



JB Hi-Fi Limited

2022

Modern Slavery Statement



60 City Road, Southbank, Victoria, Australia 3006

ABOUT THIS STATEMENT

JB Hi-Fi Group's 2022 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 2021 – 30 June 2022.

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 conducted consultation with each of its reporting entities and owned and controlled subsidiaries through the establishment of an Ethical Sourcing Working Group involving 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 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 including the Group CEO, on 21 November 2022.

We recommend that this report be read in conjunction with the [JB Hi-Fi Limited 2022 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

In 2021, Walk Free², the International Labour Organisation, and the International Organisation for Migration estimated 49.6 million people to be affected by modern slavery globally (up from 40.3 million from the previous estimate in 2016). Forced labour accounts for 27.6 million of those in modern slavery (forced marriage accounting for 22 million) with the Asia Pacific Region hosting more than half (15.1 million) of the total number of people estimated to be affected by forced labour³.

These estimates remind us that taking action to combat modern slavery in our operations and supply chain is vital, 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.

This year, some of the actions we have taken to assess and address the risks of Modern Slavery include:

- re-communicating our updated Ethical Sourcing Policy to all our suppliers, which includes further protections for workers and introduces a requirement for suppliers to conduct regular social compliance auditing;
- increasing the capability and experience of our Ethical Sourcing Working Group, the team leading the work we do in this area; and
- establishing a supplier watchlist to prioritise our due diligence of suppliers we consider may be at higher risk of being impacted by modern slavery.

We also reviewed social compliance audits across the factories supplying our private label brands – XCD, Flea Market and Terminal 2 and proactively provided training to all our private label suppliers on forced labour, and other pertinent issues identified through the social compliance audits conducted on our private label factories. Whilst no modern slavery risks were identified through these audits, we continue to work closely with our private label suppliers to achieve and maintain higher levels of compliance with our Ethical Sourcing Policy.

The Group takes all allegations relating to modern slavery practices seriously. During the year we engaged with, and carried out additional due diligence on one of our large third party branded suppliers following media reports of potential forced labour in their supply chain. The actions we have taken and continue to take to work collaboratively with this supplier to ensure the risk of modern slavery is assessed and addressed appropriately is detailed in this report.

Modern slavery is a complex structural challenge that spans across many industries and geographies, and we recognise the risk is high within the consumer electronics sector. As no one company can solve this problem alone we continue to look for opportunities to collaborate, raise awareness and take action where we can, to improve working conditions, and achieve higher levels of oversight and transparency through the supply chain.

As we continue this journey, we remain open to engaging with all stakeholders, taking feedback on our approach and improving the effectiveness of our actions.



Terry Smart
Group Chief Executive Officer
JB Hi-Fi Limited
21 November 2022

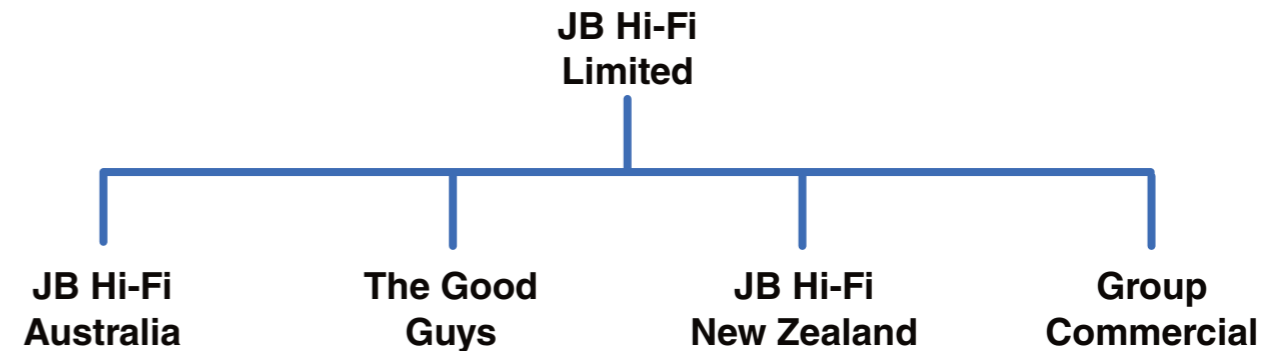


²Walk Free is an initiative of the Minderoo Foundation and is a global organisation with a mission to end modern slavery. Walk Free has published four editions of the Global Slavery Index

