

JB Hi-Fi Limited

2023

Modern Slavery Statement



ABOUT THIS STATEMENT

JB Hi-Fi Group's 2023 Modern Slavery Statement outlines the actions we have taken to assess and address the risks of modern slavery within our operations and supply chain covering the reporting period 1 July 2022 – 30 June 2023.

This statement has been prepared in accordance with the Modern Slavery Act 2018 (Cth) and the Australian Government Guidance for Reporting Entities, and is issued by JB Hi-Fi Limited as a joint statement on behalf of all the Group's reporting entities and owned and controlled subsidiaries, which includes The Good Guys Discount Warehouses (Australia) Pty Ltd¹.

In developing this statement, JB Hi-Fi Limited consulted with each of its reporting entities and owned and controlled subsidiaries through the Ethical Sourcing Working Group, which involves members of senior management covering each reporting entity and owned and controlled subsidiary.

The consultation process involved a review of the potential risks of modern slavery within each of the reporting entities' and owned and controlled subsidiaries' operations and supply chains, and the ongoing implementation of a Group-wide approach to address and report on these risks.

Working Group members also reviewed a draft of the statement.

This statement has been reviewed and approved by the JB Hi-Fi Limited Board of Directors including the Group CEO, on 22 November 2023.

We recommend that this report be read in conjunction with the JB Hi-Fi Limited [2023 Sustainability Report](#).

We welcome feedback on our statement. Please contact us at: ethicalsourcing@jbhifi.com.au

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¹For a definitive list of all Reporting Entities in the Group (as defined under the Modern Slavery Act), please refer to Appendix 2

A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

Modern slavery continues to be an issue that requires attention. The latest Global Slavery Index released by Walk Free² in 2023, estimated 50 million people were affected by modern slavery globally at any given time in 2021 (an increase of 10 million from the previous 2016 estimate). Forced labour accounts for 28 million of these, with more than half of the people affected by forced labour being in our Asia Pacific Region³.

We are committed to taking action to manage our modern slavery risks and reporting transparently on our efforts under the Modern Slavery Act 2018 (Cth) (the Act). The Australian Government published the findings of a statutory review of the Act earlier this year and we were pleased to contribute to the Act's review through an industry wide submission led by the Australian Retailers Association (ARA). We acknowledge the recommendations made by the review to strengthen the Act and support businesses to respond effectively to modern slavery. Action is particularly important within our industry noting that consumer electronics is considered a high-risk product category for modern slavery by the Global Slavery Index.

Over FY23, we continued to implement our modern slavery response. Key actions included:

- Conducting due diligence checks on 100 supplier facilities included on the Group's 'Supplier Watchlist' which we use to prioritise engagement with suppliers of our private label product range, as well as other suppliers that we assess as being at higher risk of modern slavery; and
- Engaging with over 107 of our smaller trade suppliers on supply chain mapping, country of origin for their final assembly facilities, foreign migrant labour, and the types of social auditing conducted on their facilities. We believe that we can increase the effectiveness of our approach

by focusing engagement on smaller suppliers operating in high-risk product and industry sectors, who we can more positively influence, rather than large multinational suppliers who are likely to have more mature policies, procedures and controls and which we are less likely to be able to influence.

Recognising that modern slavery has the potential to disproportionately affect migrant workers (e.g. through deceptive recruitment practices and debt bondage), we continue to prioritise due diligence on suppliers who utilise foreign migrant labour, and operate in countries that are known to be at higher risk of modern slavery.

The Group takes all allegations relating to modern slavery practices seriously. During the year we continued to engage with, and carry out additional due diligence on, two of our international third party branded suppliers following media reports of potential forced labour in their supply chains. The actions we are taking to work collaboratively with these suppliers to help ensure that the risk of modern slavery is assessed and addressed appropriately is detailed in this report.

The Group recognises that it has a role to play in continuing to raise awareness around modern slavery and collaborating to develop an effective response across our industry sector. As we continue to refine our response, we remain open to engaging with all stakeholders, and committed to pursuing continuous improvement.



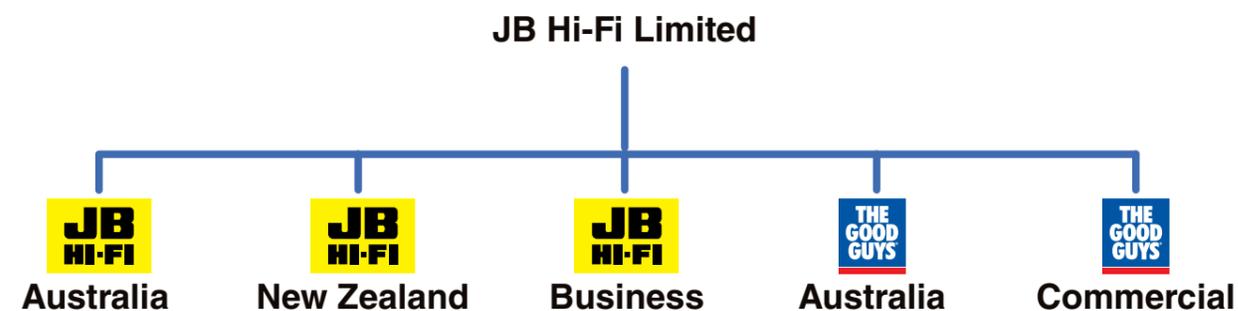
Terry Smart
Group Chief Executive Officer
JB Hi-Fi Limited
22 November 2023



²Walk Free is an initiative of the Minderoo Foundation and is a global organisation with a mission to end modern slavery. Walk Free has published five editions of the Global Slavery Index
³Global Estimates of Modern Slavery, Forced Labour and Forced Marriage, September 2022, International Labour Organisation, International Organisation for Migration; and Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation, <https://www.walkfree.org/global-slavery-index>.

OUR GROUP'S STRUCTURE AND OPERATIONS

Our structure and operations did not materially change over the reporting period. The JB Hi-Fi Group structure comprises a listed holding company (JB Hi-Fi Limited) which has 100% ownership of entities in the Group that operate the JB Hi-Fi and The Good Guys retail and commercial businesses.



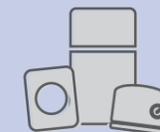
JB Hi-Fi and The Good Guys are leading retailers of consumer electronics, technology, telecommunications and other services, home appliances and software, with operations in Australia and New Zealand.

Both our JB Hi-Fi and The Good Guys retail brands have multi-channel operations, selling a wide variety of consumer electronics and home appliances through a network of branded stores, online websites and call centres.

The key product categories of the Group are:



Consumer electronics and technology products including televisions, audio equipment, computers, mobile phones and cameras



Home appliances including whitegoods, cooking products, heating and cooling products, small appliances and kitchen accessories



Telecommunications, extended warranty, consumer finance and installation services



Software (music, movies and games), musical instruments and licensed merchandise and collectibles

The Group also has commercial businesses which service the commercial, insurance and education sectors in Australia and New Zealand and offer information technology and consulting services to small and medium size enterprises.

The JB Hi-Fi and The Good Guys retail and commercial businesses are managed by brand-specific management teams in Australia and New Zealand, with additional support provided by a Group Executive team.



The Group operates centralised Support Office functions based in Melbourne and Auckland, and Commercial offices in Sydney, Melbourne, Perth, Brisbane and Auckland. The Group also operates a network of home delivery centres and warehouses which manage inventory and fulfilment of big and bulky items.

The work undertaken by the Group in relation to modern slavery is encapsulated in the Group's Ethical Sourcing Framework, which covers all aspects of the Group's operations. The Group Chief Financial Officer has ownership of the framework at an executive level.

Day to day operational responsibility for ethical sourcing and modern slavery lies with the Group Sustainability and Ethical Sourcing team working in collaboration with business units across the Group.

Strategic direction and oversight over the implementation of the Group's approach to modern slavery is provided by a cross functional Ethical Sourcing Working Group, involving members of senior management and the Group Executive team. The Working Group is chaired by the Group Chief

Financial Officer and includes executive representation from the finance, legal, buying, sustainability, business improvement and risk management business units. Key areas relating to the Group's approach to ethical sourcing and modern slavery risk management are considered, with specific focus on:

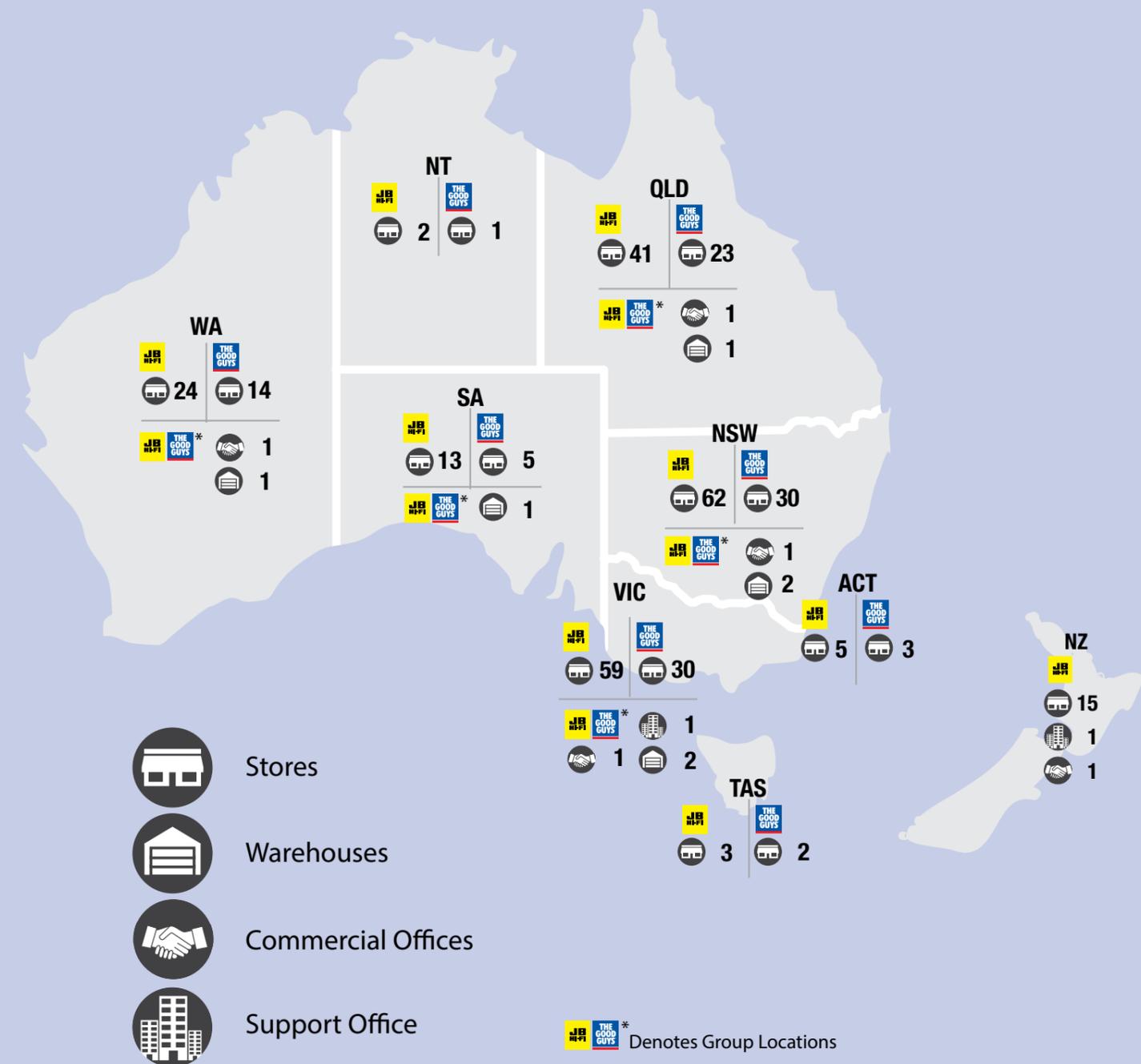
- ethical sourcing policy design and compliance;
- process improvement (such as new supplier onboarding);
- supply chain mapping;
- supplier engagement;
- supplier risk assessment;
- supplier due diligence; and
- internal and external training and awareness.

The Audit and Risk Management Committee (a sub-committee of the Board of Directors) is responsible for reviewing the Group's plans, actions and reporting in relation to modern slavery and for assessing and monitoring the effectiveness of the Group's programs and plans in this area. The Audit & Risk Committee reports to the Board on these issues.



The Group employs over 14,500 permanent, part-time and casual team members to support its operations in Australia and New Zealand. The Group's workforce is supplemented by sub-contractors to fulfil certain tasks, such as store maintenance and development

THE GROUP'S OPERATIONS ACROSS AUSTRALIA AND NEW ZEALAND:



and product installation services. During busier trading periods such as Black Friday and Christmas, additional retail staff are employed on a casual basis to meet increased consumer demand.



OUR SUPPLY CHAIN

The JB Hi-Fi Group works with a vast network of domestic and international suppliers. Maintaining productive relationships with all our suppliers is critical to the success of our retail and commercial businesses.

In FY23, the Group engaged over 3,200 (FY22: 3,300) suppliers with spending in excess of \$8.8 billion (FY22: \$8.7 billion) on goods and services.

THE GROUP'S SUPPLY CHAIN CAN BE SEGMENTED INTO FIVE CATEGORIES:

1 Trade Suppliers - branded products and services

Trade suppliers of branded products and services consist of manufacturers and service providers that the Group contracts with directly for the supply of goods (e.g. televisions, computers and whitegoods) and services (e.g. telecommunication contracts, extended warranties and product care) for resale within our retail and commercial businesses. The trademarks and brands associated with these suppliers are not owned by JB Hi-Fi Group.

country where the facility is located. (Please refer to [page 23](#) for more detail regarding the mapping of our trade supply chain).

The Group also engages with a small number of Australian distributors which assist in the supply of certain third party branded products to the Group.

Our suppliers range from large multinational 'big brand' companies to smaller product and service providers, each with varying maturity of processes and controls to assess and address modern slavery risk in their operations and supply chain.

In FY23 the Group placed orders with over **700 different trade suppliers** (FY22: over 700), spending circa \$8 billion (FY22: circa \$7.9 billion).

