

JB Hi-Fi Limited

2021

Modern Slavery Statement



60 City Road, Southbank, Victoria, Australia 3006

ABOUT THIS STATEMENT

JB Hi-Fi Group's 2021 Modern Slavery Statement serves as a review of the actions we have taken to assess and address the risk of modern slavery within our operations and supply chain covering the reporting period 1 July 2020 – 30 June 2021.

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 controlled subsidiaries, which includes The Good Guys Discount Warehouses (Australia) Pty Ltd¹.

In developing this statement, JB Hi-Fi Limited conducted consultation with each of its reporting entities and controlled subsidiaries through the establishment of an Ethical Sourcing Working Group involving members of senior management covering each reporting entity and controlled subsidiary. The consultation process involved a review of the potential risks of modern slavery within each of the reporting entities' and controlled subsidiaries' operations and supply chains, and the establishment of a Group-wide approach to address and report on these risks.

This statement has been reviewed and approved by the JB Hi-Fi Limited Board of Directors on 25 November 2021.

We recommend that this report be read in conjunction with the [**JB Hi-Fi Limited 2021 Sustainability Report**](#).

We welcome feedback on our statement. Please contact us at: [**ethicalsourcing@jbhifi.com.au**](mailto:ethicalsourcing@jbhifi.com.au)

CONTENTS

SECTION	PAGE
A message from our Chief Executive Officer	4
Our Group's Structure and Operations	5
Our Supply Chain	8
Modern Slavery Risk in Our Operations and Supply Chains	10
Actions we have taken in the financial year ended 30 June 2021	12
Assessing the Effectiveness of our Actions	30
Our FY22 Commitments	32
Actions taken to address our FY21 Modern Slavery Commitments	33
Appendix 1: Mandatory Criteria Mapping	34
Appendix 2: Listing of Reporting Entities	36

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

The JB Hi-Fi Group is pleased to release our second Modern Slavery Statement that reports on the progress we made in FY21 in assessing and addressing the risk of modern slavery in our operations and supply chain.

We recognise the importance of raising awareness and building capability across our JB Hi-Fi and The Good Guys businesses, particularly given consumer electronics is considered to be a high-risk product category for modern slavery by the Global Slavery Index.

Beyond the moral imperative to prevent modern slavery, we believe that over time the work we are doing in this area will lead to better business outcomes that come from deeper working relationships with our suppliers, high quality products manufactured free of modern slavery risks, and stronger investor confidence.

Over the past twelve months, our focus has been on continuing to develop our understanding of the risk of modern slavery in our operations and supply chain, and refining how we best direct our efforts to eliminate modern slavery in our businesses. Despite the continued impact of the COVID-19 pandemic here in Australia and around the world, we have continued to engage with our network of suppliers and have begun to influence change across our supplier network.

Our partnership with the Responsible Business Alliance (RBA) facilitates cooperation amongst a global coalition of companies, on a scale that we know is necessary to create sustainable change and minimize the incidence of modern slavery.

Being one of the few Australian company members of the RBA means we are uniquely positioned to learn and share best practice knowledge with our team members and with our suppliers, in particular the smaller suppliers that may not have the ability to access such resources but are integral to our extensive supply chain.

During the reporting year we made some key changes to the minimum standards within our Ethical Sourcing Policy, worked closely with our private label product suppliers to better understand the factories utilised for our private label products, and increased the overall number of suppliers that we engage with in our due diligence process.

We have learnt a lot since we issued our first Modern Slavery Statement and continue to develop our framework and response to modern slavery. Looking ahead, we will continue our efforts to work with all of our suppliers to ensure we can embed the minimum standards we expect, and help us build a robust and reliable supply chain that is united in making progress to reduce the risks and prevalence of modern slavery.

This second Report provides an update on the actions we are taking, and the continuous improvements we are seeking, to further the effectiveness of our response to the issues associated with modern slavery.

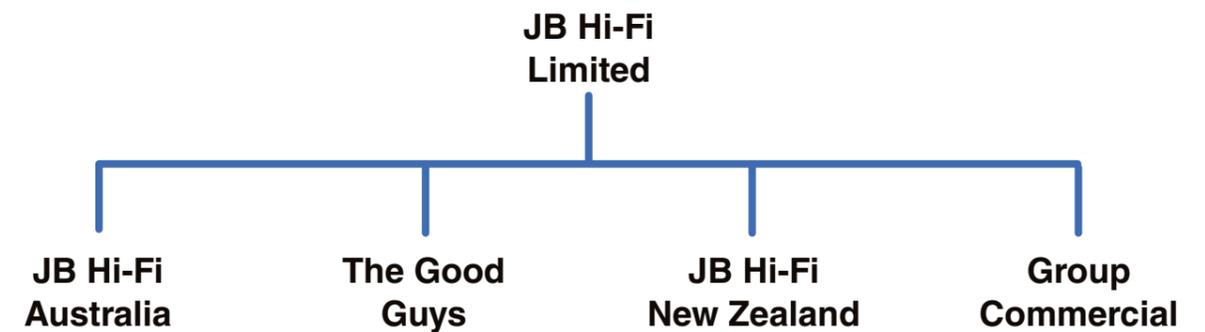


Terry Smart
Group Chief Executive Officer - JB Hi-Fi Limited
25 November 2021



OUR GROUP'S STRUCTURE AND OPERATIONS

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.



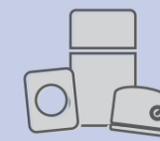
JB Hi-Fi and The Good Guys are leading retailers of consumer electronics, technology, telecommunications and other services, home appliances and software, with operations in Australia and New Zealand.

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 & 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 management 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.

Operational responsibility for ethical sourcing and modern slavery lies with the Group Sustainability and Risk Team working in collaboration with business units across the Group, with the Chief Financial Officer having ownership of the framework at an executive level.

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. A cross functional Ethical Sourcing Working Group, involving members of senior management and the Group executive team provides strategic direction and oversight over the implementation of the Group's approach to modern slavery.

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.

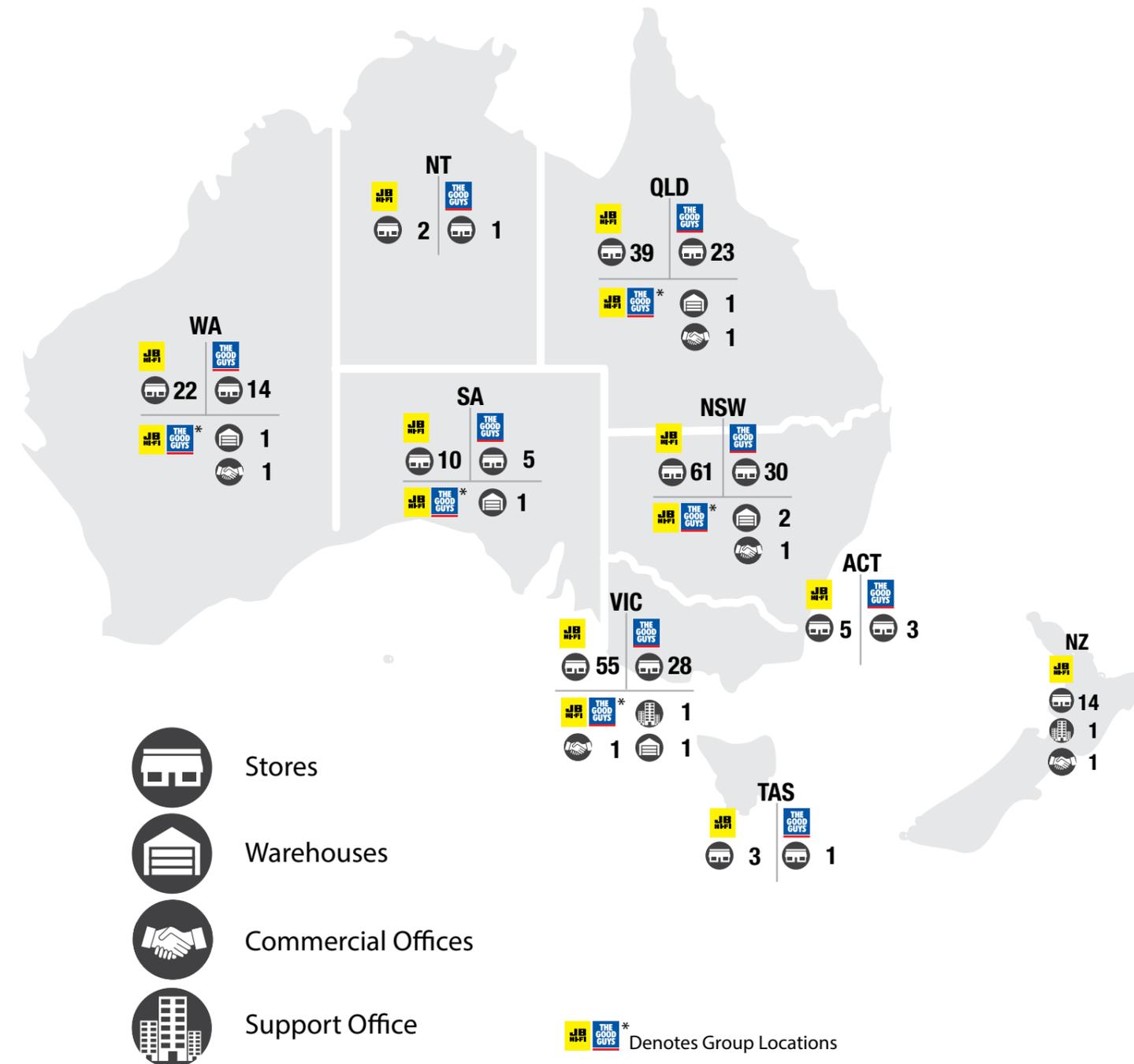


The Group employs over 13,000 permanent, part-time and casual team members to support its operations in Australia and New Zealand. The Group's workforce is supplemented by sub-contractors to fulfil certain tasks, such as store maintenance and development and product installation services. The Group also engages with third party service providers to manage the

employment, licensing and compliance requirements associated with these sub-contractors.