³Global Estimates of Modern Slavery, Forced Labour and Forced Marriage, September 2022, International Labour Organisation, Walk Free, International Organisation for Migration

OUR GROUP'S STRUCTURE AND OPERATIONS


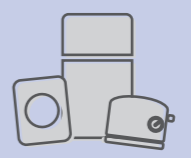


The JB Hi-Fi Group structure comprises a listed holding company (JB Hi-Fi Limited) which has 100% ownership of entities in the Group that operate the JB Hi-Fi and The Good Guys retail and commercial businesses.



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:

	<p>Consumer electronics and technology products including televisions, audio equipment, computers, mobile phones and cameras</p>		<p>Home appliances including whitegoods, cooking products, heating and cooling products, small appliances and kitchen accessories</p>
	<p>Telecommunications, extended warranty, consumer finance and installation services</p>		<p>Software (music, movies and games), musical instruments and licensed merchandise and collectibles</p>

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 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.

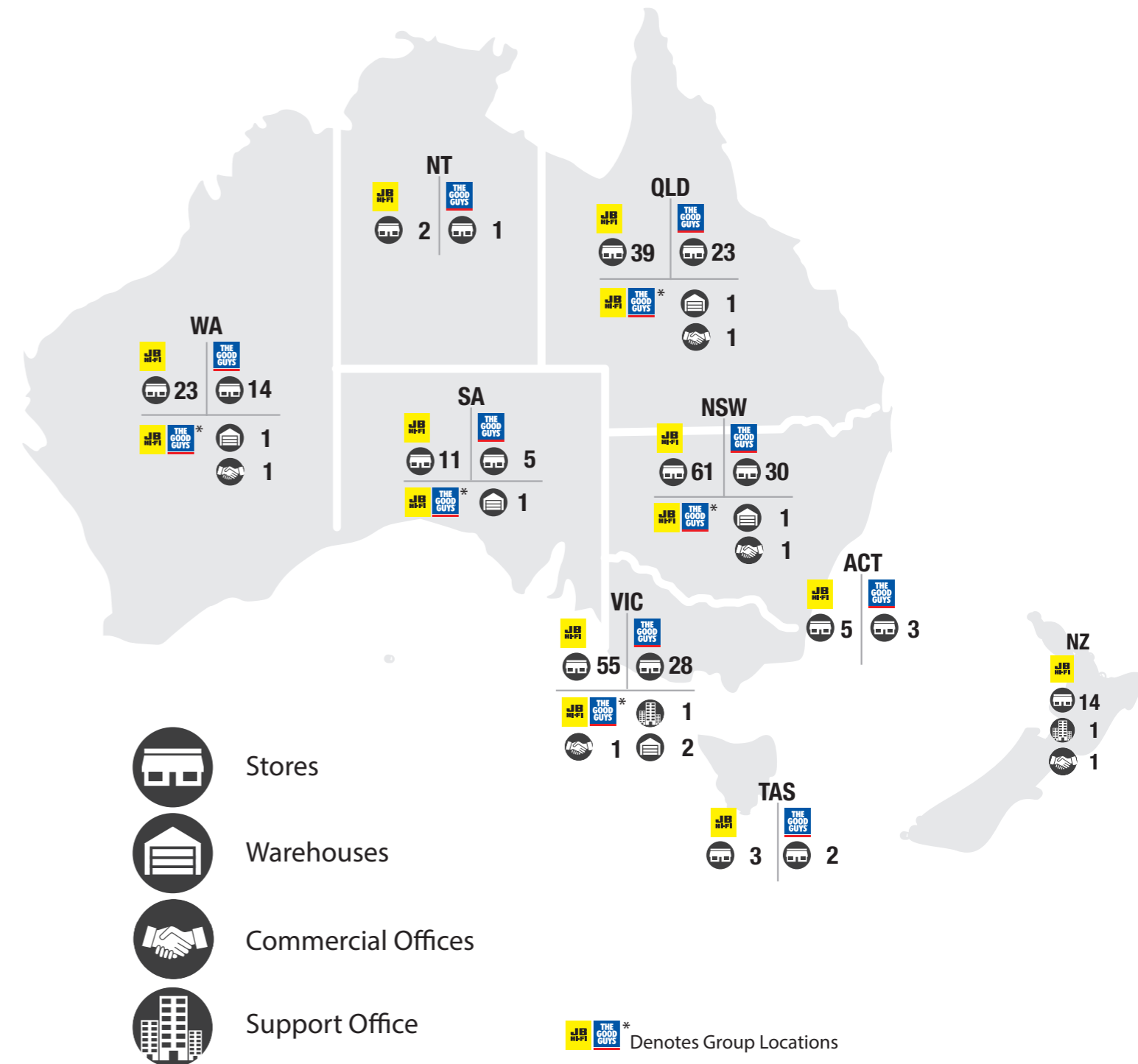
The Audit and Risk Management Committee (a sub-committee of the Board of Directors) is responsible for reviewing the Group's plans, actions and reporting in relation to modern slavery and for assessing and monitoring the effectiveness of the Group's programs and plans in this area. The Audit & Risk Committee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