Our suppliers of products utilise a combination of wholly owned and outsourced manufacturing facilities, with a large proportion of the facilities relating to our supply chain being located in the Asia Pacific Region. These manufacturing facilities employ a combination of foreign migrant labour as well as workers who are permanent residents of the

2 Trade Suppliers - JB Hi-Fi-owned private label products

JB Hi-Fi owns three 'private label' brands:



'XCD', an accessories range which comprises cables, headphones, and other consumer electronics products.



'Flea Market', which comprises a range of gifting products (such as vinyl accessories, laptop sleeves, turntables and Christmas gifts).



'Terminal 2', re-launched in 2022, which offers a range of adaptors, chargers and accessories catering to both international and domestic travel.

The Group contracts with a limited number of Australian-based suppliers for the sourcing and manufacture of products for our XCD, Flea Market and Terminal 2 brands.

These suppliers engage manufacturers in China for the production of our private label products and we work closely with our local suppliers on product design and quality, as well as compliance with our Ethical Sourcing Policy across the factories that are utilised for production.

The majority of workers employed by product manufacturers engaged by our Australia-based suppliers are permanent residents of China.

In FY23 the Group spent circa **\$19.7 million** (FY22: \$17.5 million) on its private label product range, **across 4 different Australian-based suppliers** (FY22: 5 different suppliers).
For more information regarding our private label suppliers, please refer to [pages 33 - 39](#).

3 Indirect Trade Suppliers

The end-to-end supply chain associated with the manufacture of consumer electronics and home appliances is vast, complex and can span across multiple countries. As such, there are a large number of indirect suppliers within the supply chain that contribute to the construction of a consumer electronics product or home appliance: from the technical design, to the minerals extracted from the ground, the fabrication of the materials, the construction and testing of the electronic components, and the final assembly, packaging and shipping.

These indirect suppliers are engaged by the product manufacturer and form part of the extended supply chain which contributes to the manufacture of the products we sell. The Group does not hold direct trading relationships with these indirect suppliers.

Case Study: Supply chain mapping undertaken by third party branded suppliers

Some of our larger international trade suppliers have mapped the various tiers of their supply chain, identifying suppliers of materials, manufacturing and final assembly, and the countries in which these suppliers operate (i.e. suppliers we classify as indirect suppliers of the Group).

For example, one of the Group's larger consumer electronics suppliers has published a list of their suppliers of raw materials (such as cobalt, gold, lithium, tantalum, tin, and tungsten), component manufacturing, and facilities that undertake assembly and packaging. The supply chain consists of 425 suppliers of materials, manufacturing, and assembly across 29 countries, with an additional 265 suppliers of raw materials smelting and refining across 41 countries⁴.

This example illustrates the depth and complexity of the global supply chain for consumer electronics. We aim to work with our suppliers as well as the Responsible Business Alliance to continue to build our understanding of these supply chains and key modern slavery risk areas, including as outlined later in this statement.

⁴This information is provided for illustrative purposes and was obtained through the public disclosures of one of the Group's largest international suppliers and has not been separately verified by the Group.



Non-Trade Suppliers (goods and services not for resale)

The procurement of goods and services not for resale is integral to the successful running of our operations, and include the following types of suppliers:

- Landlords, property management and utility providers;
- Banks and finance companies;
- Energy companies;
- Professional service firms and security services;
- IT services, telecommunications and technology providers;
- Property and store development, cleaning and maintenance providers;
- Waste management and recycling providers;
- Delivery, logistics and warehousing providers; and
- Suppliers of office equipment and consumables.

In FY23 the Group engaged over **2,100** (FY22: over 2,200) **non-trade suppliers**, spending in excess of **\$759 million** (FY22: over \$781 million).



Service providers and outsourced sub-contractors

The Group's retail and commercial businesses offer installation and set-up services for some of the products we sell.

In our retail business this may include, for example, the mounting and set-up of a new television and sound system, or the installation and disposal of home appliances such as refrigerators, washers, or dryers. These types of services are carried out by a range of different types of sub-contracted service technicians and trade professionals such as electricians and plumbers.

Similarly, our commercial business offers installation services relating to networking and infrastructure solutions, as well as set up of audio and visual facilities for small to medium-size enterprises.

Both JB Hi-Fi and The Good Guys operate on-boarding and monitoring controls to ensure all sub-contractors are appropriately skilled and qualified to carry out their duties, whilst adhering to the minimum standards included within our Ethical Sourcing Policy.

In FY23 the Group contracted with circa **425** (FY22: 399) **service providers and specialist sub-contractors for home installation services**, spending in excess of **\$34 million** (FY22: \$27 million)

MODERN SLAVERY RISK IN OUR OPERATIONS AND SUPPLY CHAINS

The Group recognises that modern slavery has serious impacts on people, and that no retailer is immune to the risks of modern slavery in its operations and supply chain. The Group's human rights-based approach to modern slavery considers risks to people in conjunction with risks to the business.

The Group utilises the framework provided by the [United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#), as well as the Government Guidance to Reporting Entities on the Modern Slavery Act, to help assess the risk of modern slavery in our operations and supply chain. Using this guidance, the Group categorises modern slavery risks as the potential for the Group to either cause, contribute to, or be directly linked to, modern slavery through our operations or supply chain.

These three terms are explained below:

Cause	The risk that our actions or omissions may directly result in modern slavery occurring (e.g. if forced labour or the worst forms of child labour were to be used directly in the Group's direct workforce).
Contribute	The risk that our actions or omissions may contribute to modern slavery occurring (e.g. if negotiations with suppliers on fulfilment or cost price resulted in suppliers utilising forced labour or the worst forms of child labour within their operations or supply chain in order to meet these requirements). We seek to discuss these factors with suppliers when we conduct our ethical sourcing due diligence.
Directly Linked	The risk that the products and services that we sell (and/or use), may be directly linked to modern slavery through the activities of another entity in the supply chain (e.g. if a component part of a consumer electronics product that we sell is manufactured by a supplier in the extended supply chain that has been found to have used forced labour, debt bondage or the worst forms of child labour).

Our modern slavery risks are not static and can change as our operations and supply chain change. For example, the introduction of new strategic objectives, suppliers, or product categories into the Group's operations may result in our business being exposed to new geographic locations or industries that have different modern slavery risks.

In addition, changing external factors (such as COVID, political conflicts, climate risk, and global migration patterns) may present increased risks for vulnerable workers. Management have sought to understand these risks with reference to the framework provided by the UNGPs.





1 Potential Modern Slavery Risks in Our Operations

Our direct employees

The Group employs over 14,500 full time, part time and casual staff across our operations in Australia and New Zealand.

Most of the Group's team members are employed directly and on permanent contracts, which provides us with direct oversight and control of their working conditions. During the busier peak trading periods such as Black Friday and Christmas, additional retail staff are employed on a casual basis to meet increased consumer demand.

Our 14,000+ Australian team members are employed on individual employment agreements and provided with written contracts. Team members may be covered by one of the following Modern Awards, or otherwise are Award-free (such as senior management):

- General Retail Industry Award 2020
- Clerks Private Sector Award 2020
- Commercial Sales Award 2020
- Storage Services and Wholesale Award 2020
- Graphic Arts, Publishing and Printing Award 2020; and
- Professional Employees Award 2020

Our 500+ New Zealand team members are employed on individual employment agreements underpinned by national legislation and provided with written contracts. The Group is aware of, and continues to monitor proposed modern slavery legislation in New Zealand.

The supporting structures, policies and processes we have in place, in our view significantly reduces the risk of modern slavery being "caused" by the Group within our directly employed workforce.

2 Potential Modern Slavery Risks in Our Supply Chains

In 2023, Walk Free⁵ published the 2023 Global Slavery Index, a report published every five years which evaluates the prevalence of modern slavery and forced labour, as well as the progress being made to eradicate it.

This Index estimated 50 million people were affected by modern slavery globally at any given time in 2021 (an increase of 10 million from the previous 2016 estimate). Forced labour accounts for 28 million of these, with more than half of the people affected by forced labour being in our Asia Pacific Region⁶.

Given our reliance on electronics supply chains within the Asia Pacific Region, we recognise the risk of modern slavery occurring within our overseas supply chains. We also understand that modern slavery can occur here in Australia and that lower skilled workers in some sectors that we source services from may be more vulnerable to exploitation.

The 2023 Global Slavery Index estimated the value of at-risk consumer electronics globally to be \$243.6 billion (up from \$200 billion, published within the 2018 Global Slavery Index), with an estimated \$8.9 billion imported into the Australian marketplace (up from \$7b compared to 2018 estimates). Electronics (such as laptops, computers, and mobile phones) were considered the top 'at-risk' product category (by value) imported into the G20⁷ for the risk of slavery occurring in the supply chain.

Our modern slavery risks may also be influenced by a range of risk factors. These may include the use of migrant workers by suppliers for lower skilled roles such as manufacturing, reliance on complex global supply chains which can make it difficult to verify supplier practices, use of high-risk raw materials such as minerals, and sourcing from higher risk jurisdictions.

Modern slavery risks in our trade suppliers

A large proportion of the trade suppliers we engage with are based in the Asia Pacific region, which is known to be a high-risk region for modern slavery and forced labour given the high levels of worker migration, and use of third-party labour brokers facilitating worker migration across the region.

As such, the Group recognises that there is a risk it could be "directly linked" to modern slavery within all tiers of our trade supply chain.

The forms of modern slavery that could occur across this area of our supply chain may differ depending on the tier of the supply chain. For example, there may be higher risk of the worst forms of child labour within the extraction of raw materials, and a higher risk of debt bondage within the manufacture and assembly of products or their component parts.

The risk of modern slavery also increases in countries and industries where the upholding of human rights, and governance surrounding labour laws and practices, are not strong. Furthermore, suppliers which utilise a larger proportion of migrant labour, low-skilled workers, young workers and/or third-party recruitment companies, may be at greater risk of modern slavery occurring in their supply chains.

The Group recognises that the way it engages and negotiates with our suppliers on matters such as cost price or fulfilment time frames has the potential to contribute to the risk of modern slavery in downstream supply chains. These factors are discussed with suppliers when we conduct our ethical sourcing due diligence.

Some specific examples of modern slavery risk that may occur within our trade supply chain include:

- Deceptive recruitment practices and trafficking of migrant workers (for example, migrant workers are deceived about their working conditions when recruited, not provided within documented employment contracts, and are subsequently exploited upon commencing work at an overseas factory);
- The use of debt-bondage and/or the withholding of identification and travel documents (such as passports) to restrict the ability for workers to move freely in and out of employment (for example, migrant workers are charged recruitment fees and required to hand over their passports to an overseas factory); and
- The use of forced labour or the worst forms of child labour by direct or indirect suppliers in the assembly of products, component parts or the sourcing and refinement of raw materials (for example, children are used to mine minerals overseas used in electronics components).



⁵Walk Free is an initiative of the Minderoo Foundation and is a global organisation with a mission to end modern slavery. Walk Free has published five editions of the Global Slavery Index. ⁶Global Estimates of Modern Slavery, Forced Labour and Forced Marriage, September 2022, International Labour Organisation, International Organisation for Migration; and Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation, <https://www.walkfree.org/global-slavery-index>. ⁷The G20 is the international forum for the world's major economies. Its members account for more than 80% of world GDP, 75% of global trade and 60% of the population of the planet.

Modern slavery risks in our non-trade suppliers - goods and services not for resale

A large proportion of the service industries we engage for our operations are based in Australia. Whilst the risk of slavery occurring in Australia is relatively low compared to some other parts of the world, we recognise that modern slavery can, and does, exist domestically and that workers in certain sectors may be disproportionately vulnerable.

Within our domestic supply chains, there is a potential for the group to be “directly linked” to modern slavery practices in industries and sectors which utilise low-skilled workers, young workers, migrant workers, or outsource work to sub-contractors. Such industries and sectors include (but are not limited to):

- Property and store development, cleaning and maintenance providers;
- Waste management and recycling providers;
- Delivery, warehousing, logistics and reverse logistics providers;
- Security service providers;
- Suppliers of solar panelling; and
- Suppliers of office equipment and consumables.

We also recognise we could potentially contribute to modern slavery in this area if our controls fail or are not fit for purpose.

Specific examples of modern slavery risk that may occur within our non-trade supply chain include:

- The use of forced labour or the worst forms of child labour by direct or indirect suppliers in the provision of services, or manufacturing of products to be used in our operations (for example, fixtures and fittings used in our stores could be made in

an overseas factory where workers are restricted from leaving the factory outside working hours and forced to work excessive overtime); and

- The exploitation of vulnerable workers such as ethnic minorities, low-skilled workers, and migrant workers (for example, lower skilled workers undertaking cleaning, or the processing of waste and recycling are not provided with written contracts and appropriate pay, with their employer threatening them with violence if they try to leave).

Modern slavery risks in our service providers and outsourced sub-contractors

Service providers and sub-contractors providing product installation, store development and maintenance services range from small business owners to large companies.

Workers within these industries range from highly qualified tradespeople, to young apprentice workers that are less skilled and experienced. There is a risk that the Group could be “directly linked”, to modern slavery through its network of service providers and sub-contractors. We also recognise we could potentially contribute to modern slavery in this area if our controls fail or are not fit for purpose.

A specific example of modern slavery risk that may occur within our service providers and/or outsourced sub-contractors is the exploitation of vulnerable workers such as low-skilled workers, young workers, and/or migrant workers (for example, lower skilled workers or young workers assisting with product installation, but not being provided with written contracts and appropriate pay, with their employer threatening them with violence if they try to leave).

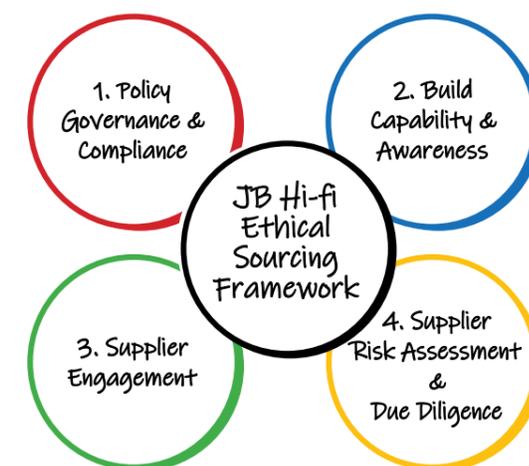
ACTIONS WE HAVE TAKEN IN THE FINANCIAL YEAR ENDED 30 JUNE 2023

Beyond the moral imperative to combat slavery, we also believe doing this can lead to better business outcomes such as highly engaged supplier relationships, superior product and service quality, and stronger investor and consumer confidence.