During the busier trading periods such as Black Friday and Christmas, additional retail staff are employed on a casual basis to meet increased consumer demand in our stores.

THE GROUP'S OPERATIONS ACROSS AUSTRALIA AND NEW ZEALAND:



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 of critical importance to the success of our retail and commercial businesses.

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



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 and services for resale within our retail and commercial businesses.

These suppliers 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. The trademarks and brands associated with these suppliers are not owned by JB Hi-Fi Group.

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 FY21 the Group placed orders with over **650 different trade suppliers** (FY20: 700), spending circa **\$8 billion** (FY20: circa \$6.5 billion).



Trade suppliers - JB Hi-Fi-owned private label products

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

- i. "XCD", an accessories range which comprises cables, headphones, and other consumer electronics products; and
- ii. "Flea Market", which comprises a range of gifting products (such as vinyl accessories, laptop sleeves, turntables and Christmas gifts).

The Group contracts with a limited number of Australian-based suppliers for the sourcing and manufacture of product for our XCD and Flea Market brands. Our suppliers engage

manufacturers in Asia (predominantly China) for the production of our private label product 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.

In FY21 the Group spent circa **\$18m** (FY20: \$20m) on its private label product range, **across 4 different suppliers** (FY20: 4 different suppliers).



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.



Non-trade suppliers (goods and services not for resale)

The procurement of goods and services not for re-sale is integral to the successful running of our operations and consist of the following types of suppliers:

- Landlords, property management and utility providers;
- Banks, finance companies and insurance providers;
- 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 FY21 the Group engaged **over 2400 non-trade suppliers** (FY20: 2800), spending in excess of **\$717 million** (FY20: circa \$650m).



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.

infrastructure solutions, as well as set up of audio and visual facilities for small to medium-size enterprises.

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 service technicians and trade professional such as electricians and plumbers.

Similarly, our commercial business offers installation services relating to networking and

In FY21 the Group contracted with circa **421 service providers and specialist sub-contractors for home installation services** (FY20: 450), spending in excess of **\$28m** (FY20: \$25m).

MODERN SLAVERY RISK IN OUR OPERATIONS AND SUPPLY CHAINS

The Group understands that modern slavery is a risk to people, and that no retailer is immune to the risk of modern slavery in their operations and supply chains. The Group's human rights-based approach to modern slavery considers risk 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, 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 operations 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 workforce).
Contribute	The risk that our actions or operations 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).
Directly Linked	The risk that our operations, or the products and services that we sell (and/or use), may be 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 or the worst forms of child labour).

These 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-19 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 UN Guiding Principles.

1 OUR OPERATIONS

Our direct employees

The Group employs over 13,000 full time, part time and casual staff across our operations in Australia and New Zealand. The health, safety and well-being of these team members is the Group's highest priority.

Most of the Group's team members are employed directly and on permanent contracts. This, combined with the established supporting structures, policies and processes we have in place, significantly reduces the risk of modern slavery being "caused" by the Group within our directly employed workforce.

2 OUR SUPPLY CHAINS

In 2018, Walk Free² and the International Labour Organisation estimated over 40 million people to be affected by modern slavery globally, with two thirds of this total figure being within the Asia Pacific Region. Given our reliance on electronics supply chains within the Asia Pacific Region, we recognise that there is a risk of modern slavery occurring within our supply chains.

The 2018 Global Slavery Index estimated the value of at-risk consumer electronics globally to be circa \$200 billion, with an estimated \$7 billion imported into the Australian marketplace. Laptops, computers, and mobile phones were considered the top 'at-risk' product category (by value) imported into the G20³ for the risk of slavery occurring in the supply chain.

Trade suppliers

The Group recognises that there is a risk it could "contribute" or be "directly linked" to modern slavery within all tiers of our supply chain. Specific examples of modern slavery risks within our supply chain include:

- Deceptive recruitment practices and trafficking of migrant workers;
- 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;
- The use of forced labour or child labour by direct or indirect suppliers in the assembly of products, component parts or the sourcing of raw materials; and
- The exploitation of vulnerable workers such as ethnic minorities, low-skilled workers, and migrant workers.

The risk of modern slavery 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, 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.

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 other parts of the world, we recognise that modern slavery can, and does, exist domestically.

Within our domestic supply chains, there is a potential for the group to "contribute" or 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; and
- Suppliers of office equipment and consumables.

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 proprietary 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 "contribute", or be "directly linked", to modern slavery through its network of service providers and sub-contractors. For example, if a small business engaged to provide installation services for televisions purchased at either JB Hi-Fi or The Good Guys exploits young apprentice workers with little or no pay.

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 four editions of the Global Slavery Index.

³The 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.

ACTIONS WE HAVE TAKEN IN THE FINANCIAL YEAR ENDED 30 JUNE 2021

Beyond the moral imperative to combat slavery, we also believe it 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 better understanding the factories utilised to supply JB Hi-Fi's private label product, progressing our ethical sourcing due diligence across our supply chain, and continuing to collaborate and engage across industry with peers, suppliers and investors on understanding the risk of modern slavery within our industry.



1 POLICY GOVERNANCE & COMPLIANCE

Maintaining our company values

Underpinning the way in which we work and treat each other, are our company values which emphasise the importance of respect and empowerment, acting with integrity, and operating with a social conscience. Our company values include commitments that we will:

- 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 key policies which help us achieve this include:

- Group Code of Conduct;
- Our Company Values;
- Anti-Bribery and Corruption Policy;
- Diversity Policy;
- Equal Opportunity Policy and Workplace Behaviour Policy;
- Health and Safety Policy; and
- Risk Management Policy and Framework.

The Group's Reportable Misconduct and Whistleblower Policy encourages both our employees and suppliers to report concerns of reportable misconduct (which includes forced labour).

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, with further governance

over the Group's response to modern slavery provided by the JB Hi-Fi Limited Audit and Risk Management Committee and the Board.

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 with a recommended action plan to remediate the issue

which prioritises the well-being and welfare of the victim/s identified.

Where the Group is "directly linked" to modern slavery in its operations or supply chain, these issues will be escalated to the Group Executive and 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.

JB Hi-Fi Group Ethical Sourcing Policy

Our Group Ethical Sourcing Policy (the Policy) was released in FY20 and updated in FY21. It affirms our commitment to respecting human rights and outlines the minimum standards we expect of our suppliers' labour, safety, environmental and ethical practices. It is informed by internationally recognised frameworks including the United Nations Guiding Principles on Business and Human Rights, the Ethical Trading Initiative (ETI) Base Code, and the International Labour Organisation (ILO) fundamental conventions concerning rights at work.

The Policy was designed in consultation with a number of key suppliers, the Responsible Business Alliance and specialists within the area of human rights, and is intended to uphold worker rights, protect health and safety, establish appropriate standards of ethical behaviour, and minimise unnecessary adverse impacts on the environment.

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.

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 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.

During the year management reviewed the Group's Ethical Sourcing Policy to ensure that it remains consistent with the international frameworks upon which it is based.

The key changes to our Policy as a result of this review include:

- Updates to our minimum standards in order to align with the revised Code of Conduct issued by the Responsible Business Alliance; and
- Including new requirements for social compliance auditing that we expect of our suppliers (further detail relating to these requirements are included on pages 24 of this report);

Our updated Policy will be published and communicated to all our suppliers before the end of the 2021 calendar year.

A requirement to comply with the Group's Ethical Sourcing Policy has been integrated into the Group's pro-forma supplier trading agreements. Management recognises some suppliers may need to work towards complying with the standards set out in our Policy over time (rather than immediately) and will work with suppliers in achieving compliance within an agreed time frame.