During 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. In FY22, the Group engaged over 3,400 suppliers with spending in excess of \$8.7 billion on goods and services.

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 (e.g. televisions, computers and whitegoods) and services (e.g. telecommunication and energy contracts, extended warranties and product care) for resale within our retail and commercial businesses.

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. 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 FY22 the Group placed orders with over **700 different trade suppliers** (FY21: over 650), spending circa \$8 billion (FY21: circa \$7.8 billion).



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); and
 - '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. Our 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.

In FY22 the Group spent circa **\$17.5 million** (FY21: \$18 million) on its private label product range, **across 5 different suppliers** (FY21: 4 different suppliers). For more information regarding our private label suppliers, please refer to page 29-33.



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 include the following types of suppliers:

- Landlords, property management and utility providers;
- Banks, finance and retail energy companies;
- Product care 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 FY22 the Group engaged **over 2,200 (FY21: over 2,400) non-trade suppliers**, spending in excess of **\$780 million** (FY21: over \$717 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.

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 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

In FY22 the Group contracted with circa **399 (FY21: 421) service providers and specialist sub-contractors for home installation services**, spending in excess of **\$27 million** (FY21: \$28 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 risk of modern slavery in its operations and supply chain. 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 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).
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).

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, political conflicts, 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 wellbeing 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, in our view significantly reduces the risk of modern slavery being “caused” by the Group within our directly employed workforce.

2 OUR SUPPLY CHAINS

In 2021, Walk Free⁴, the International Labour Organisation, and the International Organisation for Migration estimated 49.6 million people to be affected by modern slavery globally (up from 40.3 million from the previous estimate in 2016). Forced labour accounts for 27.6 million of those in modern slavery (forced marriage accounting for 22 million) with the Asia Pacific Region hosting more than half (15.1 million) of the total number of people estimated to be affected by forced labour⁵. Given our reliance on electronics supply chains within the Asia Pacific Region, we recognise the 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 G20⁶ for the risk of slavery occurring in the supply chain.

Trade Suppliers

The Group recognises that there is a risk it could be “directly linked” to modern slavery within all tiers of our supply chain. Specific examples of modern slavery risks that may occur 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 the worst forms of 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 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.

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.

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 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, the Group could be directly linked to modern slavery 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, contrary to the Group’s Ethical Sourcing Policy requirements.

⁴Walk Free is an initiative of the Minder Foundation and is a global organisation with a mission to end modern slavery. Walk Free has published four editions of the Global Slavery Index
⁵Global Estimates of Modern Slavery, Forced Labour and Forced Marriage, September 2022, International Labour Organisation, Walk Free, International Organisation for Migration
⁶The 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 2022

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:

- distributing our revised Ethical Sourcing Policy to all our direct suppliers;
- building awareness internally within our business and externally with our private label suppliers through modern slavery training;
- engaging suppliers on our social compliance auditing requirements; and
- continuing to collaborate and engage across industry with peers, suppliers and investors on understanding the risk of modern slavery within our industry.