Our Ethical Sourcing Framework is focused on respecting human rights and ensuring workers in our operations and supply chains are treated fairly and provided with safe working and living conditions.

The actions we have taken throughout the year have been focused on:

- engaging some of our smaller suppliers to understand the country of final assembly, utilisation of foreign migrant labour, and the types of social compliance audits conducted on the final assembly facilities identified. We believe that we can increase the effectiveness of our approach by focusing engagement on smaller suppliers operating in high-risk product and industry sectors, who we can more positively influence, rather than large multinational suppliers who are likely to have more mature policies, procedures and controls and which we are less likely to be able to influence;
- continuing to build capability and awareness, internally within our business and externally with our private label suppliers, through modern slavery training;
- requiring suppliers to carry out social compliance auditing in accordance with our Ethical Sourcing Policy, and working with suppliers to deal with any issues identified; and
- continuing to collaborate and engage across industry with peers, suppliers and investors to review our approach to modern slavery.



The remainder of this section explains the actions we took during FY23, across each of the four components of our Ethical Sourcing Framework.

1 POLICY GOVERNANCE & COMPLIANCE

Maintaining our company values

Underpinning the way in which we work and treat each other are our Group Values. Our Values emphasise the importance of respect and empowerment, acting with integrity, and operating with a social conscience, all of which have relevance to, and support our approach to, addressing modern slavery risk. In operating our business, we strive to:

- act honestly and do the right thing;
- act lawfully, ethically and responsibly;
- call things out that aren't right;
- treat everyone fairly and without discrimination; and
- ensure our business is safe, inclusive, and welcoming for everyone.



The Group also operates an internal controls framework to ensure compliance with all relevant labour laws and regulations, and the maintenance of a safe working and shopping environment that promotes diversity and inclusion and is free of discrimination and harassment.

The following key policies assist the Group in maintaining a safe and fair working environment:

- Group Code of Conduct;
- Our Company Values;
- Anti-Bribery and Corruption Policy;
- Diversity Policy;
- Equal Opportunity Policy
- Workplace Behaviour Policy;
- Health and Safety Policy;
- Parental Leave Policy;
- Flexible Work Policy;
- Domestic and Family Violence Policy; and
- Risk Management Policy and Framework.

Our Ethical Sourcing Policy also outlines the standards we expect of our suppliers with respect to maintaining safe and fair working conditions for workers within our supply chain.

JB Hi-Fi Group Ethical Sourcing Policy

The Group has an Ethical Sourcing Policy which affirms our commitment to respecting human rights and outlines the minimum standards we expect of our suppliers' labour, health and safety, environmental, and ethical practices. It is informed by internationally recognised frameworks including the UNGPS, the Ethical Trading Initiative (ETI) Base Code, and the International Labour Organisation (ILO) fundamental conventions concerning rights at work.

The Policy is intended to uphold worker rights, protect health and safety, establish appropriate standards of ethical behaviour, and minimise unnecessary adverse impacts on the environment. Within our Ethical Sourcing Policy, the Group outlines its zero-tolerance position on all forms of forced labour, the worst forms of child labour, and restrictions on the right to freedom of movement. It also contains requirements around relevant issues such as working hours and prohibits the use of debt-bondage in the recruitment of workers, including by requiring recruitment and other related fees to be paid by the hiring company and not by workers. Where it is found that such fees have been paid by workers, our Policy requires workers to be reimbursed within a reasonable timeframe.

The Group is member of the Responsible Business Alliance and, consequently, our Group Ethical Sourcing Policy is largely aligned with the Responsible Business Alliance's (RBA) Code of Conduct (COC). In FY23 the RBA undertook an update of its COC to ensure

that it remains in line with international and industry standards, addresses any new legal requirements, and meets increasing stakeholder expectations. The Group will integrate key changes that have been made to the COC into its Ethical Sourcing Policy, upon public release of the revised COC (expected in January 2024).

Responsibility for maintaining and updating the Group Ethical Sourcing Policy lies with the Group Sustainability and Ethical Sourcing Team, with the buying, procurement, and legal teams responsible for ensuring the policy is implemented into supplier trading terms and communicated to suppliers. Oversight over policy design and implementation is provided by the Group Ethical Sourcing Working Group, and the Audit and Risk Management Committee.

The requirement to comply with the Group's Ethical Sourcing Policy has been integrated into the Group's standard supplier trading agreements and suppliers are asked to agree and sign the relevant trading agreement (which includes a requirement to comply with the Group's Ethical Sourcing Policy). We source from a wide range of companies, including both large multinational companies and smaller suppliers and, consequently, we have differing levels of influence with suppliers. In some instances, suppliers may not sign up to our standard trading agreements, or our Ethical Sourcing Policy, and in these situations we seek to agree key terms that promote consistency with our Ethical Sourcing Policy in practice.

Among other things, our Ethical Sourcing Policy sets out the social compliance auditing requirements we expect of our suppliers, including which social compliance auditing methodologies we recognise and how often audits must be conducted by suppliers. These social compliance auditing requirements enable us to assess supplier compliance against our Policy and monitor ethical sourcing risks within our supply chain. More information on the social compliance auditing standards we expect in our supply chain is set out on [page 28 - 29](#).

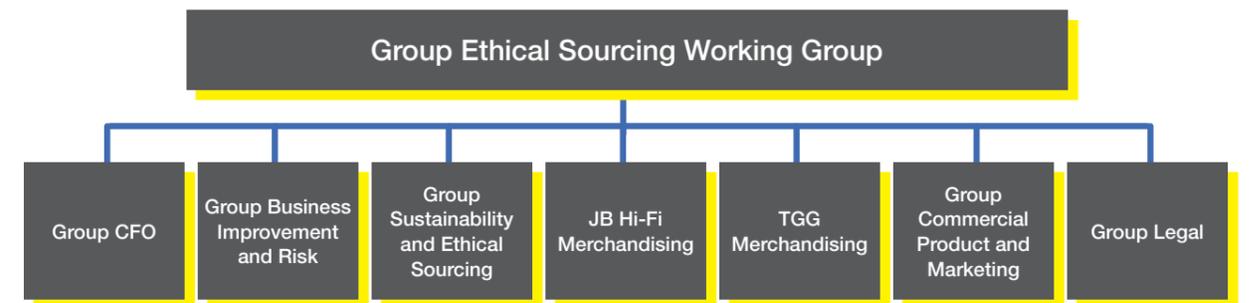
Management recognises that some suppliers may need to work towards complying with the standards set out in our Policy over time (rather than immediately) and, where this is the case, works with suppliers in achieving compliance within an agreed time frame.

Recognising that many of the Group's suppliers have final assembly locations in Asia, the Group's Ethical Sourcing Policy has also been translated into Mandarin for ease of use and interpretation throughout mainland China.

For a copy of our Ethical Sourcing Policy, please visit the [JB Hi-Fi Limited investor website](#).

Governance over our Ethical Sourcing Framework

As described on [page 6](#) of this statement, strategic direction and implementation of the Group's Ethical Sourcing Framework is overseen by the Group's Ethical Sourcing Working Group. Further governance over the Group's response to modern slavery is provided by the JB Hi-Fi Limited Audit and Risk Management Committee (a sub-committee of the Board) and the Board itself.



Grievance Mechanisms and Remediation

In the event that we identify instances where the Group has "caused" or "contributed" to modern slavery in its operations or supply chain, these issues will be escalated to the Group Executive, the Audit and Risk Management Committee and/or the Board (as appropriate) with a recommended action plan to remediate the issue which prioritises the wellbeing and welfare of the victim/s identified. We did not identify any instances in FY23 where the Group caused or contributed to modern slavery in our operations or supply chain.

Where we identify the Group is "directly linked" to modern slavery in its operations or supply chain, these issues will be escalated to the Group Executive and/or the Audit and Risk Management Committee, with further risk assessment and due diligence conducted on the entities concerned where required, and consideration of additional actions if deemed necessary. We did not identify any instances in FY23 where the Group was directly linked to modern slavery in our operations or supply chain.

The Group also maintains a [Reportable Misconduct and Whistleblower Policy](#) which encourages both our employees and suppliers to report concerns of reportable misconduct (such as forced labour), or instances of non-compliance with our Ethical Sourcing Policy, through either the third-party employee assistance lines operated by the Group, or directly to senior management or the Board.

Case study: Implementing trusted and accessible grievance mechanisms

The Group recognises that there may be limitations in assessing the risk of modern slavery using social compliance audits. Such limitations can include lack of auditor independence, potential bribery and corruption in countries with lower levels of governance, audit quality, and/or the inability of a social compliance auditor to gain unfettered access to a facility, company records and/or to the workers themselves.

Establishing trusted and accessible grievance mechanisms in order to capture truthful and unbiased feedback from workers is an important risk identification tool, which can help to mitigate many of the limitations associated with social compliance auditing.

Our Ethical Sourcing Policy requires suppliers to provide workers with access to grievance mechanisms enabling workers to confidentially (and anonymously) communicate any concerns they may have without fear of detrimental treatment. The Group is provided information, through its supplier ethical sourcing self-assessment questionnaire, on whether supplier facilities

have implemented a grievance policy and process. Further assurance over the operating effectiveness of this control can be sought through worker interviews and audits carried out at a supplier facility.

In FY23, we confirmed grievance mechanisms were in place for 63 out of 79 factories (80%) listed on our Supplier Watchlist, through the SAQ's received from those factories. SAQ's were not received for 13 of these factories, with 3 factories reporting 'partial' implementation of a grievance mechanism. Through the social compliance audits received during FY23, we also noted 5 factories where the auditor raised findings around management's review of the effectiveness of the grievance mechanism (a requirement under the social compliance auditing frameworks recognised by the Group).

The Group is in process of following up with these suppliers to ensure grievance mechanisms operate at all facilities on our Watchlist.

Case Study: Responding to reports of forced labour within our trade supply chain

In FY23, we continued our engagement with a global third party branded trade supplier following media reports about potential forced labour in its supply chain in 2021.

The Group takes all allegations relating to our direct suppliers and potential modern slavery practices in their operations and supply chains seriously. We are committed to assessing any modern slavery allegations and, where feasible, we aim to work constructively and collaboratively with any supplier that may be implicated.

We aim to take a consistent approach when engaging our direct suppliers on allegations of modern slavery, irrespective of the country or industry which the supplier operates in. This involves applying our supplier risk assessment and due diligence process (see [pages 24 - 29](#) for more information on this process) and, subject to the context of the allegation, engaging with the supplier to better understand the nature of the reports, actions undertaken to respond to potential risks, and the level of oversight and auditing undertaken on the supply chain.

1. Engaged supplier's senior management team to understand nature of allegations and actions undertaken

Upon becoming aware of media reports of potential forced labour in our supplier's supply chain, we held discussions last year with senior governance and sustainability representatives of our supplier to better understand the issues and the actions they were taking in response.

Through these discussions, our direct supplier informed us that they had been working with one of their third-party suppliers over an extended period to ensure the risks of modern slavery were being appropriately mitigated. This included engaging the RBA to conduct a special investigatory audit of this third-party supplier in addition to our direct suppliers' own audit programme. However, due to the third-party supplier's lack of transparency during the investigation and audit process, as well as insufficient progress being made in remediating the issues identified, our direct supplier had terminated the contract with the

third-party supplier. The Group was not involved in our supplier's decision to terminate its relationship with the third-party supplier.

2. Assessing the risk of modern slavery through social compliance auditing

Our Ethical Sourcing Policy lists the social compliance auditing frameworks that the Group recognises as part of our due diligence framework. Through social compliance audits we can gain an understanding of the following for each of our direct suppliers:

1. the proportion of migrant workers, where they originate from, and how they are recruited;
2. the type of issues that may be present in the manufacturing facilities of the products we sell;
3. the nature and extent of oversight that a supplier has over its supply chain; and
4. what corrective actions may be required and how these are managed.

In the case at hand, our direct supplier was unable to provide social compliance audits for a number of its third-party suppliers, that were recognised by our Ethical Sourcing Policy. Instead, third-party Workplace Condition Assessment Reports (WCARs) were provided for all of our supplier's third-party final assembly locations. Whilst WCARs are not recognised under our Ethical Sourcing Policy, we reviewed these WCARs in FY22, to build an understanding of worker demographics, our supplier's oversight, and the types of risks that had been identified within its supply chain.

Through our review we noted instances of non-compliance with our Ethical Sourcing Policy relating to excessive working hours, rest days, and health and safety, as well as corrective actions being undertaken regarding worker recruitment fees.

We also noted two findings that related to freedom of movement, which we considered to be potential modern slavery risks. We provided feedback to our supplier last year on these two findings and other non-compliances, and have sought further information on what corrective actions were being taken, pending the completion of additional planned social compliance audits on these factories. We also provided feedback on the social compliance auditing standards that the Group accepts, and our requirement for suppliers to comply with these standards going forward.

3. Responsible Business Alliance membership and on-going engagement

Through our discussions with the direct supplier, we were aware that it was already a participant in the Responsible Labor Initiative.

As part of our supplier engagement, we encouraged them to extend their engagement with the RBA and consider full membership. Whilst participation in the RLI can provide companies with best practice tools and resources to assess and address the risk of modern slavery, it does not require companies to adhere to the RBA's membership compliance requirements which includes undertaking regular risk assessments and auditing in line with the RBA Code of Conduct. Our supplier has since joined the RBA as a supporter member, which is one of the first steps to full membership.

During FY23 we continued our on-going engagement with our direct supplier's senior management team on the actions they have been taking to assess the risk of modern slavery in their supply chain. During the year, our supplier completed RBA VAP audits (the Group's preferred auditing methodology) across all facilities used for the final assembly of their products.