Instances of non-compliance with our Policy can be reported (anonymously if necessary) by employees and/or suppliers, either under the Reportable Misconduct and Whistleblowing Policy, through the third-party employee assistance lines operated by the Group or directly to senior management.

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



Responding to COVID-19 and addressing employee well-being

A National Health and Safety Strategy, which is focused on achieving and maintaining a low incidence of workplace injury and improving mental health and well-being amongst our team members, has been established by the Group's National Safety Team.

The effective management of COVID-19 continues to be a focus for our businesses. During the height of the pandemic, the Group established a COVID-19 steering committee which met regularly to ensure all of our stores, distribution centres and support office locations operated in accordance with state and territory government COVID-19 safety protocols and requirements.

We implemented a COVID-19 management and response plan in line with government guidance which included COVID-19-specific hygiene, mental health, social distancing, training, and communication initiatives designed to protect the safety of our team members, customers and business partners.

Through our management and response plan we have ensured the business is highly responsive and implements the necessary operational changes in our businesses to ensure we limit the risk of spreading the virus and continue servicing our customers safely.

During the reporting year, state and territory regulatory authorities have conducted reviews of our COVID-19 management processes across more than 50 of our stores and warehouses. The health and safety measures that were assessed during these reviews included strict social distancing, personal hygiene, cleaning standards, capacity limits, hand sanitisation stations, supply of personal protective equipment, and well-being support programs. Through these assessments we were acknowledged by government authorities for our consistently high levels of compliance with the relevant regulations.

As per the Government health directions, we continue to maintain appropriate steps to minimise the risk to team members that are in the "at-risk" (vulnerable) categories. This includes offering them duties which are not customer facing, providing alternative rostering to align with reduced customer traffic, and accessing leave (paid or unpaid) for those that do not wish to attend work.

The impact on mental health and well-being as a result of COVID-19 emerged as a significant risk to our team members during FY21. We focused on responding to this risk pro-actively across the Group through a variety of initiatives aimed at raising awareness and equipping our team members with the necessary information and skills to manage both their own mental health and well-being, and that of their teams. These initiatives included:

- further investment in our 'We Care' program across our JB Hi-Fi retail business, which provides a forum for our store teams to meet regularly to share and discuss their concerns and learnings about mental health and well-being;
- mental health training for our JB Hi-Fi sales and merchandising managers, The Good Guys territory managers, and our human resources and senior management teams at support office;
- a 10-week health and well-being program for our Victorian support office during the extended Victorian lockdown period, conducted online in conjunction with 'The Resilience Project⁴'; and
- increasing the profile of the Group's Employee Assistance Program, whereby employees can access outside support and counselling in relation to a broad range of personal and work-related issues

⁴The Resilience Project is an organisation that delivers emotionally engaging programs and evidence-based mental health strategies to build resilience and happiness.

COVID-19 impact on our supply chain

COVID-19 restrictions throughout FY21 continued to cause some disruption to global factory production, which resulted in the industry continuing to experience declines in stock availability across many product categories and decreased visibility on order fulfilment timeframes. The virus presents increased risks to vulnerable workers in the supply chain, through potential increased working hours to make up for factory downtime, or potential exposure to the virus where appropriate health and safety protocols or PPE are not provided.

We continue to seek feedback from a number of suppliers on how they are managing these risks and have integrated minimum ethical sourcing requirements specific to occupation hazards such as COVID-19 within our updated Ethical Sourcing Policy.

During FY21, the Group continued to pay all suppliers in-full and on-time in accordance with their payment terms.

2 BUILD CAPABILITY & AWARENESS

Development and implementation of internal training

Operational responsibility for the implementation of the Group Ethical Sourcing Framework lies with The Group Sustainability and Risk Team. The Team undertakes a combination of structured learning, on-the-job training, and attendance at industry conferences and working groups in order to develop their understanding of emerging risk and industry best practice in relation to assessing and addressing the risks of modern slavery.

Throughout FY21, the ethical sourcing team continued to engage team members and suppliers on modern slavery, through the execution of our supplier risk assessment and due diligence processes.

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.

In FY20 the Group provided modern slavery training upon release of its Group Ethical Sourcing Policy to 113 JB Hi-Fi and The Good Guys buying team members.

The Responsible Business Alliance and Responsible Labor Initiative

The Responsible Business Alliance (RBA) is a global non-profit industry coalition comprised of companies committed to supporting the rights and well-being of workers and communities. As members of the RBA, we can access thought-leadership, industry advocacy, and the RBA's training and assessment tools on forced labour.

The Group has quarterly meetings 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.

For example, the Group has started to utilise the RBA's Labor Migration Corridor Database to improve our understanding of migration patterns within the global supply chain, and enhance our risk assessment and supplier due diligence.

We also continue to monitor and review the output of the RBA's Responsible Labor Initiative (RLI), where RBA members, suppliers, recruitment partners and stakeholders 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.

Some of the other initiatives undertaken by the RLI, which are assisting the development of our capability and awareness, include the RBA's Responsible Recruitment Due Diligence Toolkit, the RBA's Practical Guide to Due Diligence on Recruitment Fees in International Supply Chains, as well as definitions and guidelines pertaining to the payment of fees in the recruitment of workers.

Cross-Industry collaboration and knowledge sharing

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 one of very few Australian-based companies that are members of the RBA, the Group is uniquely placed to help increase the awareness around forced labour within the Australian market by working with the RBA to share its best practice tools and guidelines with some of our Australian-based suppliers and industry partners that may not be RBA members.

The Group is a member of the NARTA Modern Slavery Initiative, an industry focused program to support businesses in reviewing practices within their supply chain to combat modern slavery and promote ethical buying, as well as the Australian Retailers Association

Sustainability Advisory Committee, an initiative which brings together sustainability and supply chain professionals to advance ethical and sustainable business practices in areas such as modern slavery.

In addition to this, the Group has engaged with the Investors Against Slavery and Trafficking (IAST) Asia Pacific initiative, an investor led working group convened to promote effective action among investee companies in the Asia Pacific region to find, fix and prevent modern slavery.

Within each of these forums, the Group seeks to listen and learn about the challenges and opportunities in implementing an effective response to modern slavery.

Case Study: Responding to reports of modern slavery involving a supplier

As part of our ongoing risk assessment work, the Group monitors developments in public policy as well as media coverage with respect to potential forced labour within global supply chains, including any potential links to our suppliers.

As part of this on-going work, the Group became aware of one of its suppliers being named as having alleged links to alleged forced labour (a form of modern slavery) of ethnic minorities from Xinjiang Province, China.

The Group takes all allegations relating to our suppliers and potential links to modern slavery practices seriously. We recognise that these links may increase our risk of being 'directly linked' to modern slavery through the products that we sell.

We are committed to assessing any modern slavery allegations relating to our supply chain and where possible, aim to work constructively and collaboratively with any suppliers that may be implicated in modern slavery-related allegations. This includes seeking to understand the potential modern slavery risks and mitigation strategies through our supplier due diligence process.

Our key learnings from engaging the supplier on this issue include the importance of maintaining on-going and open dialogue and in seeking opportunities to corroborate and clarify potentially conflicting information from differing sources rather than relying on a single mechanism, such as an SAQ.

We will continue to engage with the supplier, including assessing their implementation of the audit action plan. We recognise that this was a sensitive topic for our supplier to discuss and appreciated their willingness to engage with us. The Group strives to take a consistent approach to engaging suppliers on allegations of modern slavery, irrespective of the country or industry which the supplier operates in.

In response to reports of modern slavery involving a supplier, the Group undertook the following actions:

1 Understand company policies, controls and factory characteristics through our supplier ethical sourcing self-assessment

Our ethical sourcing team worked closely with the supplier's Australian-based management team to ensure that both the supplier's head office and relevant overseas factory supplying product to the Group completed our ethical sourcing self-assessment questionnaires (SAQ).

The SAQs⁵ utilised by the Group have been developed by the Responsible Business Alliance. The SAQs help us assess modern slavery risk through a series of questions which provide us with an understanding of specific risk factors, such as worker demographics (e.g. proportion of migrant workers), recruitment practices (e.g. use of third party

recruitment agencies and fees), as well as the quality of the company's management systems and controls to mitigate the risk of modern slavery (e.g. labour policies, grievance mechanisms etc).

At our request, the supplier fully completed the SAQs, including providing a number of supporting documents illustrating its policies and procedures relating to its labour, safety, ethics and environmental management systems and controls. This included a Modern Slavery Policy outlining the company's approach to reducing the risk of modern slavery in its business operations and supply chains.

2 Assess compliance with our ethical sourcing policy through review of an independent social compliance audit

In addition to the SAQs, the Group requested that the supplier commission an independent social compliance audit⁶ on the relevant factory, utilising a recognised international auditing framework (either a BSCI, SEDEX or RBA Audit). A BSCI audit was subsequently conducted by an independent audit firm at the end of March 2021. The audit assessed 13 key areas, including forced labour, child labour, worker involvement and protection, freedom of association, and fair remuneration, with the results provided to the Group by mid-April 2021.