The remainder of this section explains the actions we took during FY22, 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 company values, which emphasise the importance of respect and empowerment, acting with integrity, and operating with a social conscience. In operating our business, we always 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.

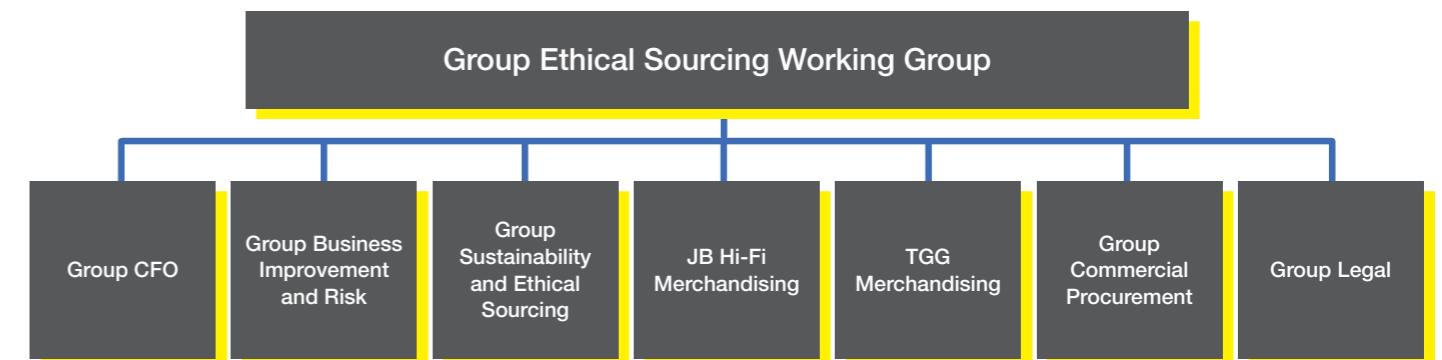
The Group also operates an internal controls framework to ensure compliance with all relevant labour laws and regulations, and the maintenance of a safe working and shopping environment that promotes diversity and inclusion and is free of discrimination and harassment.

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 and Workplace Behaviour Policy;
- Health and Safety Policy;
- Parental Leave Policy;
- Flexible Work Policy;
- Domestic and Family Violence Policy; and
- Risk Management Policy and Framework.

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.



In FY22, we increased the capability of this working group through the addition of the Merchandising Directors of both the JB Hi-Fi and The Good Guys businesses, and the Head of Procurement of our Group Commercial Business. This has helped us integrate our merchandise teams' perspective on how best to engage and influence suppliers with respect

to modern slavery, whilst also assisting the working group to embed our ethical sourcing principles into our operations. Further governance over the Group's response to modern slavery is provided by the JB Hi-Fi Limited Audit and Risk Management Committee and the Board.

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 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.

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

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.

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.

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.

In FY22, we communicated our updated Group Ethical Sourcing Policy to all our direct suppliers.

Our updated Policy now 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 enhanced social compliance auditing requirements have enabled us to assess supplier compliance against our Policy and monitor ethical sourcing risks within our supply chain more effectively. More information on the social compliance auditing standards we expect in our supply chain is contained on page 25-26.

We have also strengthened some of the minimum standards contained in our Policy in order to ensure they remain aligned with the RBA's Code of Conduct and other relevant international frameworks. Some of the enhancements made to improve worker protections include:

- that wages be enough for basic living needs with residual income for discretionary spend;
- additional protections for migrant workers such as requiring suppliers to provide contracts of employment (in a language the worker understands) prior to workers leaving their home country or state, and ensuring that no changes to employment contracts are made upon arrival of the worker (unless required by law and the changes provide equal or better terms); and
- the development of policies and processes by suppliers to verify the age of young workers prior to their employment and ensure the prohibition of child labour and protection of any child found to be performing child labour, in a way that prioritises the best interests and health and safety of the child.

COVID-19 impact on our supply chain

The impact of COVID throughout FY22 continued to cause disruption to global factory production, freight and logistics, which resulted in reduced 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 personal protective equipment are not provided.