Our supplier has verbally confirmed to us that no evidence of modern slavery or forced labour was found across any of the final assembly facilities that were examined through the RBA VAP audits, but has not provided us copies of the completed RBA VAP audit reports for confidentiality reasons. The supplier has offered to provide the Group with alternative WCARs which we will review to further assess. The Group is in the process of obtaining these reports and will review them in FY24 to further assess the risk of modern slavery within our supply chain. We continue to advocate for high quality independent audits that align with the requirements of our Ethical Sourcing Policy.

We recognise that this is a sensitive topic for our supplier and appreciate their willingness to share information and openly discuss the actions taken. We continue to work closely with this supplier to understand the progress they are making to assess and mitigate the risk of forced labour in their supply chain.

Development and implementation of training and awareness

Operational responsibility for the implementation of the Group Ethical Sourcing Framework lies with the Group Sustainability and Ethical Sourcing team. The team undertakes a combination of structured learning, on-the-job training, and industry engagement to develop their understanding of emerging risks and industry best practice for assessing and addressing the risks of modern slavery.

The Group will continue to look for opportunities to build capability and awareness of the risks associated with modern slavery, both internally and with suppliers, as well as through our engagement with the RBA and participation within industry forums and working groups.

Training for our private label suppliers

The Group leverages the RBA's Learning Academy to deliver online training to our private label suppliers. The following are examples of training topics that are utilised to onboard new team members and suppliers, or provide refresher training when deemed necessary:

1. Forced labour: Case studies on forced labour risk indicators such as debt bondage, freedom of movement, threats and coercion, regulatory requirements, and mitigations.
2. Working hours: Overview of working hour standards that should be met, and how to address the root causes of long hours.
3. Chinese social insurance:
 - Overview of the legal requirements for workers and employers to contribute to public social insurances in China;
 - Explanations of the five different types of public social insurances (pension, unemployment, medical, maternity and work-related injury), as well as additional requirements to contribute to the worker Housing Fund; and
 - Risks, challenges and solutions to overcoming non-compliance.

The training is provided to those personnel within our private label suppliers who are responsible for compliance, quality assurance and factory oversight, and is also extended to members of our suppliers' account management teams.

Feedback on content and applicability has been positive, with some suppliers also suggesting that future opportunities could be explored to extend relevant training modules to their own supply chains. The Group will continue to work with our private label suppliers to identify training and capacity building opportunities.

Training and awareness raising for our team members

The Sustainability and Ethical Sourcing Team provides updates to relevant Group employees on the work being undertaken to assess and address the risk of modern slavery, through annual leadership conferences involving store and support office management teams, as well as training sessions with buying teams.

Providing updates on modern slavery helps us re-emphasise the importance of ethical sourcing and modern slavery risk management as one of the Group's key sustainability commitments. Examples of some of the topics that are covered through these updates include:

1. A refresher on what modern slavery is, and how it can impact human rights in our supply chain;
2. An overview of our Ethical Sourcing Policy and Framework;
3. An overview of our supplier due diligence process; and
4. Expectations around timely internal communication of any supplier non-compliance with our Ethical Sourcing Policy.

Responsible Business Alliance (RBA)

The RBA is a global non-profit industry coalition comprised of companies committed to supporting the rights and wellbeing of workers and communities. As members of the RBA, we can access thought-leadership, industry collaboration, and the RBA's training and assessment tools on forced labour.

The Group has regular engagement with the RBA, to ensure we keep up to date on the latest RBA and member initiatives to reduce the risk of forced labour in global supply chains and to stay abreast of emerging risks and regulation that may affect our supply chain.

As one of only two Australian-based companies that are members of the RBA, the Group is uniquely placed to help increase awareness around modern slavery practices (such as forced labour) within the Australian market and has shared some of the RBA's practice tools and guidelines with some of our Australian-based private label suppliers and industry partners that are not RBA members.

The Responsible Labor Initiative

We continue to monitor and review the output of the RBA's Responsible Labor Initiative (RLI). The RLI brings together members, suppliers, recruitment partners and stakeholders to use their collective influence and the application of due diligence to drive the transformation of recruitment markets, reduce the risk of forced labour, and provide remedies in global supply chains at all stages of recruitment and employment.

Through the RLI, we are able to access best practice tools and guidance on areas such as foreign worker migration and recruitment, due diligence relating to recruitment fees, and the steps the RLI are taking to understanding some of the key problems faced by migrant workers in Malaysia, including how they are working with recruitment agencies to build capability in addressing the risk of forced labour.

Modern slavery risk in the mining and refinement of 'conflict minerals'

Natural minerals from the earth are important components in many of the electronic products we sell. Tin, tantalum, tungsten, gold and cobalt are commonly used minerals within consumer electronics, and are often referred to as 'conflict minerals' given a large proportion of the global supply originates from countries where human rights and environmental violations have occurred. The Group does not directly engage any suppliers of these minerals, as supply relationships occur many tiers further up the supply chain.

The Group recognises the risk of human rights violations such as modern slavery occurring in the mining and refinement of these minerals. Our Group Ethical Sourcing Policy contains minimum requirements for suppliers to implement policies and due diligence processes in line with the Organisation for Economic Cooperation and Development (OECD) guidance for responsible supply chains of minerals from conflict-affected and high-risk areas.

The OECD guidance provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. This Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas.

The RBA's Responsible Minerals Initiative has been operating since 2008, evolving business practices to support responsible mineral production and sourcing globally, by providing companies with tools and resources to improve regulatory compliance, align with international standards, and support industry and stakeholder expectations. Many of the Group's international suppliers have joined as members of the Responsible Minerals Initiative as part of their organisations approach to assess and addressing the risk in the mining and refinement of conflict materials.





Cross-Industry collaboration and knowledge sharing

Recognising that collaboration is important to building awareness and capability, the Group continues to engage with a variety of external stakeholders such as investors, suppliers, and industry bodies, taking feedback on both our approach and our disclosures around modern slavery.

National Associated Retail Traders of Australia (NARTA)

The Group is a member of the NARTA Modern Slavery Initiative (MSI), an industry focused program (established in 2020) involving retailer and supplier members of NARTA, designed to support member businesses in reviewing practices within their supply chain to combat modern slavery and promote ethical sourcing.

The Group provides feedback and learnings to the NARTA MSI Committee, on establishing an approach to assessing and addressing the risk of modern slavery for all NARTA members. The achievements of the NARTA MSI to date include:

- development and implementation of a supplier modern slavery questionnaire to assess modern slavery risk factors, specific for NARTA supplier members;

- implementation of an annual modern slavery inherent risk assessment across all of NARTA's consumer electronics and home appliance supplier members; and
- implementation of the SEDEX risk methodology platform to supplement NARTA MSI's risk assessment process.

To date the NARTA MSI has conducted risk assessment of 56 of its supplier members, which includes receiving modern slavery questionnaire responses from 32 of these suppliers. The Group uses the NARTA MSI risk assessment results to supplement its own internal risk assessment and due diligence processes, in order to identify additional suppliers that may be deemed at a higher risk of modern slavery. The NARTA MSI also provides the Group an opportunity to engage with some of our larger international branded suppliers to discuss challenges and improvement opportunities in assessing and addressing the risk of modern slavery at an industry level.

Case Study: Working with a supplier to improve audit quality and capability

Last year we provided a case study of how we responded to reports of modern slavery involving a supplier which had been named in media reports during 2021, as having alleged links to state-sponsored forced labour of ethnic minorities. Through our initial review of an independent (BSCI) social compliance audit and our supplier's ethical sourcing self-assessment, we did not identify any evidence to support these allegations.

In FY22, as part of our on-going engagement and due diligence with our supplier, we requested our supplier: (1) Undertake an RBA VAP audit; and (2) Encouraged our supplier to join the RBA in order to increase their capability in assessing and addressing potential forced labour risk in their supply chain.

Suppliers which join the RBA as a full or regular member must comply with the RBA membership compliance requirements, which includes frequent

auditing of high-risk locations using an RBA approved audit firm and RBA VAP methodology. RBA VAP audits are the Group's preferred auditing methodology as it provides us with maximum coverage against our Ethical Sourcing Policy compared with other auditing frameworks, as well as providing both our supplier and the Group with an additional level of assurance that the risk of forced labour is being appropriately assessed and addressed.

In FY23, our supplier completed their first RBA VAP audit and joined the Responsible Business Alliance as a regular member. The results of the RBA VAP audit were satisfactory with no evidence of forced labour of modern slavery being identified.

More broadly, we continue to monitor potential modern slavery risks relating to reported state-sponsored forced labour that may be relevant to our supply chain.

3 SUPPLIER ENGAGEMENT

Our suppliers range from large multinational 'big brand' companies to smaller product and service providers, each with varying maturity of processes and controls to manage modern slavery risk in their operations and supply chain. Our Ethical Sourcing Policy emphasises our desire to engage constructively with all suppliers on these issues, and to support continuous awareness and improvement in the pursuit of positive social and environmental outcomes.

In line with the Government's official guidance about the Modern Slavery Act, we take a risk-based approach to understanding the country of origin and the conditions and work practices in the factories that our products come from. Whilst we expect all of our suppliers to have adequate controls to assess and address the risk of modern slavery, factories operating in countries which are more susceptible to human rights violations and with lesser levels of worker protection and governance are considered higher risk.

Establishing constructive dialogue, cooperation, and an agreed level of transparency with regards to how modern slavery risk is assessed and addressed with our suppliers is an important component of the Group's Ethical Sourcing Framework.

Whilst many of our suppliers engage openly and constructively with us on this issue, we have also experienced challenges, such as some larger suppliers being unwilling to incorporate compliance with our Ethical Sourcing Policy into trading terms, as well as delays in receiving responses to information requests relating to our supplier due diligence processes. Further information on how we have dealt with these challenges is included in our assessment of effectiveness on [pages 40 - 41](#) of this report.

We continue to seek cooperation and engagement with all suppliers, and where appropriate, utilise the networks provided through relevant industry groups to open lines of communication.

Undertaking supply chain mapping

The risk of slavery increases in countries that have comparatively weak governance frameworks around labour laws and practices. This means it is important to understand the key geographic regions involved in our supply chain. We take a risk-based approach to understanding the country of origin and the conditions and work practices in the factories that our products come from. We expect all of our suppliers to have adequate controls to assess and address the risk of modern slavery. However, we consider factories to be higher risk where they operate in countries which we assess as involving higher risks of human rights violations, including as a result of the underlying levels of labour protections in these countries.

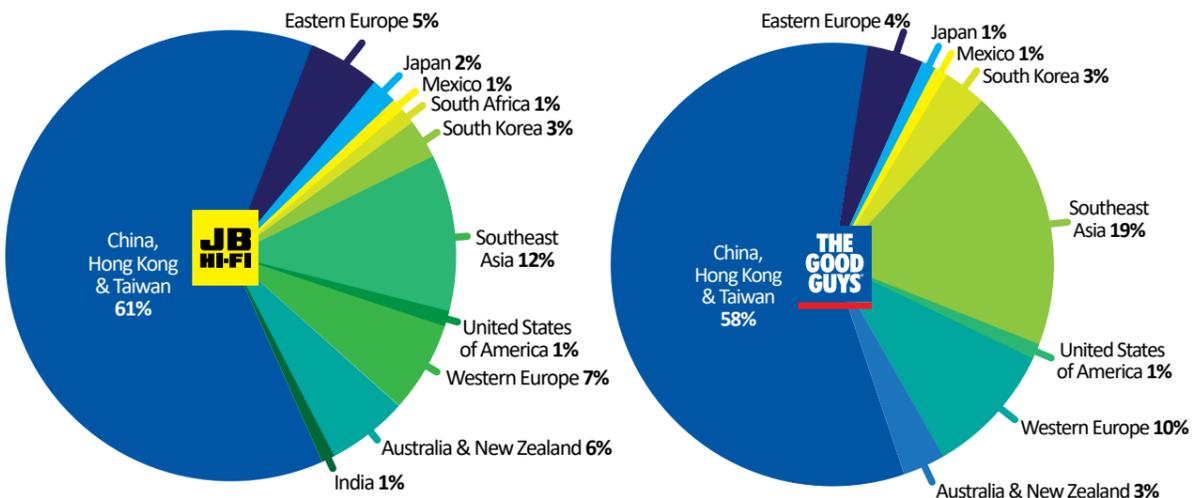
In FY23 we expanded on the foundational work undertaken to date to understand country of final assembly for many of our larger trade suppliers by starting to engage with selected smaller trade suppliers. This including writing to an additional 107 suppliers, asking them to provide information relating to: (1) country of origin for their final assembly facilities, (2) whether any of these facilities utilised foreign migrant labour, and (3) the types of social auditing conducted on the final assembly facilities identified.

Of these 107 suppliers, 60 have responded to date with the requested information. In FY24 we will use this information to help us prioritise engagement with suppliers that are deemed at a higher risk of modern slavery, as well as following up suppliers that have not yet responded to our request.

The geographic distribution of JB Hi-Fi's and The Good Guys' trade supply chain is summarised in the charts on the following page.



Trade supply - final Assembly location by region



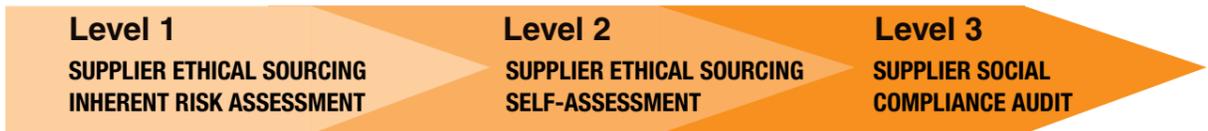
Whilst aggregate trade spend increased slightly from the prior year to circa \$8 billion (FY22: \$7.9 billion), the Group has not seen a material change in the geographic distribution of its final assembly supply chain, with the majority of its goods for re-sale continuing to be manufactured and sourced from the Asia Pacific Region.

As a result of JB Hi-Fi's continued category expansion into t-shirts for our "collectibles" range, we continue to engage our suppliers of these products to understand country of production, as well as gaining an understanding of modern slavery risk and mitigations associated with the sourcing of cotton deeper in the supply chain.

Understanding the country of final assembly has been a key input into our supplier risk assessment process and has helped us prioritise our ethical sourcing work to locations where there is a higher risk of human rights abuse. Through the standards set out in our Ethical Sourcing Policy, we expect all suppliers (particularly those that operate in high-risk countries and industries) to understand the potential modern slavery risks in their operations and supply chain and have adequate controls and management systems to assess and address the risk of modern slavery.