The audit included no specific adverse findings in relation to forced labour, child labour, or the use of ethnic minority workers.

The results of the audit contained a number of corrective actions around implementation of the company's social management systems, implementation of BSCI's ethical code of conduct, and observations around excessive working hours and safety improvements (both of which are regular findings within manufacturing facilities in the Asia Pacific). The supplier provided the Group with its action plan to address these findings, which we assessed as being appropriate to the issues identified. Also included in the audit results were photographs (e.g. of the factory floor and living quarters) taken by the auditor to support the findings.

3 Further engage with the supplier to corroborate SAQ results and audit findings

While SAQs and social compliance audits are commonly used tools to assess modern slavery risks, the Group recognises the inherent limitations of these tools in providing an accurate account of the potential risks and mitigating controls around forced labour. For example, in some situations, auditors may not have unfettered access to all facilities, may be restricted in their ability to interview workers, and be unable to fully review company documentation within the time constraints associated with the audit. Similarly, it may not always be possible to verify material and responses provided as part of SAQs.

To supplement our understanding of the SAQ and audit results, the Group also held a meeting with the supplier's Australian-based management team, as well as members of the factory's China-based management team.

Our meeting with the factory's management team allowed us the opportunity to apply some of the learnings from our participation in the Responsible Labor Initiative and ask specific questions around the recruitment and management of workers.

Through this process, we sought to clarify the extent to which workers from outside the city and province are recruited to work within the factory. The audit confirmed that approximately 35% of the factory's workers come from outside the local area, with 6 different provinces being identified by the supplier as the primary migration corridors for the factory. The supplier confirmed in writing that no workers were recruited from Xinjiang Province, and that all recruitment was conducted directly by the company (and not outsourced to a third party or through state-based recruitment).

⁵Further detail on what the Group's ethical sourcing self-assessment entails and how it helps us assess the risk of modern slavery is contained on pages 24-28 of this report.

⁶Further detail on how the Group uses social compliance auditing to help us assess the risk of modern slavery is contained on pages 27-28 of this report.

3 SUPPLIER ENGAGEMENT

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

Whilst a large proportion of our suppliers have proactively engaged with us on this issue, we have also experienced challenges in engaging with some of our suppliers on our ethical sourcing due diligence processes. Further information on how we have dealt with these challenges is included in our assessment of effectiveness on pages 30-31 of this report.

We continue to advocate for cooperation and engagement on this issue with these suppliers, and utilise the networks provided through our membership of the RBA (where applicable) to open lines of communication.

Some of our international suppliers have sophisticated and mature ethical sourcing policies and processes. During the year, we continued to engage with several of these suppliers to help build our awareness of current and emerging risks and trends within global supply chains. This process has enabled us to ensure

our approach is prudent, pragmatic, and tailored appropriately to our supply chain.

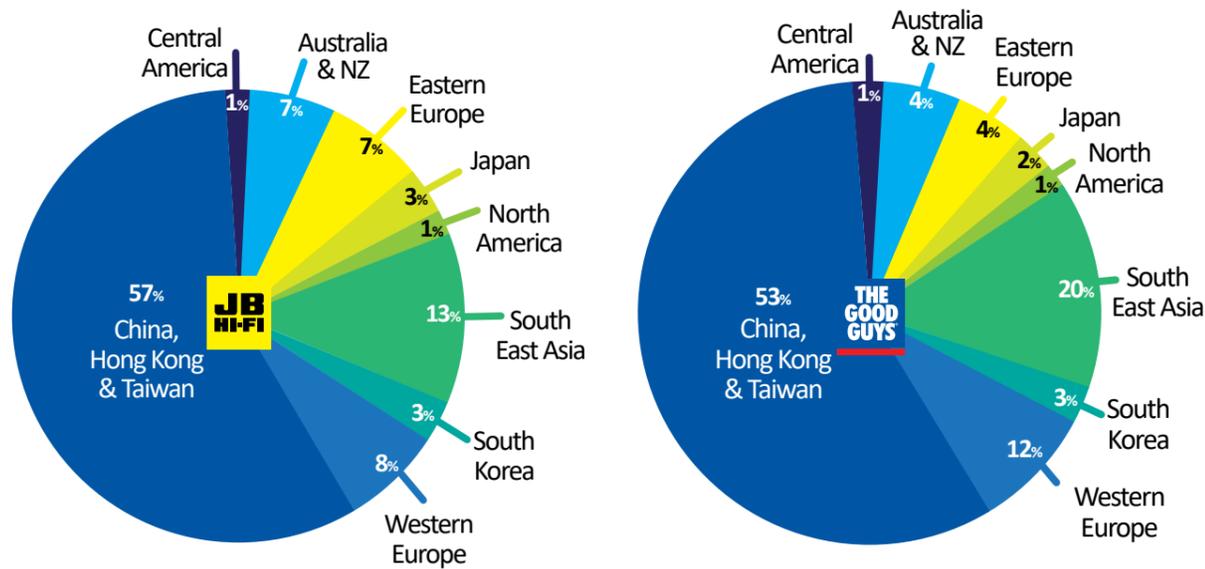
In FY21, the Group extended its ethical sourcing due diligence to an additional 27 suppliers. The Group has now requested approximately 530 suppliers to engage with the Group's ethical sourcing due diligence process.

Undertaking supply chain mapping

The risk of slavery increases in countries where the upholding of human rights, and governance surrounding labour laws and practices are not strong. In FY20 the Group undertook an initial assessment of its trade supply chain, mapping the country and province of final assembly for current range products supplied by each trade supplier where the Group's annual spend with that supplier exceeded \$10m.

In order to achieve this, we wrote to 72 of our trade suppliers requesting this information. The results of this project and the geographic distribution of JB Hi-Fi's and The Good Guys' trade supply chain is summarised in the following charts.

Trade supply - final assembly location by region



Whilst aggregate trade spend has increased from prior year by circa \$1.5b (to \$8b), 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.

Understanding 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 abuses.

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:



Level 1 entails an inherent supplier risk assessment for modern slavery using the supply chain analytics capability of the Responsible Business Alliance. The risk assessment, which is carried out by the Group, calculates an initial 'risk score' for each trade supplier at location and product level, using the following factors:

- a supplier's geographic location (obtained from our supply chain mapping project);
- 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).

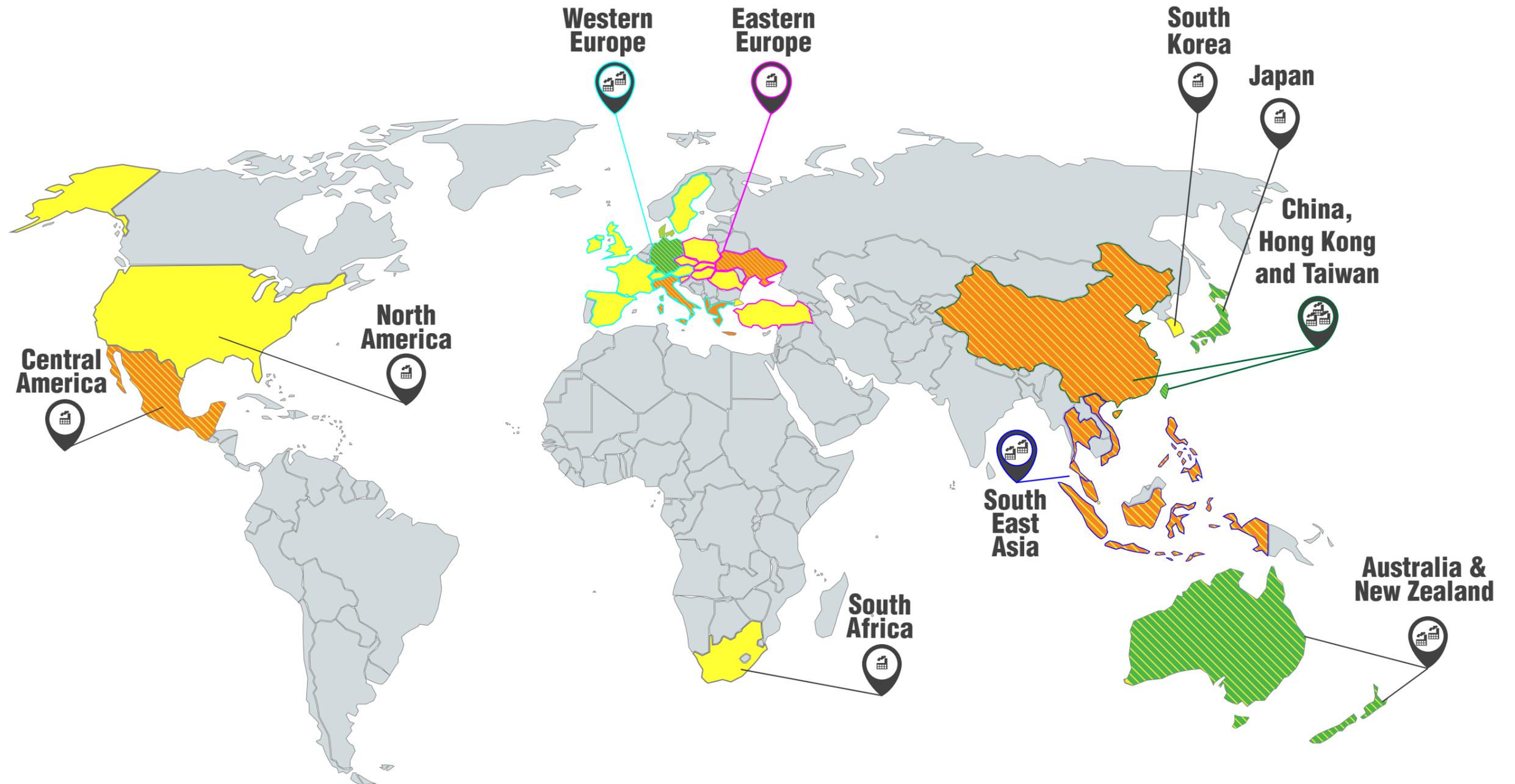
The RBA methodology uses publicly available civil society labour indices, such as the UN Human Development Index, Global Slavery Index and US State Department Data, to rate labour risk by country, as well as third party social compliance audit findings to inform relative industry, sector and product risk.