We continued to seek feedback from suppliers on how they are managing these risks and have integrated

minimum ethical sourcing requirements specific to occupational hazards such as COVID within our Ethical Sourcing Policy. These requirements include:

- provision of an appropriate level of personal protective equipment (such as face masks, gloves and hand sanitiser) free of charge; and
- establishing plans and procedures to preserve the health and safety of workers in the event of an unplanned emergency incident, including plans to respond to potential COVID outbreaks.

Despite supply chain disruption caused by COVID, during FY22, the Group continued to pay all suppliers in-full and on-time in accordance with their payment terms.

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.

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/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.

The Group also maintains a Reportable Misconduct and Whistleblower Policy which encourages both our employees and suppliers to report concerns of reportable misconduct (which includes 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.

		1300 30 45 50 (Australia) 0800 42 50 08 (New Zealand) From Overseas (+613 9811 3275)	jbhifi@stopline.com.au jbhifinz@stopline.co.nz
		1800 940 379 (Australia) From Overseas (+613 9895 0012)	tgg@yourcall.com.au

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 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.

In FY22, we leveraged the RBA's Learning Academy to deliver online training to our private label suppliers on the following topics:

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.

This training was provided to contacts within our private label suppliers who were responsible for compliance, quality assurance and factory oversight, and was also extended to members of our suppliers' account management teams. Feedback on content and applicability was 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.

We also provided additional modern slavery awareness training to coincide with the release of our updated Group Ethical Sourcing Policy. The training was provided to all JB Hi-Fi Australia and The Good Guys merchandise team members and covered:

1. A refresher on what modern slavery is, and how it can impact human rights in our supply chain;
2. An overview of our revised Ethical Sourcing Policy and Framework;
3. An overview of our supplier due diligence process; and

4. Expectations around timely communication of any supplier non-compliance with our Ethical Sourcing Policy

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.

The Responsible Business Alliance

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 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 and to stay abreast of emerging risks and regulation that may affect our supply chain.

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 inputs into 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 for use within the products that we sell. In FY22, we updated our Group Ethical Sourcing Policy to strengthen our 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 are members of the Responsible Minerals Initiative.

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 the only Australian-based company that is a member 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 Group is a member of the NARTA Modern Slavery Initiative (MSI), an industry focused program to support businesses in reviewing practices within their supply chain to combat modern slavery and promote ethical buying. During the year, we attended four NARTA MSI meetings, and provided them with our input and learnings in establishing an approach to assessing and addressing the risk of modern slavery for all NARTA members.

The Group has also 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. Since engagement commenced in 2021, we had four meetings with the IAST and have discussed our approach to modern slavery, as well as exploring potential opportunities for continuous improvement, such as the feasibility of integrating worker voice systems into our private label supply chain.

Within each of these forums, the Group seeks to share learnings from the implementation of our Ethical Sourcing Framework and supplier due diligence process, as well as to contribute to raising awareness and building an effective industry response to modern slavery.

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

In FY22, we engaged with a global third party branded trade supplier following media reports about potential forced labour in its supply chain.

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, 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 21-28 for more information on this process) and, subject to the context of the allegation, engaging with suppliers to better understand the nature of the forced labour reports, actions undertaken to respond to potential forced labour 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 with senior governance and sustainability representatives of our supplier to understand the actions they were taking.

Through these discussions, our supplier informed us that they had been working with their third-party supplier 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 in addition to our supplier's own audit programme, but due to the third-party supplier's lack of transparency during the investigation and audit process as well as insufficient progress to remediate the issues identified, our 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 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, the supplier was unable to provide social compliance audits 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 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 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.

3 Responsible Business Alliance membership and social compliance audit quality

Through our discussions with the 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. At the time of writing this report we learnt our supplier had joined the RBA as a supporter member, which is one of the first steps to full membership.

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. We are pleased to note that our supplier has scheduled RBA VAP audits (the Group's preferred auditing methodology) to be undertaken. Once completed, we will request copies of these reports to determine whether any potential risks relating to forced labour exist, and the adequacy of any corrective actions that may be undertaken.

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 the risk of forced labour in their supply chain.

Case Study: Working with a supplier to improve audit quality

Last year we provided a case study of how we responded to reports of modern slavery involving a supplier which had been named as having alleged links to state-sponsored forced labour of ethnic minorities. Through review of an independent (BSCI) social compliance audit and our supplier's ethical sourcing self-assessment, we have not identified any evidence to support these allegations but continue to work with our supplier to ensure potential modern slavery risks are appropriately mitigated.

