work Health & Safety and Legal.

The Working Group was instrumental in developing the Group's planned approach to managing Modern Slavery risks, outlined in the Planned Actions/Next Steps below.

### INTERNAL 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 employees and other stakeholders are able to raise concerns regarding misconduct or an improper state of affairs, which could include concerns relating to modern slavery risks or suspected incidents of modern slavery in relation the Group. Reporting options available include anonymous disclosure via the Whistleblower Hotline, available for use by all staff, suppliers and subcontractors of the Group. Amendments to the Whistleblower Policy were approved during the year to incorporate good practice recommendations published by ASIC in Regulatory Guide 270 *Whistleblower Policies*.

All new starters are required to complete an induction course which includes a review of the Group's Code of Conduct and Whistleblower Policy. Staff are required to complete refresher training, including review of the Whistleblower Policy and Code of Conduct, every two years.

## PLANNED ACTIONS/NEXT STEPS (AS AT 30 JUNE 2020)

- 1. Expand Working Group** – Expand the Working Group to include members of management from Legal and Work, Health and Safety.
- 2. Perform Risk Assessment** – Identify high-level risks in our supply chain and operations, based on guidance specific to our industry and relevant goods and services acquired. Assess risks to prioritise action.
- 3. Prepare a Modern Slavery Policy** – Incorporate what the Group has learned and identified to prepare a Modern Slavery Policy for internal and external use and to confirm the Group's commitment to a Modern Slavery Framework.
- 4. Provide Staff Training** – Provide training internally to relevant staff on Modern Slavery, including the Group's Policy and planned response.
- 5. Prepare Supply Chain Questionnaires** – Prepare questionnaire(s) to identify and aid assessment of possible modern slavery risks in our supply chain, considering the broad industry, geographic and goods and services risks already identified.
- 6. Assess our Supply Chain** – Identify our suppliers and subcontractors of higher-risk goods and services and request they complete the questionnaire to provide the Group with information about lower tiers of our supply chain. Provide education on modern slavery practices and risks to these suppliers.
- 7. Review Onboarding Practices** – Review the supplier and subcontractor onboarding process to embed responsible sourcing principles in the selection and setup of new vendors and communicate these principles to on-site workers in their induction.
- 8. Review Contracts** – Review standard supplier and subcontractor contracts to introduce modern slavery clauses. Review and amend agreements with existing suppliers as they fall due.
- 9. Continual Learning** – Review Modern Slavery Statements published by our major suppliers to expand our understanding of our supply chain and industry-specific responses. Review published research to identify opportunities to improve our assessment of, and response to, Modern Slavery risks.
- 10. Reporting** – Prepare continuous reporting internally on progress, including supplier responses and response rates. Prepare and submit annual reporting to the Modern Slavery Registry.

# ASSESSING THE EFFECTIVENESS OF THE RISK RESPONSE

The Group's Whistleblower Hotline provides a variety of methods, including anonymous options, for our suppliers, employees, and other stakeholders to raise any concerns they may have regarding misconduct, or an improper state of affairs or circumstances, in relation to the Group, including incidents of suspected modern slavery. This mechanism can provide feedback on the effectiveness of our actions.

The Modern Slavery Working Group provides a forum for regular engagement and feedback between the Group's Procurement, WHS, Legal and Internal Audit & Risk teams. This Working Group also reviews actions taken and planned in response to modern slavery risks, with periodic reporting provided to the Group's Governance, Risk and Compliance Committee.

Further review of the effectiveness of steps taken to address Modern Slavery risks in our operations and supply chain will be implemented in the next reporting period and thereafter, when we are better able to assess the impact of processes put in place. The Group will continue to review industry guidance as well as the published Annual Modern Slavery Statements to identify areas of improvement in our assessment and mitigation of Modern Slavery risks.

# CONSULTATION

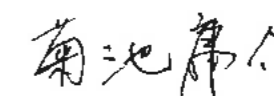
The legal entities covered by this statement operate within the MJH Group, which includes a centralised Head Office. The policies, standards and actions outlined in this statement apply to all entities and brands in the Group. MJH has undertaken a consultation process with the Company Secretary of each of its subsidiaries to prepare this Modern Slavery Statement. This Modern Slavery Statement has been reviewed by relevant subject matter experts within the Procurement, Work Health and Safety, Legal and Internal Audit and Risk business units, as well as senior management of the MJH Group.

This Modern Slavery Statement has been approved by McDonald Jones Homes Pty Limited's Board of Directors on 25 March 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  
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