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 its final assembly supply chain since our initial analysis, 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 ethical sourcing team conducting an ethical sourcing risk assessment and due diligence for any new suppliers, products, or services that may present new risks from a modern slavery and ethical sourcing perspective. For example, in FY21 JB Hi-Fi expanded its range of licensed merchandise and collectables across over 100 of its stores. Development of this category has resulted in the ranging of new merchandise such as t-shirts, which carries different industry and geographic risks with respect to modern slavery, for example, increased risk of forced labour or child labour within both cotton production and garment manufacturing sectors. As a result, the Group has sought to prioritise due diligence of its suppliers of merchandise apparel, as it expands into this new category.

Upon launching the Group's ethical sourcing program in FY20, the Group risk assessed 800 unique (trade and non-trade) supplier locations, across 35 countries to determine which suppliers and locations to prioritise for due diligences.

The map below provides a high-level overview of the output of our Level 1 Supplier Ethical Sourcing Risk Assessment, an indication of the number of supplier locations and level of risk by geography. The risk level associated with each country is an average of the individual risk scores assigned to each supplier location, as determined by our Level 1 Risk Assessment.



INDICATIVE NUMBER OF SUPPLIER LOCATIONS:



RISK LEVEL:



Results of our Level 1 risk assessment help us prioritise suppliers for our Level 2 supplier ethical sourcing SAQ, which incorporates separate questionnaires for a supplier’s head office and factories. The answers to these SAQ’s 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’s used by the Group is widely recognised within the consumer electronics industry and has been developed by the Responsible Business Alliance in consultation with its member companies. The SAQ’s helps us assess modern slavery risk by consideration of the following types of factors:

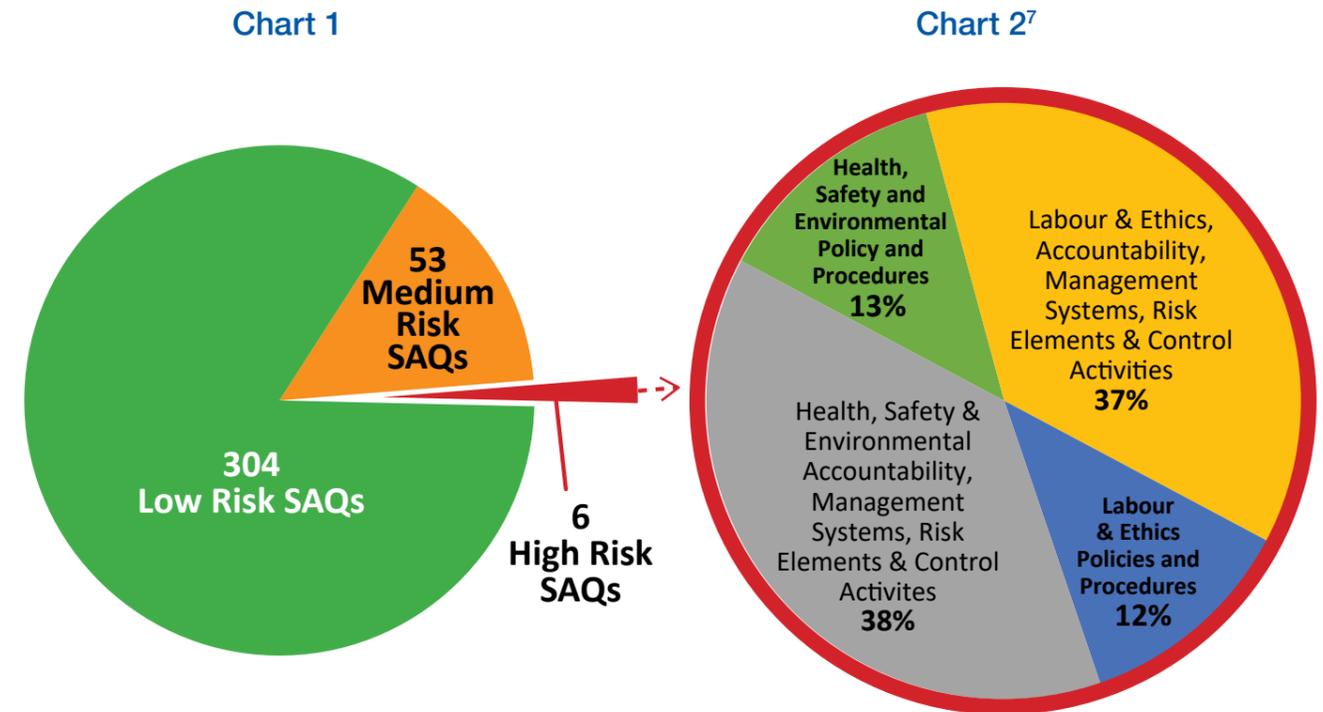
- use of migrant workers;
- use of worker accommodation;
- use of young workers;
- the proportion of male to female workers;
- use of sub-contractors;
- use of third-party recruitment agencies;
- the levying of recruitment and/or hiring fees;
- overtime hours worked and the payment of wages;
- how personal 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 that is based on answers provided through the questionnaire. All high risk SAQ’s are reviewed, and where areas of non-compliance or improvement opportunities are identified, these are discussed directly with the supplier, with corrective actions put in place within an agreed time frame.

In FY21 we extended our ethical sourcing due diligence to an additional 27 suppliers, requesting them to complete a Level 2 ethical sourcing SAQ. The types of industry categories which we have engaged to date for ethical sourcing due diligence include:

- trade suppliers deemed to have operations in countries or product categories with a high inherent risk of modern slavery;
- all suppliers of the Group’s private label products (XCD and Flea Market);
- suppliers of any brands or product lines that are retailed ‘exclusively’ through JB Hi-Fi or The Good Guys. 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;
- the Group’s reverse logistics warehousing partner;
- the Group’s security service partner;
- property and store development service providers;
- cleaners, and waste management suppliers;
- delivery, logistics and freight companies; and
- managed services providers, and home installation technicians.

Chart 1 provides a summary of the SAQ results received (by risk rating), during the 12 months ended 30 June 2021. Chart 2 provides a thematic summary of the types of issues arising out of SAQ’s that were received in FY21, and received a risk-rating score of ‘high’.



The issues arising from the 6 high-risk SAQ’s identified in Chart 1, pertain to 5 different trade suppliers, and relates to management systems, policies, procedures and internal controls to manage labour, safety, ethics and environmental risks. Out of the 6 high-risk SAQ’s, 5 pertain to head office questionnaires, with 1 high-risk SAQ pertaining to a factory-level questionnaire of one of these suppliers.

To date, we have remediated the issues identified in 3 out of the 6 high-risk SAQ’s received in FY21. Of the remaining 3 high-risk SAQ’s, we continue to work with 1 supplier on remediation, with the last 2 high-risk SAQ’s pertaining to 1 head office and 1 factory-level questionnaire belonging to a private label factory, which the Group no longer utilises.

⁷Management systems and control activities relate to the systems, roles and responsibilities, business processes, risk assessment, training, reporting and management oversight.



Social compliance is a focus on policies and processes that seek to protect and uphold the rights, health and safety of workers. Social compliance auditing is a means of checking that companies are operating in a way that complies with acceptable standards relating to these areas.