4 SUPPLIER RISK ASSESSMENT AND DUE DILIGENCE

The Group has adopted a 3-tiered risk-based approach to supplier due diligence in order to assess the risk of modern slavery in its supply chain. The due diligence process is administered by the Group's Sustainability and Ethical Sourcing team.



Level 1 involves a risk assessment by the Group using the supply chain analytics capability of the RBA. The risk assessment takes into consideration characteristics associated with a supplier's operations, such as the country of final assembly, the sector within which they operate, and the products or services that are provided to the Group.

Level 2 involves completion of an ethical sourcing self-assessment questionnaire (SAQ) by our supplier. The result of this self-assessment helps develop our understanding of the supplier's organisational policies, procedures, and risk profile across each pillar of our Ethical Sourcing Policy.

Level 3 involves review by the Group of social compliance audits for specific supplier locations to assess compliance against our Ethical Sourcing Policy. Our policy outlines the type and frequency of audits that we expect our suppliers to undertake.

Level 1 Level 2 Level 3 Supplier Ethical Sourcing Inherent Risk Assessment

A supplier's 'inherent risk' is based on specific characteristics associated with their operations, including country, sector and the products being manufactured. Our Level 1 due diligence process entails an inherent supplier risk assessment for modern slavery carried out by the Group using the supply chain analytics capability of the RBA.

The RBA analytics tool is based on aggregated social compliance audit data and publicly available indices such as the United Nations Human Development Index, Global Slavery Index, World Bank and data from leading universities and government departments. The Group uses this data to assess the inherent risk associated with each of our ethical sourcing pillars, being labour, health and safety, environment, ethics, and management systems.

Our risk assessment uses these inputs, along with our own internal data, to calculate an initial 'risk score' for each trade supplier at location and product level, using the following factors:

- a supplier's geographic location;
- type of product or service;
- type of supply chain associated with the product or service;
- supplier leverage (i.e. how much is spent with the supplier); and
- materiality or degree of reliance placed on the supplier (e.g. is the supplier a sole source, multi-source, or commodity supplier).

The Group's product and supplier mix is dynamic, and evolves with changes in consumer demand, supply, and the businesses' strategic direction. Whilst there has not been any material change in the geographic distribution of the Group's final assembly supply chain since our initial analysis in 2020, expansion into new products or services can change the risk profile of the Group's supply chain.

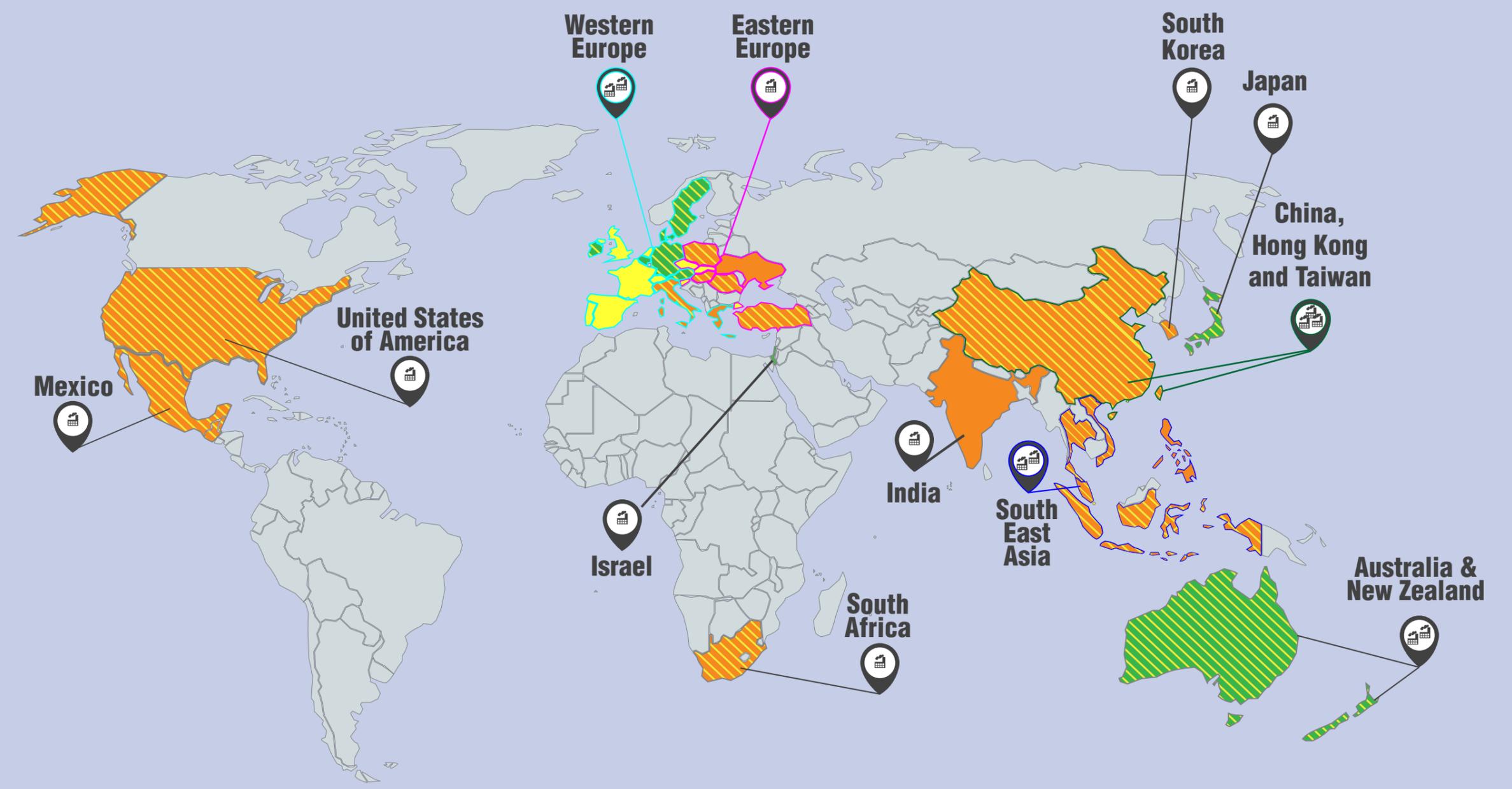
Such changes are considered by management, with the Sustainability and Ethical Sourcing team conducting an ethical sourcing risk assessment and due diligence for any new suppliers, products, or services that may present significant risks from a modern slavery and ethical sourcing perspective.

For example, JB Hi-Fi's category expansion into licensed merchandise and collectibles has resulted in the ranging of new merchandise such as t-shirts which carry different industry and geographic risks with respect to modern slavery, such as the increased risk of forced labour or child labour within the cotton and garment manufacturing sectors. As a result, the Group prioritises due diligence of its suppliers of merchandise apparel, as it continues to expand into this category.



The map below provides a high-level overview of the output of our Level 1 Supplier Ethical Sourcing Risk Assessment, along with indications of the number of supplier locations and level of risk associated with our suppliers in each country. The risk level associated with each country is representative of the individual risk scores assigned to each supplier location in that country, and helps inform how we prioritise suppliers for further due diligence.

Changes to our Level 1 Risk Assessment map this year relate to new information received from the suppliers we engaged during the year (see [page 23](#) for further detail), which identified Israel as an additional country that product is sourced from. In addition, changes to our sourcing strategy for our collectible range has resulted in Bangladesh no longer being a country that garments are sourced from, with our suppliers choosing to source from India and China instead.



INDICATIVE NUMBER OF SUPPLIER LOCATIONS:



RISK LEVEL:





Supplier Ethical Sourcing Self-Assessment Questionnaire (SAQ)

Our Level 2 due diligence process utilises the supplier Self-Assessment Questionnaire (SAQ) format and methodology developed and provided by the RBA. The answers to these SAQs help us build an understanding of the risk and control characteristics of our supply chain across the following areas:

- labour;
- worker safety and health;
- business ethics; and
- environmental management.

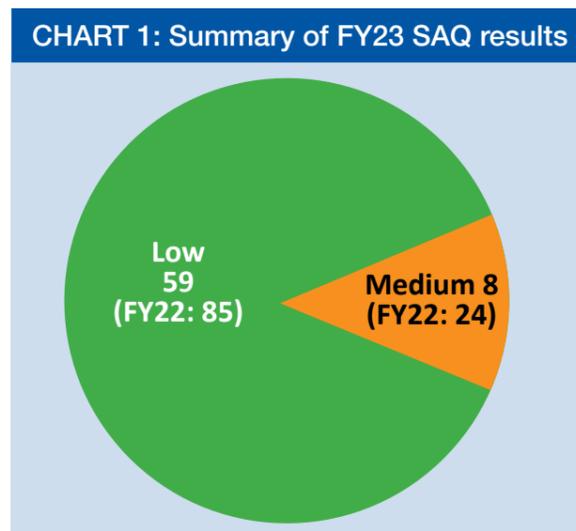
The SAQ used by the Group is widely recognised within the consumer electronics industry, having been developed by the RBA in consultation with its member companies. Many of our suppliers who are members of the RBA, complete RBA self-assessment questionnaires as part of their member compliance requirements or their own due diligence processes.

The SAQ helps us assess modern slavery risk by considering the following:

- use of migrant workers;
- use of worker accommodation;
- use of young workers;
- the proportion of male to female workers;
- use of sub-contractors;
- use of third-party recruitment agencies;
- the levying of recruitment and/or hiring fees;
- overtime hours worked and the payment of wages;
- how personal identification documents of workers are handled; and
- the quality of policies, management systems and organisational controls in place which may help mitigate the risk of modern slavery.

Suppliers receive a high, medium, or low risk rating using a pre-determined scoring methodology based on the answers provided through the questionnaire. All high risk SAQs are reviewed, and where areas of non-compliance or improvement opportunities are identified, these are discussed directly with the supplier, with the aim of putting corrective actions in place within an agreed time frame.

Chart 1 provides a summary of the SAQ results received from suppliers (by risk rating) during the 12 months ended 30 June 2023 in comparison to the prior year⁹. We did not receive any "High Risk" self-assessment questionnaires from any suppliers in FY23.



In the event that any high-risk ethical sourcing self-assessments are received, these are immediately discussed with the relevant supplier, and we require them to provide us with a copy of their most recent social compliance audit (or conduct one if they have not done so recently), in order to determine if any of the risk factors arising in the questionnaire have resulted in non-compliance with our Ethical Sourcing Policy.

Social Compliance Audit Framework

Given the inherent limitations of a self-assessment, Level 3 of our approach supplements our Level 2 SAQ due diligence with a requirement for, and detailed analysis of, independent social compliance audit reports.

Social compliance focuses on systems and controls in place that seek to protect the health, safety and rights of workers, and the environment, as well as upholding the overall ethics of an organisation's operations and its supply chain. Social compliance auditing is a means of

checking that organisations are operating in a way that complies with acceptable standards in these areas.

Our Ethical Sourcing Policy outlines the Group's requirements for suppliers to conduct regular social compliance audits to assess and address the environmental, social and ethical risks within our supply chain, including the risk of modern slavery.

We may request that a supplier undertakes an additional and/or specific social compliance audit at any time, for the purposes of assessing compliance with our Ethical Sourcing Policy. In developing our policy on social compliance auditing, we have considered equivalency to internationally recognised social compliance auditing standards and include a list of recognised auditing standards within our policy that are acceptable to the Group. The Group reviews and updates this list on an annual basis.

Many of the Group's international suppliers conduct regular social compliance audits of their own operations and supply chains utilising a combination of internal and external audits.

Our requirements for social compliance auditing helps ensure factories in our supply chain are being audited periodically and to an acceptable standard, helping us to assess and address the risk of modern slavery, and compliance with our Ethical Sourcing Policy.

Suppliers must remediate any potential areas of non-compliance with the Group's Ethical Sourcing Policy within a timeframe that is commensurate to the severity and impact associated with the issue identified. The supplier must document a corrective action plan, outlining the responsibilities and timing for the action required. The Group may request details of any audits, corrective action plans, and follow up reviews undertaken.

The social compliance auditing requirements outlined in our Ethical Sourcing Policy differ depending on the type of supplier, as set out below.

Suppliers of the Group's Private Label Products

All suppliers of our Private Label product range are required to engage an independent auditor to conduct either a RBA Validated Assessment Program (VAP)

Audit, SEDEX Members Ethical Trade Audit (SMETA), Business Social Compliance Initiative (BSCI) Audit, Social Accountability International (SA8000) Audit, or an International Council of Toy Industries (ICTI) Audit prior to engaging a new factory of final assembly, and once every 12 months thereafter.

Suppliers that are either full or regular members of the RBA

Many of our large international suppliers are full members of the RBA, which requires them to comply with the RBA's Code of Conduct and member compliance requirements, which includes conducting annual self-assessments on their facilities, and undertaking RBA-approved audits regularly on any high-risk facilities identified. Suppliers that comply with these RBA's requirements automatically satisfy the Group's social compliance auditing requirements.

All other suppliers

All other suppliers are required to risk assess their business operations and supply chain, and conduct a social compliance audit covering at least 50% of any locations that the supplier assesses to be at high-risk of non-compliance with the Group's Ethical Sourcing Policy (i.e. based on geography, industry, and/or known areas of risk or issues occurring).

Supplier Watchlist

The Group maintains a 'Supplier Watchlist' which we use to prioritise due diligence and monitoring of suppliers of: (i) our private label product (XCD, Flea Market and Terminal 2); (ii) brands that are exclusive to the Group (for example, the Group's 'Falcon' branded television range, or the Group's range of 'Solt' home appliances, which are retailed exclusively through JB Hi-Fi and The Good Guys respectively); and (iii) other products or services that we deem may be at higher risk of non-compliance with our Ethical Sourcing Policy due to either their product category, country of manufacture, known issues identified through auditing, or media allegations.

All suppliers on our watchlist go through our three-tiered due diligence processes.

⁹A higher number of SAQs were received in FY22 due to foundational work we completed in the prior year.