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 audit resources.

In FY21 the Group interviewed a number of its suppliers to better understand the type, frequency, and level of independence associated with the social compliance audits that are undertaken within the consumer electronics industry.

This helped inform the development of the Group's minimum standards with respect to social compliance auditing that we expect our trade suppliers to undertake. In developing this Framework, we have considered equivalency to internationally recognised social compliance auditing standards.

Suppliers of the Group's Private Label

Our updated Ethical Sourcing Policy now includes the requirement for all suppliers of our Private Label product range 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 social compliance auditing requirements of the Group.

All other Suppliers

All other suppliers are required to conduct an annual risk assessment of their business operations and supply chains, and conduct a social compliance audit covering at least 50% of locations that the supplier assesses to be high-risk (e.g. based on geography or industry).

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.

Our revised policy on social compliance auditing will help ensure factories in our supply chain are being audited periodically and to an acceptable standard, helping us to more effectively assess and address the risk of modern slavery, and compliance with our Ethical Sourcing Policy.



Case Study: Private Label Factory Analysis

In FY21 the Group worked with 4 different Australian-based suppliers (local suppliers) who source and engage manufacturers in China for the production of our private label product range.



"XCD" is an accessories range which comprises cables, headphones, and other consumer electronics products



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

Our 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.

The relationships with our local suppliers have been long-standing, with each of them responsible for sourcing and engaging the Chinese factories utilised to produce our private label product range. The type and number of factories used to manufacture our product 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.

Private Label Factory Geography and Demographics:

SAQ's have now been completed for 47 factory locations which, at the time of this report, account for over 95% of final assembly locations within our private label supply chain. The information provided through the SAQ's has provided the Group with a much better understanding of the factories utilised to manufacture our private label product line.

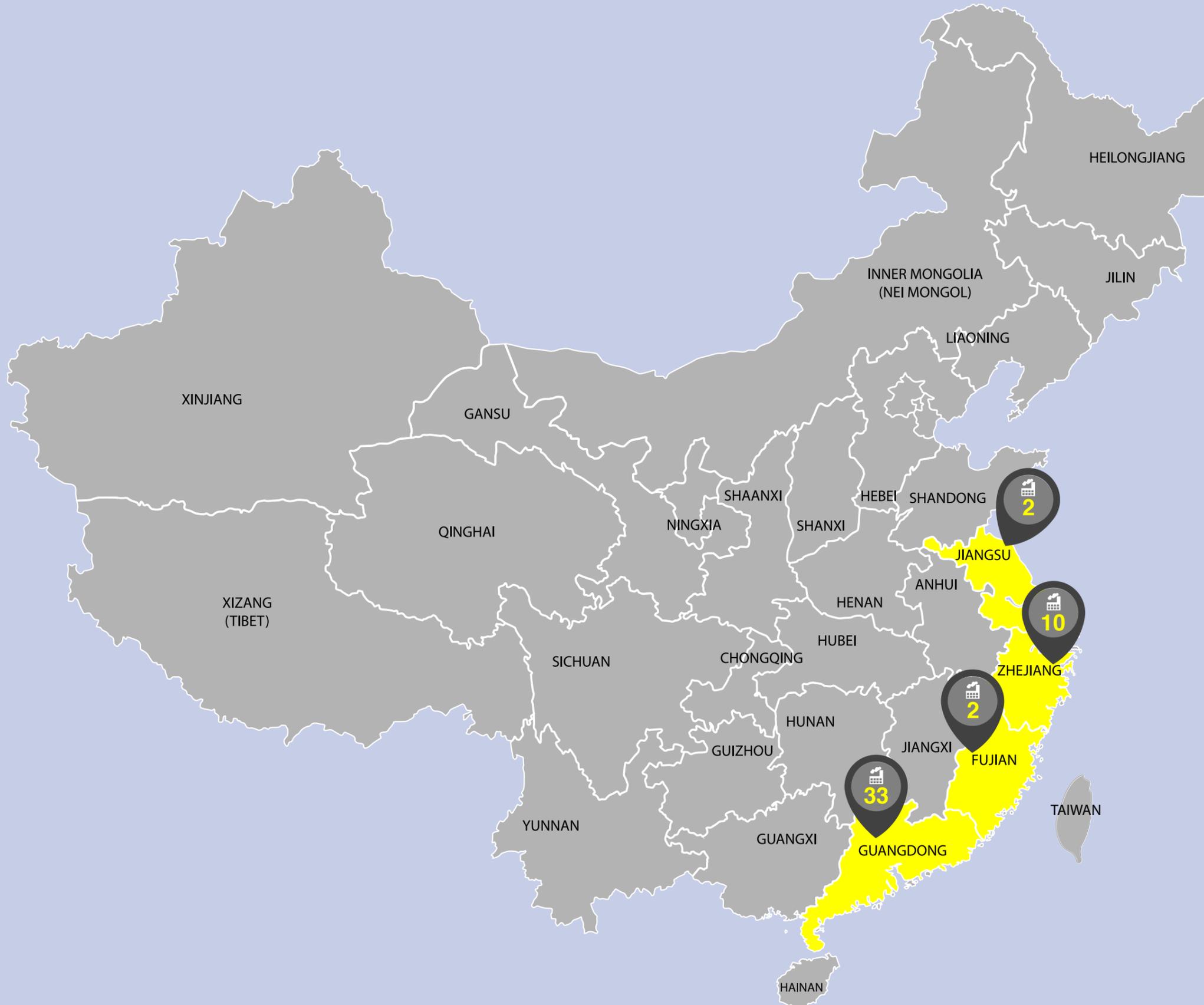
Some of the key insights derived from these SAQs provide an increased understanding of the geography and worker demographics associated with these factories (summarised on the following pages), which help us engage in discussions with our suppliers around potential workers' vulnerabilities to modern slavery.

In FY21, as part of our supplier due diligence process⁸, the Group requested each of our local suppliers to complete an ethical sourcing self-assessment, as well as provide the most recent social compliance audit report for each of the factories utilised to manufacture our XCD or Flea Market product range. Developing this understanding of our supply chain allows the Group to further refine our engagement with our suppliers on the potential risks of modern slavery in the supply chain for our private label products.

⁸Further detail on our how our supplier due diligence process helps us assess and address the risk of modern slavery is contained on pages 19-24 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

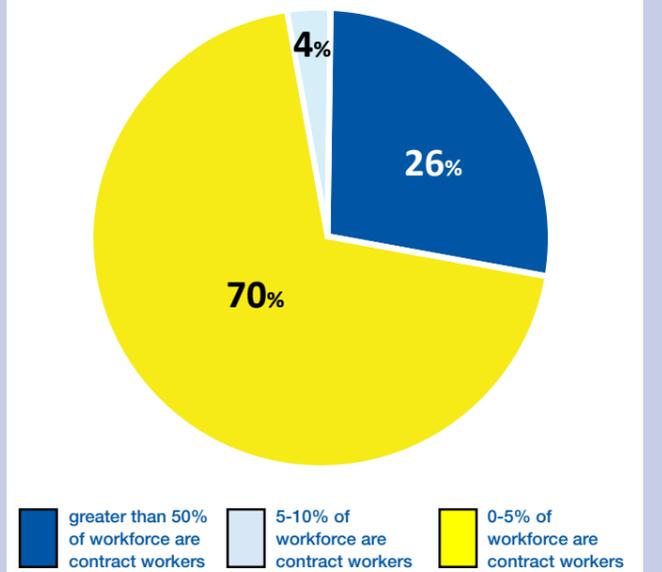
44% male
56% female
workers across the factory supply chain utilised for our private label product line

60% of factories
identified that their workforce come from outside of the province where the factory is located

22% of factories
that stated they currently provide workers with on-site accommodation

7% of factories
stated they utilise 3rd party recruitment agencies to source labour for the factory

Proportion of factories that stated they employed contract workers



Case Study: Private Label Factory Analysis (cont.)

Self-Assessment Questionnaire - Thematic Analysis

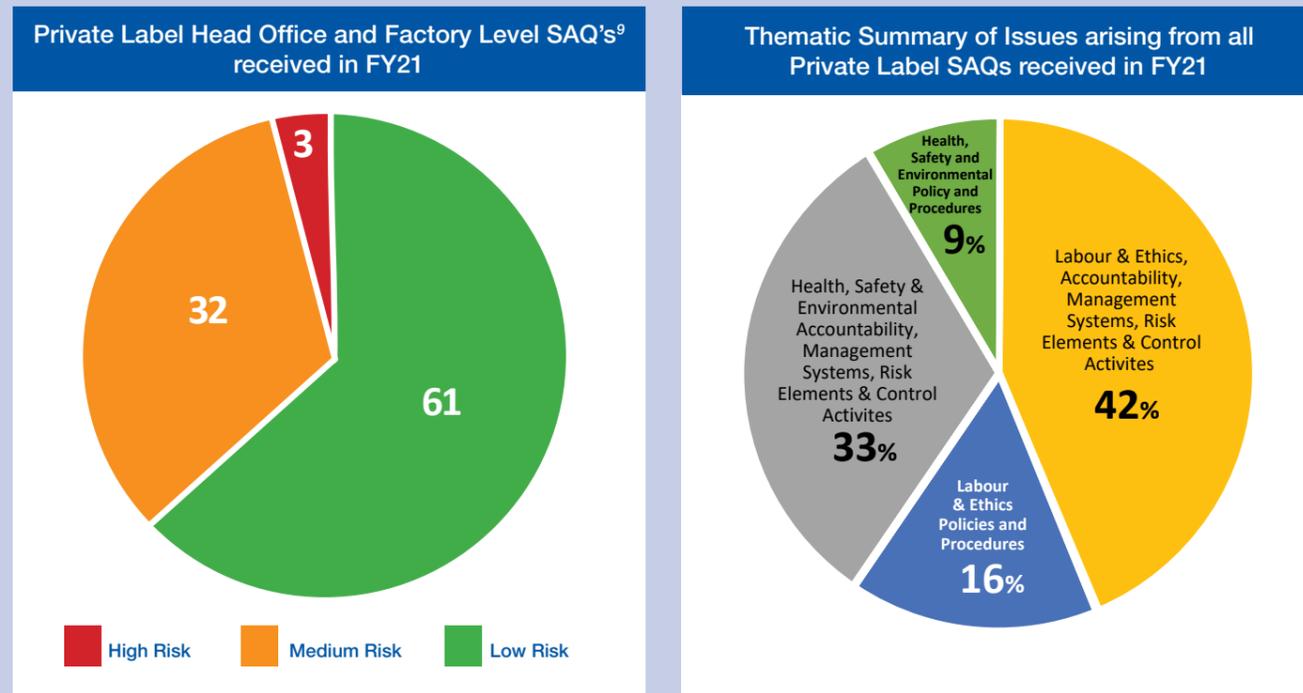
In addition to providing information on factory demographics, the SAQ results for our private label supply chain also provide us with information relating to:

1. management accountability, policies, procedures and systems in place at the overseas factories' head office(s) to manage the risk of modern slavery across the 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 to mitigate any potential risk areas.

A scoring system is applied to the SAQ results which results in each SAQ receiving either a low, medium or high-risk score, based on the answers provided. For more information on the SAQ process please refer to page 22.

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

The below charts provide a summary of the relative risk ratings associated with the self-assessment questionnaires received, as well as a thematic summary of the types of issues arising from the questionnaire responses.



Out of all the self-assessments received, 2 were rated as 'high-risk' at a head-office level and 1 at factory-level. The issues identified within these assessments related to the management systems, policies, procedures and internal controls to manage labour, safety, ethics and environmental risks. No modern slavery red flags were identified through these assessments.

As at the issuance of this statement, the Group had worked with our local supplier to address the issues identified in 1 out of the 3 high-risk SAQ's that were received. The two remaining high-risk SAQ's relate to a head-office and factory-level questionnaire belonging to an overseas factory which is no longer used by our Australian-based supplier.

⁹A total of 96 SAQ's received, comprising 49 at a head office level, and 47 at a factory level

Compliance with the Group's Ethical Sourcing Policy

Recognising the inherent limitations associated with a self-assessment, the Group also requested copies of the most recent social compliance audit undertaken by each of the factories engaged to manufacture our private label products. Forty-five audit reports were received during the year.

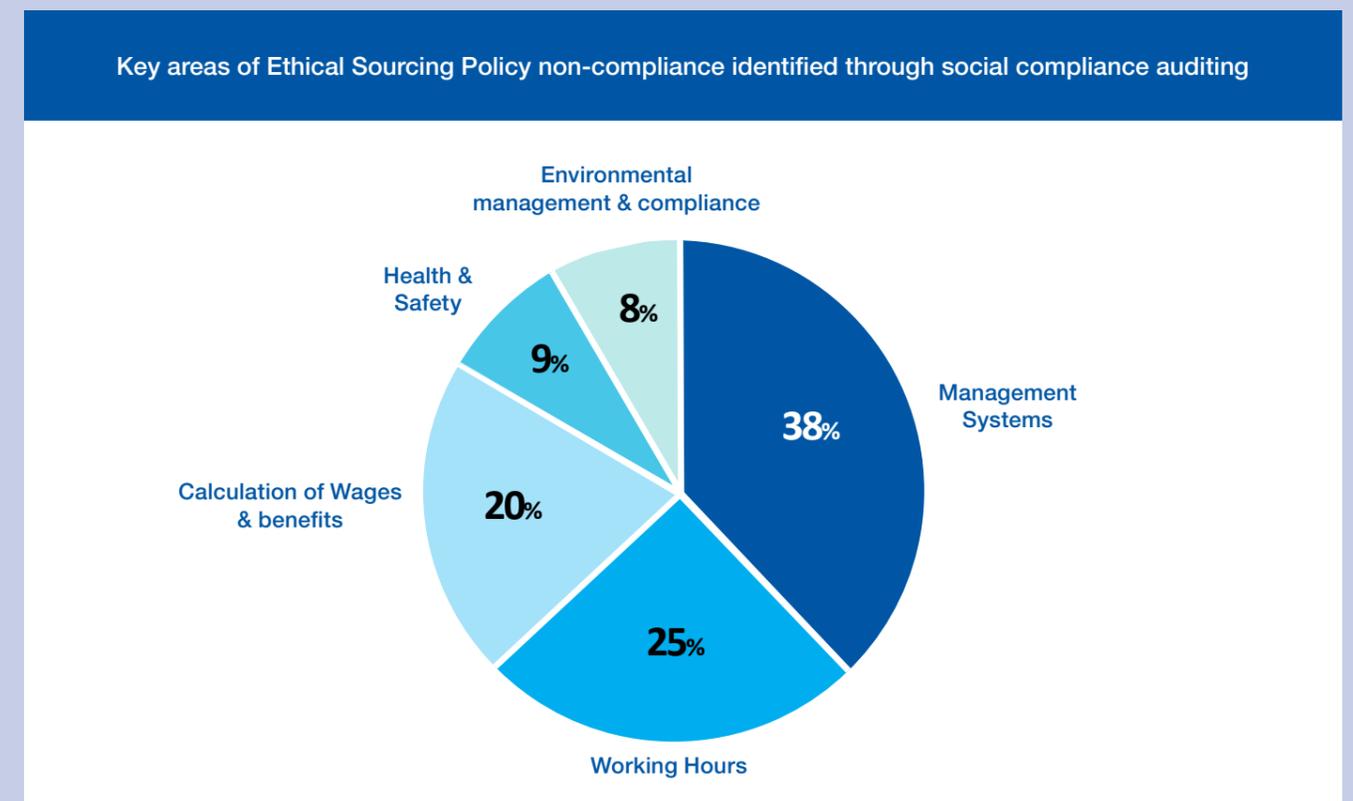
Below is a summary of the types of social compliance audits received from private label factories, and the relative age of those audits.

Audit Type	2018	2019	2020	2021	Total
Business Social Compliance Initiative (BSCI) Audit	1	1	23	12	37
RBA Validated Assessment Program (VAP) Audit	0	0	1	0	1
Sedex Members Ethical Trade Audit (SMETA)	0	1	5	0	6
Intertek Workplace Conditions Audit	0	1	0	0	1
	1	3	29	12	45

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. 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. This has helped us determine where additional audits may be required, and also informed the development of our minimum standards for social compliance auditing.

Below is a thematic summary of the areas of non-compliance with our ethical sourcing policy that were identified through the social compliance audits we received during the year.

The Group is now in the process of assessing these results with each of our local suppliers, as well as the standards we expect going forward with respect to the undertaking of annual audits and follow up of corrective actions.



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 the protection of workers' rights, including their health, safety and well-being;
- 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; and
- 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.

This year, our work to assess the effectiveness of our actions has included considering our approach to engaging our suppliers through our ethical sourcing due diligence process, and the lessons learned and feedback we have received.

KEY LEARNINGS FROM OUR ENGAGEMENT WITH SUPPLIERS:

Trade suppliers – JB Hi-Fi owned private label products

Engagement with our private label suppliers helps us to assess the effectiveness of our current steps to manage potential modern slavery risks in this area of our supply chain, and identify areas for further action. Management's focus in FY21 was to ensure completion of all ethical sourcing self-assessments and social compliance audits across all factories that have been engaged by our suppliers to manufacture our private label product line throughout the year.

Evaluating the quality of our engagement with suppliers is a key element of our work to assess the effectiveness of our actions to manage modern slavery risks. For example, monitoring supplier completion rates for our ethical sourcing self-assessments and social compliance audits helps us to assess the level of supplier engagement, and the extent to which we are receiving relevant information to consider and address modern slavery risk across our supply chain.