FY23 Social Compliance Audit Observations

We use a risk-based approach to prioritise the review of supplier social compliance audit reports, and in FY23 we reviewed 72 social compliance audits across the manufacturing facilities on our watchlist (FY22 88 audits). These facilities represent a range of final assembly manufacturing sites, some of which are owned by our direct suppliers and others which are owned and operated by third parties which have been engaged by our direct suppliers.

The decrease in the number of social compliance audits reviewed year on year is the result of delays in factories providing their audit to us, or factories being taken off of our watchlist as we receive evidence that concerns that we have previously raised in relation to those factories have been mitigated.

Chart 2 provides the industry split of the suppliers on our watchlist across consumer electronics, home appliance, garment, and packaging manufacturing suppliers.

The majority of the facilities on our watchlist are located in mainland China with the remainder in Vietnam, Malaysia, Philippines, and India. Chart 3 provides the percentage breakdown by location, of the facilities for which we reviewed social compliance audits.

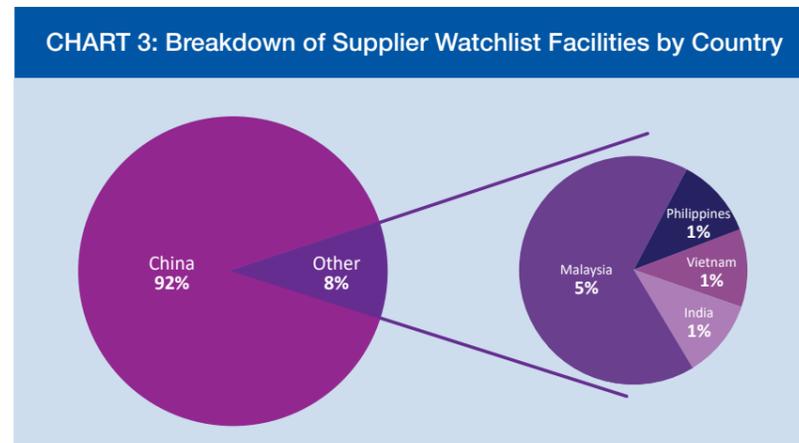
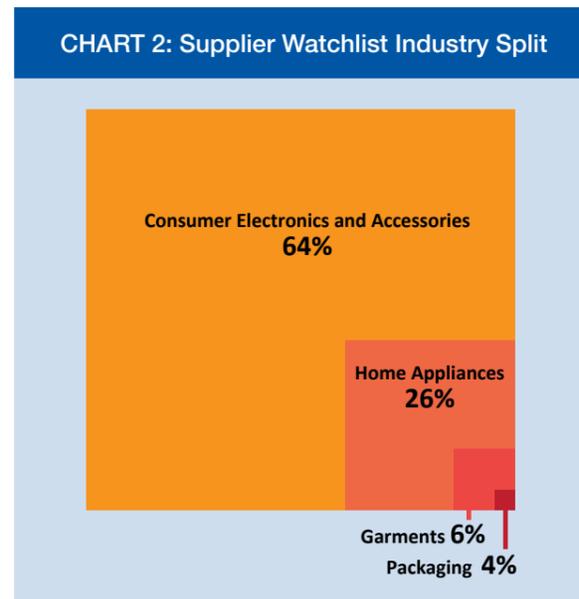


Chart 4 provides a breakdown of the types of audits received during the year from our watchlist suppliers, including the relative age of the audit reports.

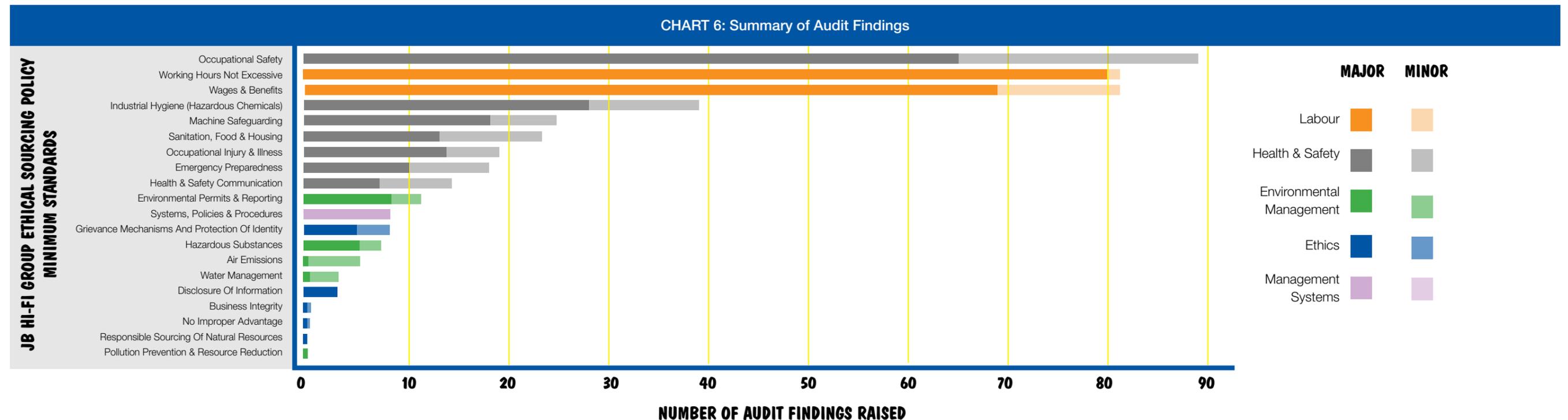
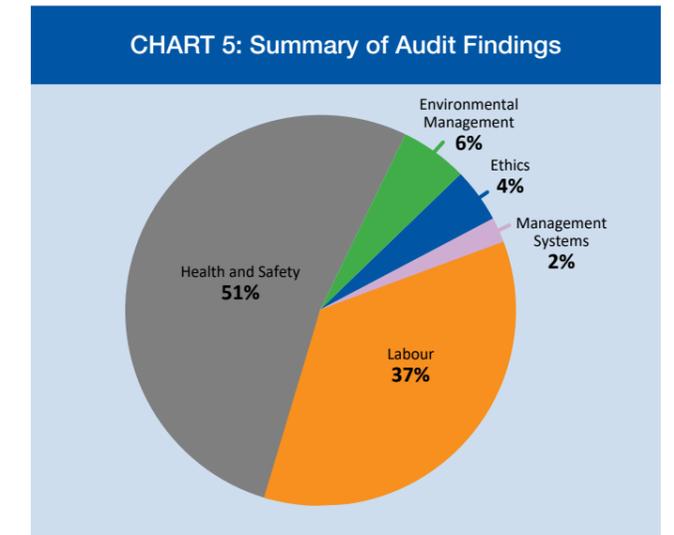
Implementing a process to review the social compliance audit reports of our suppliers' facilities has helped us develop a deeper understanding of the ethical sourcing risks within our supply chain and provides us clearer visibility as to how suppliers are responding to the issues identified.

CHART 4: Types of audits received from suppliers on our watchlist

Audit Type	2020	2021	2022	Total
Business Social Compliance Initiative (BSCI) Audit	3	30	16	49
RBA Validated Assessment Program (VAP) Audit		3	1	4
4-Pillar Sedex Members Ethical Trade Audit (SMETA)		4	7	11
2-Pillar Sedex Members Ethical Trade Audit (SMETA)		5	3	8
TOTAL	3	42	27	72

Chart 5 provides a summary of the proportion of audit findings raised under each of the key pillars of our Ethical Sourcing Policy.

Chart 6 provides a more detailed breakdown of the individual findings that are considered to be major vs minor, against each requirement of our Ethical Sourcing Policy.





In FY23 we began assigning major vs minor ratings to each of the social compliance audit observations that resulted in non-compliance with any one of the minimum standards contained within the Group's Ethical Sourcing Policy.

The categorisation of a major vs minor finding is based on the RBA's Verified Audit Program audit ratings methodology. Using the RBA ratings methodology, we also utilise the concept of a 'priority' finding in our review process, which is defined as:

- an egregious ethical breach (for example, a finding such as forced labour, debt bondage, child labour, or human trafficking, which is prohibited by our Ethical Sourcing Policy) or multiple major findings that in aggregate are determined to be egregious; or
- an activity that occurred which resulted in significant impact on life, limb, facility, environment, or community.

The implementation of these ratings has enabled us to more effectively prioritise our supplier engagement on major issues, and those that are recurring where corrective action plans are not working effectively.

Following the review of a social compliance audit, we run feedback sessions with the relevant direct supplier to discuss areas of non-compliance with our Policy. As part of this process, we request that suppliers implement corrective actions that are commensurate with the severity of the issues identified. All priority and major findings result in immediate engagement with suppliers to discuss the nature and timing of corrective actions.

The majority of non-compliance with our Ethical Sourcing Policy in FY23 continues to be associated with labour, and health and safety practices. In particular, we are seeing recurring issues relating to working hours, payment of wages and benefits (such as social insurances not being compliant with local laws for several suppliers in China). We understand these issues to be systemic across industries and suppliers that have manufacturing facilities in this region, and we are continuing to work with our suppliers to raise awareness and drive continuous improvement in these areas. There were no priority findings identified during FY23, including in relation to modern slavery.

While the majority of factories on our watchlist have been willing to conduct social compliance audits in line with our Ethical Sourcing Policy, during the year one of these factories that had been engaged by a direct supplier, was unwilling to undertake social compliance auditing in line with our policy. This factory supplied just one product at low volumes and, after discussion with our direct supplier that had engaged the factory and our internal buying team, it was decided to discontinue this product. As a result, our direct supplier ceased using this factory for the product in question. We are not aware of any modern slavery indicators being identified in relation to this factory.

As detailed on [pages 18-19](#), in FY23 we continued engaging with one of our branded trade suppliers following reports in FY22 about potential forced labour in their supply chain.

We are committed to addressing any modern slavery allegations in our supply chain and have reviewed the actions the supplier has taken to address these allegations. We continue to work constructively with the supplier to understand whether these actions have been successful in mitigating our concerns, and the further actions they are taking to assess the risk of modern slavery in their supply chain.

Case Study: Private Label Factory Analysis

The Group currently works with 4 (5 in FY22) different Australian-based suppliers (local suppliers) who source and engage manufacturers in China for the production of our private label product range.



The type and number of factories used to manufacture our products is managed by our local suppliers, and may change from time to time depending on our merchandising requirements, such as seasonal trading volumes, pricing, product design and quality, as well as the factories' ability to demonstrate compliance with our Ethical Sourcing Policy.

The Group's Sustainability and Ethical Sourcing team works with each of our local suppliers to monitor the factories utilised, and ensure our ethical sourcing due diligence requirements are met. This includes ensuring any new factories engaged by our local suppliers to manufacture our private label products complete our ethical sourcing SAQ, and provide a social compliance audit report that is no more than 12 months old, prior to any orders being placed.

Developing an understanding of our supply chain through these due diligence processes allows the Group to further refine its engagement with suppliers on the potential risks of modern slavery in the supply chain for our private label products⁹.

Private Label Factory Geography and Demographics:

The information provided by our suppliers through the due diligence process helps the Group understand the geography, worker demographics and risk profile associated with the factories within our private label supply chain (summarised below). This helps us engage in discussions with our suppliers around potential worker vulnerabilities to modern slavery.

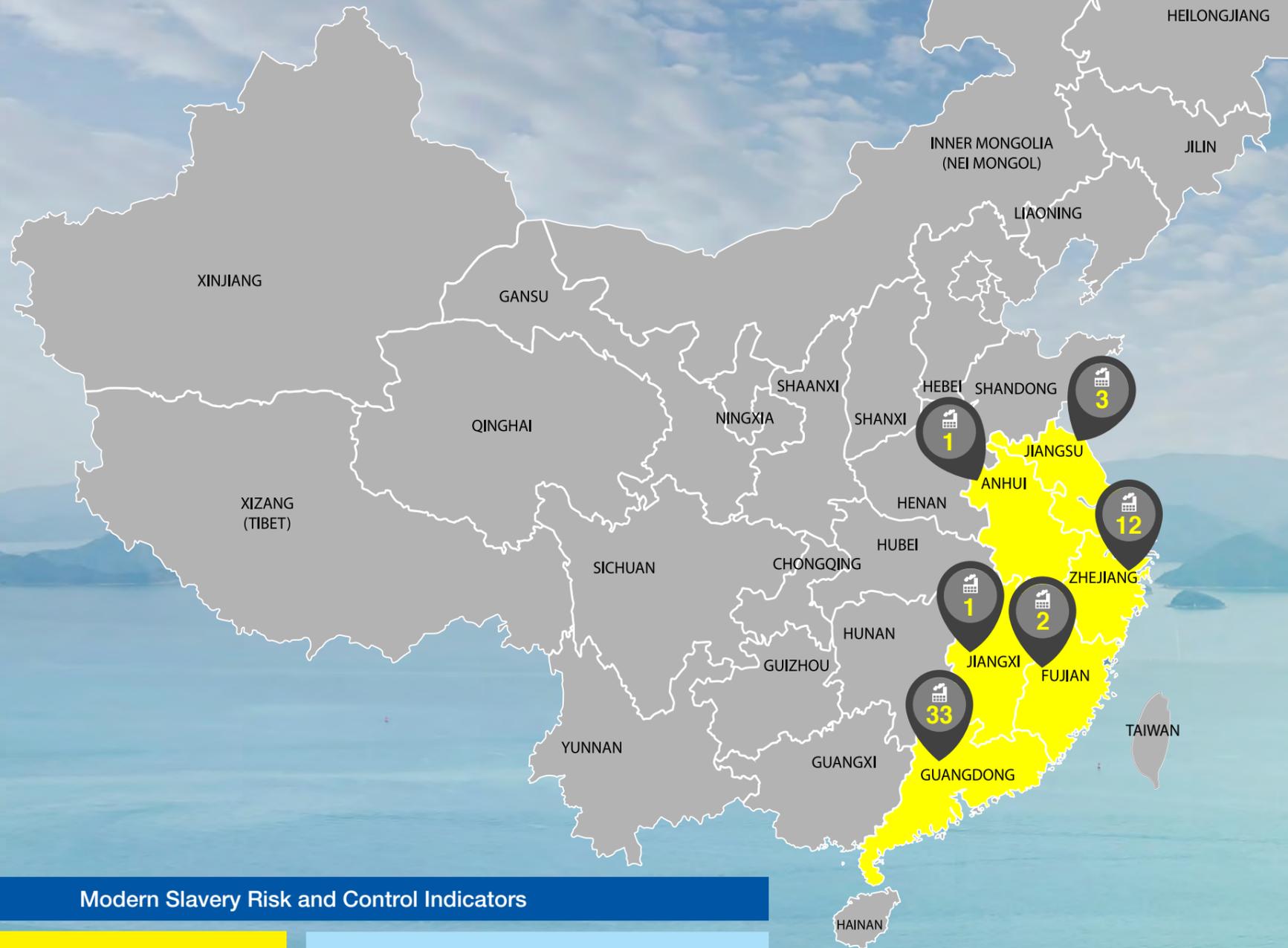
The number of final assembly locations utilised for our private label decreased from 51 in FY22 to 46 in FY23. The type and number of factories utilised to manufacture the Group's private label is managed directly by the Group's four Australian-based suppliers, and can be dynamic based on the nature, timing and volume of orders at any given time.

⁹Further detail on our how our supplier due diligence process helps us assess and address the risk of modern slavery is contained on [pages 26-32](#) of this report.



Private Label Factory Geographic Footprint

Below is a map of China plotting the location of the factories utilised to manufacture our private label product



Private Label Factory Statistics

49% male

51% female

workers across the factory supply chain utilised for our private label product lines

96% of factories

employ a proportion of workers from outside the Chinese province in which the factory is located

79% of workers

across private label supplier factories are from outside the Chinese province in which the factories are located

30% of factories

provide workers with on-site accommodation

No factories utilise 3rd party recruitment agencies to source labour for their facilities

Modern Slavery Risk and Control Indicators

No foreign migrant workers employed in factories supplying private label

91% of factories pay recruitment fees and other costs (e.g. travel)

No young workers (under 15) employed in factories supplying private label

96% of factories have a policy outlining non-withholding of worker property

96% of workers have a written signed employment contract in their native language

96% of factories reported the operation of a grievance mechanism

Self-Assessment Questionnaire - Thematic Analysis

In addition to providing information on factory demographics, the SAQ results for our private label supply chain also provide us with information relating to:

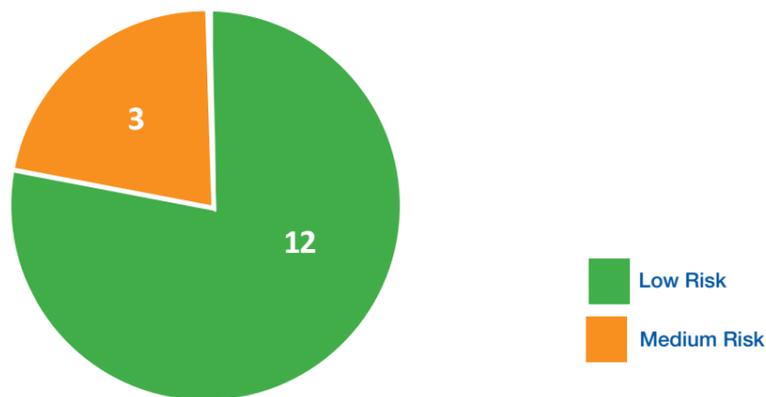
1. management accountability, policies, procedures and systems in place at the overseas factories' head office(s) to manage the risk of modern slavery across their entire business; and
2. factory-level information around management of workers, including potential labour rights risks and the quality of management systems on the factory floor, which can help mitigate any potential risk areas.

A scoring system is applied to the SAQ responses by the Group which results in each SAQ receiving either a low, medium or high-risk score. For more information on the SAQ process please refer to [page 28](#).

Upon receipt of any 'high-risk' self-assessment result, we work with our local suppliers to ensure areas of non-compliance are addressed with the relevant factory owner, including implementing corrective actions within a reasonable time frame.

Chart 7 below provides a summary of the relative risk ratings associated with the self-assessment questionnaires¹⁰ received in FY23. No high risk SAQ's were received during the year, with the key issues arising from the self-assessment questionnaire responses related to a mixture of labour and environmental management systems, risk elements and control activities. None of the issues raised concerns related to modern slavery.

CHART 7: Private Label Head Office and Factory Level SAQ's received in FY23



Modern slavery risk and control indicators assessed through supplier self-assessments

Information provided by a supplier as part of the SAQ process provides the Group with additional context around worker demographics (such as proportion of females and young workers), and facility policies concerning the provision of employment contracts, payment of recruitment fees, freedom of association, freedom of movement and implementation of grievance mechanisms, all of which are factors that may impact the risk of modern slavery.

This information has been summarised on [page 35](#) and suggests a relatively lower risk of modern slavery occurring within the Group's private label facilities due to the absence of foreign migrant labour, and implementation of policies which minimise the risk of debt bondage and restrictions on the freedom of movement. The Group recognises that these insights do not provide absolute assurance against modern slavery occurring and continues to conduct annual social compliance monitoring to identify any changes in the risk profile of the facilities and determine if any non-compliances with the Group's Ethical Sourcing Policy have occurred. (See [pages 37 - 39](#) for social compliance audit findings relating to the group's private label supply chain).

¹⁰A total of 15 SAQ's received, comprising 7 at a head office level, and 8 at a factory level



Recognising the inherent limitations associated with a self-assessment, the Group requires a social compliance audit to be completed every 12 months by each of the factories engaged to manufacture our private label products. Forty-seven audit reports were received and reviewed during the year.

Chart 8 below is a summary of the types of audits conducted, and the relative ageing of the audits (i.e. whilst forty-seven reports were received by the Group in FY23, these audits were conducted between 2021 – 2023):

CHART 8: Types of audits received from private label suppliers

Audit Type	2021	2022	2023	Total
Business Social Compliance Initiative (BSCI) Audit	2	24	15	41
2-Pillar Sedex Members Ethical Trade Audit (SMETA)		1	1	2
4-Pillar Sedex Members Ethical Trade Audit (SMETA)		1	2	3
Responsible Business Alliance		1		1
TOTAL	2	27	18	47

Both the audit results and any relevant corrective actions arising from those audits give the Group insight into the potential areas of non-compliance with our Ethical Sourcing Policy, including potential risks of modern slavery. Through the review of these audit results we have also been able to build our understanding of the quality, frequency and level of independence associated with the audits.

Chart 9 provides a summary of the proportion of audit findings raised under each of the key pillars of our Ethical Sourcing Policy.

CHART 9: Audit Findings relating to private label suppliers

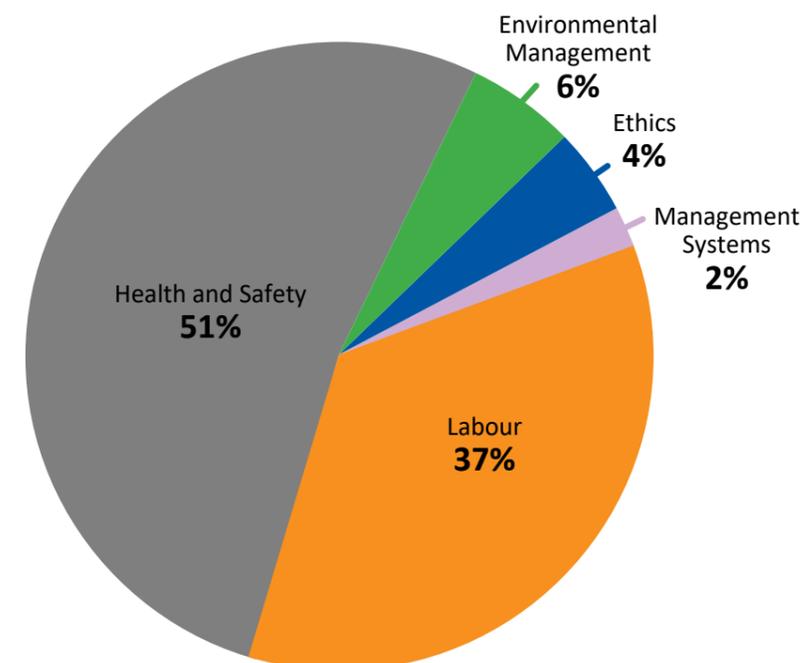
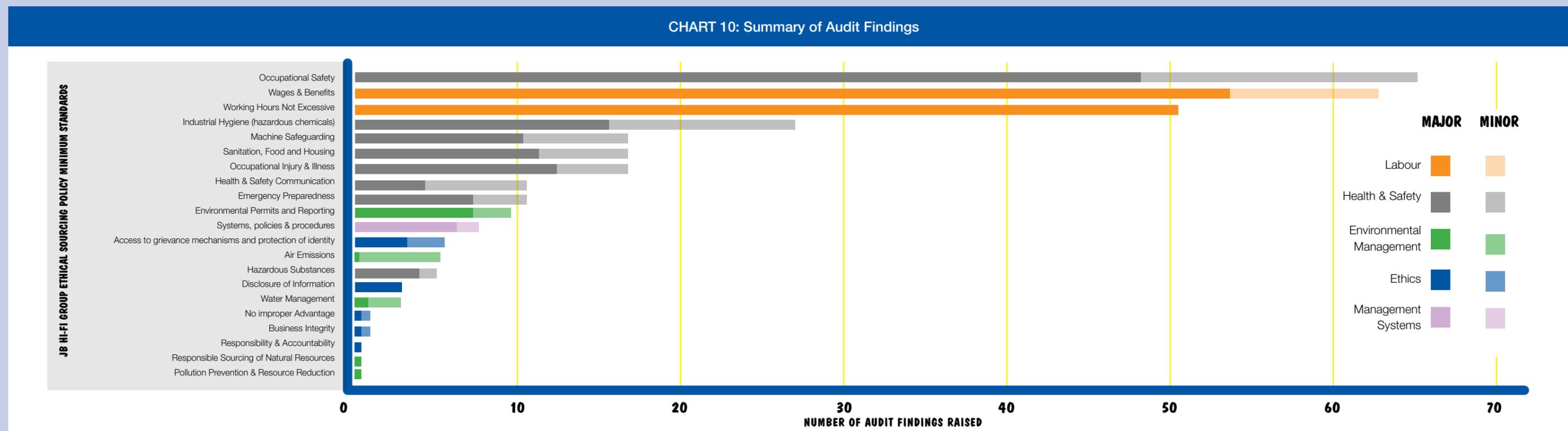




Chart 10 provides a more detailed breakdown of the individual findings against each requirement of our Ethical Sourcing Policy.



None of the audits reviewed in FY23 raised any priority findings in relation to forced labour, debt bondage, child labour or human trafficking.

The majority of non-compliance with our Ethical Sourcing Policy has been relating to other labour and health and safety practices. In particular, we are seeing recurring issues relating to long working hours and the payment of wages and benefits (such as incorrect payment of social insurances across many of the factories utilised to manufacture our private label). We understand these issues are systemic across industries and suppliers that have manufacturing facilities in China, and we are continuing to work with our suppliers to drive progress and continuous improvement in these areas.

All our private label suppliers have been provided specific training on forced labour, working hours and social insurance requirements in China through the RBA learning academy, in order to lift their awareness and capability in these areas.

Training is also provided when new team members responsible for ethical sourcing join our suppliers. We continue to work with our suppliers to look for opportunities where additional training may be beneficial.

Following the review of our suppliers' social compliance audits, we run detailed feedback sessions with them to discuss areas of non-compliance with our policy. As part of this process, we direct suppliers to implement corrective actions that are commensurate with the severity of the issues identified. All priority and major findings result in immediate engagement with suppliers to discuss the nature and timing of corrective actions.

While the majority of the factories manufacturing our private label have been willing to conduct social compliance audits in line with our Ethical Sourcing Policy, during the year one of these factories that had been engaged by a direct supplier, was unwilling to undertake social compliance auditing in line with our policy. This factory supplied just one product SKU at low volumes, and after discussion with our direct supplier that had engaged the factory, as well as our internal buying team, it was decided to discontinue this product. As a result, our direct supplier ceased using this factory for the product in question. We note that our order volumes were a small part of the factories' overall business, and we were not aware of any modern slavery concerns at these facilities.

We continue to advocate for quality independent audits with our preferences being for RBA VAP or Sedex SMETA Four Pillar audits.

Case Study: living wage

The importance of a living wage has been highlighted by international organisations such as the International Labour Organisation. Workers that earn less than a living wage may be more susceptible to exploitation, including modern slavery.

Some of the key challenges around implementing living wages across global supply chains may include lack of knowledge, difficulties in defining and estimating living wage, inflation, and increased global competition which exerts price and margin pressure on suppliers.

In 2021, we integrated the notion of a living wage into our Ethical Sourcing Policy, requiring suppliers to pay wages and other benefits in compliance with applicable laws and, at a minimum, provide for the basic living needs of workers providing residual income for discretionary spend. Since then, we have begun collecting and analysing supplier information¹¹ on minimum and living wage in order to better understand the extent of this issue within our supply chain. This has identified a need for further engagement with our suppliers to build their capacity in this area.

We recognise that payment of living wage is a complex issue and we plan to continue progressing this work in FY24. We are also exploring opportunities to learn from and collaborate with peers in this area, including through the RBA.

¹¹Information on minimum and living wage at facility level has been sourced from social compliance audits received from suppliers.



ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

We understand the importance of continually improving our modern slavery risk management, including by taking steps to assess the effectiveness of our actions.

In principle, the Group regards an effective approach to managing modern slavery risks as one which demonstrates:

- A human rights-based approach which prioritises respect for workers' rights, including their health, safety and wellbeing;
- An understanding of modern slavery risks, factory characteristics and worker demographics and how these may evolve over time;
- An ability to meaningfully engage with suppliers to assess and address potential modern slavery risks, including positively influencing continuous improvement;
- The capacity to identify, and enable remediation of, modern slavery issues in line with the expectations set out in the UN Guiding Principles on Business and Human Rights; and
- A willingness to engage with a variety of stakeholders such as investors, suppliers and industry groups to take feedback on our approach and seek continuous improvement.

Our work to assess the effectiveness of our actions also includes considering our approach to engaging our suppliers through our ethical sourcing due diligence process, including the lessons learned and feedback we have received.