More broadly, engaging with our suppliers also helps us to assess the effectiveness of our approach, as it helps us to understand how our ethical sourcing policies and practices are working 'on the ground' and the type of actions they are driving. For example, as a result of our efforts to engage suppliers and raise awareness on the risks of modern slavery, some of these suppliers have implemented new modern slavery policies, and undertaken additional due diligence procedures internally.

This has resulted in assessments being completed for over 95% of the factories used to produce our private label product and an improved understanding of our private label supply chain (refer to case study on page 25-29).

At a practical level, this supplier engagement and the information we have collected is helping us to assess and shape the effectiveness of our response to modern slavery. Combined with the actions we have taken to formalise the social compliance auditing standards (see page 24); our improved understanding

of the factories utilised for production of our private label product helps us identify priority areas for further engagement to ensure we maximise our impact. It also positions us to more effectively work with our private label suppliers to ensure on-going compliance with our Ethical Sourcing Policy.

For example, our improved understanding of the extent to which workers are recruited from outside provinces and through third party recruitment agencies, helps us to ask targeted questions around the recruitment of workers, including the application of potential recruitment fees.

Trade suppliers – branded products and services

The level of engagement from our branded trade suppliers has been encouraging, with the vast majority of the circa 70 trade suppliers included in our initial FY20 risk assessment having engaged with us.

During the year, through the RBA we have developed a better understanding of the level of oversight and cross industry engagement undertaken by many of our larger branded international suppliers on the issue of forced labour. While larger suppliers are not immune from modern slavery risks, we recognise that they can have greater 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 our future engagement on smaller suppliers, operating in high risk product and industry sectors, that it can 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.

The Group will look for opportunities to prioritise these smaller suppliers for ethical sourcing due diligence, whilst continuing to work with our larger suppliers. Where possible, we will also work to share the RBA's best practice resources on forced labour to improve awareness and capability through our supply chain.

Non-trade suppliers

Compared to our engagement with trade suppliers, the Group has experienced lower levels of engagement with our due diligence process across our non-trade suppliers. Whilst 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, management are considering alternative approaches to assessing and addressing the specific risks associated with this area of the Group's supply chain.

For example, during the reporting period the Group opened discussions with the Cleaning Accountability Framework (CAF) to explore an alternative approach to assessing risk within the cleaning industry.

The CAF is a cross industry initiative with an objective to end exploitation in property services and improve work standards within the cleaning industry through the use of worker engagement, as opposed to social auditing. The Group is continuing to review its approach for its cleaning supply chain, including advancing discussions with the CAF.



OUR FY22 COMMITMENTS

The Group acknowledges that its Ethical Sourcing Framework is still relatively new and thanks our suppliers for engaging with us to assess and address modern slavery risk in our supply chain.

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 FY22 ROADMAP INCLUDES THE FOLLOWING:

1. Continue to execute and seek continuous improvement in the Group's Ethical Sourcing Framework;
2. Roll out of our updated Group Ethical Sourcing Policy to all of our suppliers, including requirements for social compliance auditing;
3. Continue to collaborate and build engagement with suppliers;
4. Continue to learn and build capacity and awareness internally, with key suppliers, and across industry;
5. 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;
6. Continue to review and refine our approach to better assess and address the key risks within our cleaning supply chain; and
7. Begin to re-prioritise our due diligence process to cover some of our smaller suppliers.

ACTIONS TAKEN TO ADDRESS OUR FY21 MODERN SLAVERY COMMITMENTS

FY21 Commitment	Actions taken in FY21
<i>Continue to collaborate and build engagement with suppliers.</i>	<ul style="list-style-type: none"> Engaged with an additional 27 suppliers on our ethical sourcing due diligence. Collaborated with each of our private label suppliers to better understand the factories utilised to manufacture our private label product. Results of this collaboration are included in our Private Label Case Study on pages 25-29 of this report.
<i>Continue to learn, build capacity and awareness both internally and with our key suppliers on pertinent modern slavery risks within the supply chain.</i>	<ul style="list-style-type: none"> Continued to engage and understand the actions that some of our international suppliers are taking to assess and address the risk of forced labour, through their involvement with the Responsible Business Alliance and participation in the Responsible Labor Initiative. For example, the Group has started to utilise the RBA's Labor Migration Corridor Database to improve our understanding of migration patterns within the global supply chain, and enhance our risk assessment and supplier due diligence.
<p>Review The Group's Ethical Sourcing Policy and processes, to ensure they continue to align with:</p> <ul style="list-style-type: none"> Responsible Business Alliance's Code of Conduct; The RBA's Guidance on Due Diligence relating to Ethnic Minority Human Rights Risk in China; and Other legislative developments and industry best practice. 	<ul style="list-style-type: none"> The Group undertook a review of its Ethical Sourcing Policy and updated it to align with the RBA's revised Code of Conduct and other industry best practice. Our revised Ethical Sourcing Policy will be communicated to all our suppliers before the end of the calendar year.
<p>In relation to our Private Label business (XCD and Flea Market):</p> <ul style="list-style-type: none"> Ensure all trade suppliers and final assembly locations have completed and returned an ethical sourcing self-assessment; and Ensure all final assembly locations have provided a recent social compliance audit. 	<ul style="list-style-type: none"> Collaborated with each of our private label suppliers to ensure an ethical sourcing self-assessment and social compliance audit was completed for each factory. Results of these assessments have been reviewed and are included on pages 25-29 of this report.
Develop a Social Compliance Audit Acceptance Framework for the Group's supply chain.	<ul style="list-style-type: none"> The Group has updated its Ethical Sourcing Policy to include its requirements for social compliance auditing. An overview of these new requirements is included on page 24 of this report. Our revised Ethical Sourcing Policy will be communicated to all our suppliers before the end of the calendar year.
<i>Review the results of supplier self-assessments issued in FY20 and, where necessary, further engage with our suppliers on the execution of social compliance audits and the oversight of corrective actions.</i>	<ul style="list-style-type: none"> Results of the supplier self-assessments received in FY21 is summarised on page 23 of this report, and is on-going as part of our ethical sourcing due diligence process. The Group also reviewed social compliance audits of all factories engaged to supply the Group with Private Label product. Results of this review and actions taken are included on page 29 of this report.
Develop a risk-based approach to extend the scope of our ethical sourcing due diligence process to cover more of our smaller trade suppliers.	<ul style="list-style-type: none"> The Group has developed an approach to extend its due diligence to cover more of its smaller suppliers (that are not RBA members) and where possible, leverage the RBA's best practice tools, training and guidance on forced labour; sharing this knowledge with smaller suppliers to improve awareness and capability through our supply chain.

APPENDIX 1: 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	36
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	Trade suppliers - branded products and services Trade suppliers -JB Hi-Fi-owned private label products Indirect trade suppliers Non-trade suppliers (goods and services not for resale) Service providers and outsourced sub-contractors	8-9
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	Our Operations • Our direct employees	10
		Our Supply Chains • Trade suppliers • Non-trade suppliers - goods not for re-sale • Service providers and outsourced sub-contractors	11
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 2021	Policy Governance and Compliance • Maintaining our company values • Governance over our Ethical Sourcing Framework • JB Hi-Fi Group Ethical Sourcing Policy	12-13
		Build Capability and Awareness • Development and implementation of internal training • The Responsible Business Alliance and Responsible Labor Initiative • Cross industry collaboration and knowledge sharing • Case Study: Responding to reports of modern slavery involving a supplier	15-17
		Supplier Engagement • Undertaking supply chain mapping	18
		Supplier Risk Assessment and Due Diligence • Supplier Ethical Sourcing Inherent Risk Assessment • Supplier Ethical Sourcing Self-Assessment Questionnaire (SAQ) • Social Compliance Audit Framework • Case Study: Private Label Factory Analysis	19-29
Describe how each reporting entity covered by the joint statement assesses the effectiveness of actions being taken to assess and address modern slavery risks	Assessing the Effectiveness of our actions	Key learnings from our engagement with suppliers • Trade suppliers - JB Hi-Fi owned private label products • Trade suppliers - branded products and services • Non-trade suppliers	30-31
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
	A message from our Chief Executive Officer	N/a	4
Any other relevant information	Actions we have taken in FY21	Policy Governance and Compliance • Responding to COVID-19 and addressing employee well-being • COVID-19 impact on our supply chain	14-15
	Our FY22 Commitments	N/a	32
	Actions taken to address our FY21 Modern Slavery Commitments	N/a	33

APPENDIX 2: LISTING OF REPORTING ENTITIES¹⁰

JB Hi-Fi Limited	ACN 093 220 136
JB Hi-Fi Group Pty Ltd	ACN 093 114 286
JB Hi-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



¹⁰A 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.

60 City Road, Southbank, Victoria, Australia 3006
(+613) 8530 7333