The Group evaluates the effectiveness of our actions in relation to suppliers on our watchlist using a combination of qualitative and quantitative factors:

Effectiveness Measure	Private Label		Other Watchlist Suppliers	
	Suppliers	FY23	FY23	FY22
% of factories that completed an SAQ	100%	92%	61%	57%
% of factories that completed a social compliance audit in line with our Ethical Sourcing Policy	93%	92%	73%	76%
% of overall compliance with our Ethical Sourcing Policy	76% ¹²	60%	78%	62%
Total number of audit findings	338	328	109	184
Total number of completed audits	47	51	25	37
Average number of audit findings per factory	7.1	6.4	4.3	5.0
Total number of findings related to modern slavery risk	0	0	0	2

Working with our private label and other watchlist suppliers to improve supply chain transparency and audit quality is an important part of our approach for combatting modern slavery and helps us understand the challenges 'on the ground' in achieving higher levels of compliance with our Ethical Sourcing Policy.

Some of the key learnings and outcomes relating to the effectiveness of our response that we have derived over the last 12 months are as follows:

Trade Suppliers – JB Hi-Fi private label products and other suppliers on our supplier watchlist

In FY23, we continued to:

- optimise our ethical sourcing due diligence through the continuous improvement of our ethical sourcing policies, systems and processes;
- engage consistently with all of our private label suppliers and other watchlist suppliers on our due diligence process; and

- build closer working relationships with our suppliers to ensure there is a common understanding of the work necessary to assess and address modern slavery risk in our supply chain.

In FY23, we obtained social compliance audits for 93% of private label factories and 73% of other watchlist supplier factories. This high level of engagement with our due diligence process demonstrates that our private label and watchlist suppliers have a good understanding of our ethical sourcing requirements, including providing us with updated audit reports when required, and only working with third party facilities which are willing to work toward complying with the Group's ethical sourcing requirements.

The information we are collecting through these audits is helping us to assess and shape the effectiveness of our response to modern slavery, and continues to improve our understanding of the key issues 'on the ground' in the factories used for production of our private label product. The implementation of our graded ratings system this year (see [page 32](#) for more detail) has also helped us to more effectively identify priority and major audit findings and engage with suppliers for maximum impact.

For example, in response to recurring issues in the social compliance audit reports relating to long working hours and correct payment of social insurances in China, we have provided training to all our private label suppliers, not only on forced labour risks in general, but also specifically on appropriate management of working hours and social insurance requirements. Through the social compliance audits received, we are able to assess actual overtime hours being worked, and where these are excessive, have engaged with our supplier to address immediately.

Trade Suppliers – Branded Products and Services

In FY23, we continued our due diligence and engagement with two large branded suppliers that have been the subject of allegations of forced labour through media reports in prior years. Having discussed with both suppliers the benefits of RBA membership and RBA VAP auditing in the previous year, we were pleased that both suppliers had completed RBA VAP audits and confirmed no modern slavery risk indicators were identified through these audits, with one of the suppliers joining the RBA as a regular member in FY23.

While larger suppliers are not immune from modern slavery risks, we recognise that they can often have greater influence, capability and resourcing to identify and manage potential risk areas and effect change where necessary. In some cases, the Group itself has limited leverage in being able to influence the policies and processes of these larger branded suppliers.

Consequently, the Group believes it can evolve the effectiveness of its approach by focusing engagement on smaller suppliers operating in high-risk product and industry sectors which we can more positively influence. In most cases, these suppliers do not have access to the RBA (or an equivalent industry body) and may have less mature policies, procedures and controls than larger suppliers.

In FY23 the Group prioritised supply chain mapping and risk assessment for an additional 107 of its smaller suppliers. This work has allowed us to more efficiently identify higher risk suppliers for further ethical sourcing due diligence in FY24 (i.e. suppliers that have confirmed foreign migrants in facilities that operate within countries with lower levels of governance and/or auditing).

Non-Trade Suppliers

Whilst we believe the risk of slavery occurring in our non-trade suppliers is lower, given a large proportion of the service industries we engage for our operations are based in Australia, we do recognise the risk of modern slavery occurring domestically, particularly in industries (such as cleaning) that employ a large proportion of migrant workers.

In FY23 we continued reviewing our cleaning supply chain for potential labour risks. We are currently progressing our review, which to date has included deepening our understanding of our cleaning supply chain, engaging our store operations teams to understand the nature of cleaning services being undertaken in a sample of stores, the number of workers used to carry out these services, and the hours worked.

Our next steps will be to review the payments being made by our businesses to the relevant suppliers in light of the services being performed, as well as exploring additional controls which can be put in place to assess and address the risk of labour exploitation within our cleaning supply chain.

¹²The increase from prior year relates to a change in the calculation methodology to measure % overall compliance with the Group's Ethical Sourcing Policy. The Group's Ethical Sourcing Policy comprises 90 minimum standards across 33 subtopics relating to labour, health and safety, environmental management, and ethics. In FY23, the Group calculated a supplier's % overall compliance by dividing the number minimum standards that were complied with by the total number of minimum requirements (90) within the Group's Ethical Sourcing Policy. In FY22, the Group calculated a supplier's % overall compliance by dividing the number of subtopics that were complied with by the total number of sub-topics (33) within the Group's Ethical Sourcing Policy.



OUR FY24 COMMITMENTS

We understand that modern slavery cannot be solved by any one company.

We will seek further opportunities for collaboration with our suppliers, and continuous improvement of our systems and processes to assess and address the risk of modern slavery in our operations and supply chain.

The Group's commitments with respect to its approach to modern slavery, includes:

1. Continuing to execute and seek continuous improvement in the Group's Ethical Sourcing Framework, which includes the review of social compliance audits, supplier self-assessments and engaging with all watchlist suppliers on remedial actions where necessary;
2. Continuing to collaborate and build engagement with suppliers;
3. Continuing to learn and build capacity and awareness internally, with key suppliers, and across industry;
4. Continuing to utilise RBA training content on modern slavery, seeking opportunities to share best practice tools and guidelines with our smaller suppliers;
5. Continuing to review and refine our approach to better assess and address the key risks within our cleaning supply chain;
6. Continuing to take a risk-based approach to expanding our due diligence process to cover more of our smaller suppliers.

ACTIONS TAKEN TO ADDRESS OUR FY23 MODERN SLAVERY COMMITMENTS

FY23 Commitment	Actions taken during FY23
<i>Continue to execute and seek continuous improvement in the Group's Ethical Sourcing Framework which includes the review of social compliance audits, supplier self-assessments and engaging with all watchlist suppliers on remedial actions where necessary</i>	<ul style="list-style-type: none"> In FY23 we implemented a three-tiered approach to risk rate social compliance audit findings that resulted in non-compliance with the minimum standards contained within the Group's Ethical Sourcing Policy. The implementation of this ratings framework has enabled us to more effectively prioritise supplier engagement on priority and major issues, and those that are recurring where corrective action plans are not working effectively.
<i>Continue to collaborate and build engagement with suppliers</i>	<ul style="list-style-type: none"> Continued to deepen engagement with all private label and watchlist suppliers on our ethical sourcing due diligence, conducting feedback sessions on all priority and major audit findings. Continued to engage closely with two of our branded trade suppliers following allegations of forced labour in their supply chain, and reviewed actions they were taking to assess and address the risk of modern slavery in their supply chain. Worked with two of our branded trade suppliers on successfully completing RBA VAP audits, with one of these suppliers also joining the RBA as a regular member.
<i>Continue to learn and build capacity and awareness internally, with key suppliers, and across industry;</i>	<ul style="list-style-type: none"> Provided reporting to our JB Hi-Fi and The Good Guys management teams on the Group's modern slavery approach, providing an update on the audits we have been conducting on watchlist suppliers, and reiterating the importance of ethical sourcing within the Group's broader sustainability strategy. Provided specific training to our private label suppliers on forced labour, as well as recurring issues identified in social compliance audits relating to working hours and Chinese social insurance requirements. Conducted detailed feedback sessions with watchlist suppliers to discuss areas of non-compliance with our policy and improvement opportunities. Continued our participation in the NARTA Modern Slavery Initiative, an industry focused program to support Australian consumer electronics and home appliance retail businesses in reviewing practices within their supply chain to combat modern slavery and promote ethical buying. In FY23, the NARTA MSI implemented a supplier risk assessment questionnaire and undertook a modern slavery risk assessment of all its supplier members.
<i>Work with the RBA to leverage their training content on modern slavery, seeking opportunities to share best practice tools and guidelines with our smaller suppliers</i>	<ul style="list-style-type: none"> Provided specific training to our private label suppliers on forced labour, as well as recurring issues identified in social compliance audits relating to working hours and social insurance requirements
<i>Continue to review and refine our approach to better assess and address the key risks within our cleaning supply chain</i>	<ul style="list-style-type: none"> Continued reviewing our cleaning supply chain for potential labour risks which to date has included deepening our understanding of our cleaning supply chain, engaging our store operations teams to understand the nature of cleaning services being undertaken in a sample of stores, the number of workers used to carry out these services, and the hours worked.
<i>Continue to take a risk-based approach to expanding our due diligence process to cover some of our smaller suppliers</i>	<ul style="list-style-type: none"> In FY23 we expanded on the foundational work that we have undertaken to date to understanding the country of final assembly for many of our larger trade suppliers. In FY23 we started to engage some of our smaller trade suppliers, and wrote to an additional 107 suppliers, asking them to provide information relating to: (1) country of origin for their final assembly facilities, (2) whether any of these facilities utilised foreign migrant labour, and (3) the types of social auditing conducted on the final assembly facilities identified. Of these 107 suppliers, 60 have responded to date with the requested information. In FY24 we will use this information to help us prioritise engagement with suppliers that are deemed at a higher risk of modern slavery, as well as following up suppliers that have not yet responded to our request.



APPENDIX 1: MODERN SLAVERY ACT MANDATORY CRITERIA MAPPING

Modern Slavery Act Mandatory Criteria	Section reference	Sub-section reference	Page #
Identify each reporting entity covered by the joint statement	About this Statement	N/a	2
	Appendix 2 Listing of Reporting Entities	N/a	46
Describe the structure, operations and supply chains of each reporting entity covered by the joint statement	Our Group's Structure and Operations	N/a	5-7
	Our Supply Chain	<ul style="list-style-type: none"> Trade suppliers - branded products and services Trade suppliers - JB Hi-Fi private label products Indirect trade suppliers Case study: Supply chain mapping undertaken by third party branded suppliers Non-trade suppliers (goods and services not for resale) Service providers and out-sourced sub-contractors 	8-10
Describe the risks of modern slavery practices in the operations and supply chains of each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or control	Modern Slavery Risk in Our Operations and Supply Chains	Potential Modern Slavery Risks in Our Operations <ul style="list-style-type: none"> Our direct employees 	12
		Potential Modern Slavery Risks in Our Supply Chains <ul style="list-style-type: none"> Modern slavery risks in our trade suppliers Modern slavery risks in our non-trade suppliers Modern slavery risks in our service providers and outsourced sub-contractors 	12-14
Describe the actions taken by each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or controls to assess and address these risks, including due diligence and remediation processes	Actions we have taken in the Financial Year Ended 30 June 2022	Policy Governance and Compliance <ul style="list-style-type: none"> Maintaining our company values JB Hi-Fi Group Ethical Sourcing Policy Governance over our Ethical Sourcing Framework Grievance mechanisms and remediation Case study: Implementing trusted and accessible grievance mechanisms Case study: Responding to reports of forced labour within our trade supply chain 	15-19
		Build Capability and Awareness <ul style="list-style-type: none"> Development and implementation of training and awareness Responsible Business Alliance The Responsible Labor Initiative Modern slavery risk in the mining and refinement of 'conflict minerals' Cross-industry collaboration and knowledge sharing Case study: Working with a supplier to improve audit quality and capability 	20-22
		Supplier Engagement <ul style="list-style-type: none"> Undertaking supply chain mapping 	23
		Supplier Risk Assessment and Due Diligence <ul style="list-style-type: none"> Level 1: Supplier ethical sourcing inherent risk assessment Level 2: Supplier ethical sourcing self-assessment questionnaire (SAQ) Level 3: Social compliance audit framework Suppliers of the Group's private label products Suppliers that are either full or regular members of the RBA All other suppliers Supplier watchlist FY23 social compliance audit observations Case study: Private label factory analysis Case study: Living wage 	24-39
Describe the process of consultation with each reporting entity covered by the joint statement and with any entities that each of those reporting entities owns or controls	Assessing the Effectiveness of our actions	<ul style="list-style-type: none"> Trade Suppliers – JB Hi-Fi private label products and other suppliers on our supplier watchlist Trade Suppliers – Branded products and services Non-trade suppliers 	40-41
Describe the process of consultation with each reporting entity covered by the joint statement and with any entities that each of those reporting entities owns or controls	About this Statement	N/a	2
Any other relevant information	A message from our Chief Executive Officer	N/a	4
	Our FY24 Commitments	N/a	42
	Actions taken to address our FY23 Modern Slavery Commitments	N/a	43



APPENDIX 2: LISTING OF REPORTING ENTITIES¹³

JB Hi-Fi Limited	ACN 093 220 136
JB Hi-Fi Group Pty Ltd	ACN 093 114 286
JB H-Fi (A) Pty Ltd	ACN 094 252 534
JB Hi-Fi (B) Pty Ltd	ACN 614 635 835
Muir Investment Unit Trust	ACN 033 911 881
The Good Guys Discount Warehouses (Australia) Pty Ltd	ACN 004 880 657
The Good Guys Discount Warehouses (Australia) Trust	ACN 821 962 838



¹³A reporting entity under the Modern Slavery Act is defined as an entity with annual consolidated revenue of at least \$100m and is either an Australian Entity or a Foreign Entity carrying on business in Australia. JB Hi-Fi NZ Limited (NZBN 9429038383892) and its controlled subsidiary JB Hi-Fi Group (NZ) Limited (NZBN 9429033649177) are not considered reporting entities under the Modern Slavery Act but are controlled subsidiaries of the Group and included within the Group's centralised response to Modern Slavery. As such, the content of this report can be taken to also cover JB Hi-Fi NZ Limited and JB Hi-Fi Group (NZ) Limited.

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