As part of our continued engagement with this supplier we have asked it to undertake an RBA VAP audit for their next factory audit. 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.

We have also 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 methodology. This provides both our suppliers and the Group with an additional level of assurance that the risk of forced labour is being appropriately assessed and addressed.

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

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 responding 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 page 34 of this report.

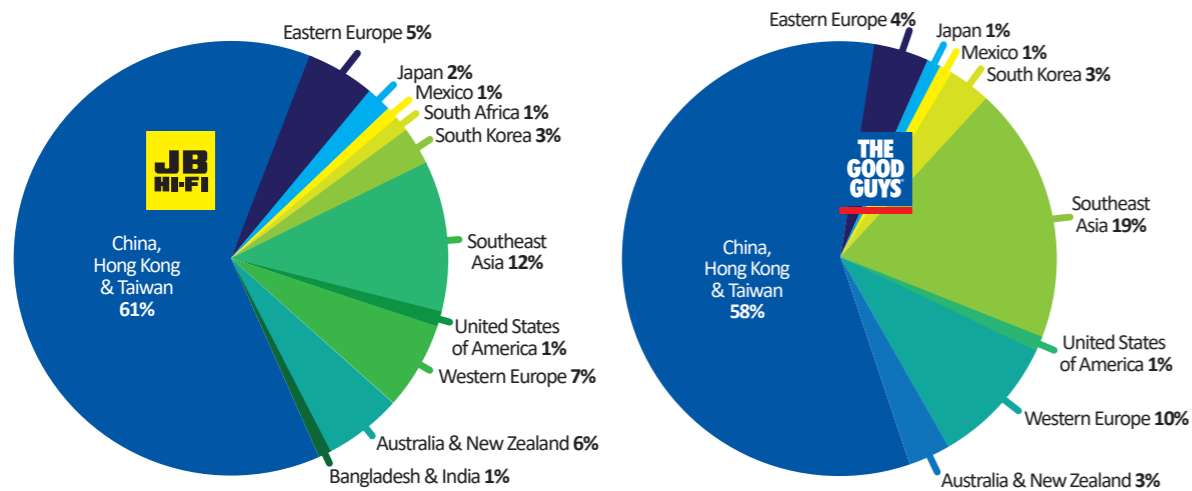
We continue to seek cooperation and engagement with these suppliers, and where appropriate, utilise the networks provided through relevant industry groups to open lines of communication.

Undertaking supply chain mapping

The risk of slavery increases in countries where the upholding of human rights, and governance surrounding labour laws and practices, are not strong. The Group has undertaken an initial assessment of its trade supply chain, mapping the country and province of final assembly for current range products supplied by trade suppliers where the Group's annual spend exceeds \$10m, as well as suppliers included in our watchlist.

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

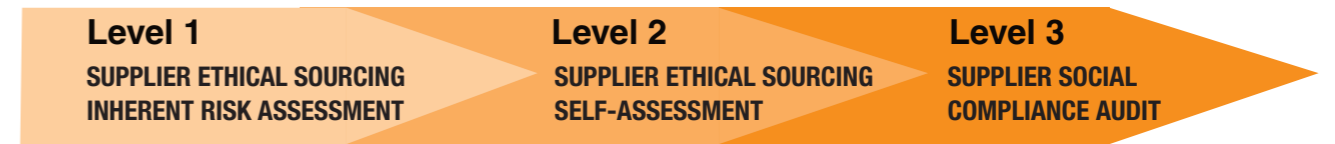


Aggregate trade spend has slightly increased from the prior year to circa \$8 billion (FY21: \$7.8 billion) and the Group has not seen a material change in the geographic distribution of its final assembly supply chain, with the majority of its goods for re-sale continuing to be manufactured and sourced from the Asia Pacific Region. In FY22, as a result of JB Hi-Fi's category expansion into t-shirts for our "collectibles" range, we engaged our suppliers of these products to understand country of production and, as a result, added Bangladesh and India to JB Hi-Fi's supply chain map.

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 UN Human Development Index, Global Slavery Index and data from leading universities and government departments.

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

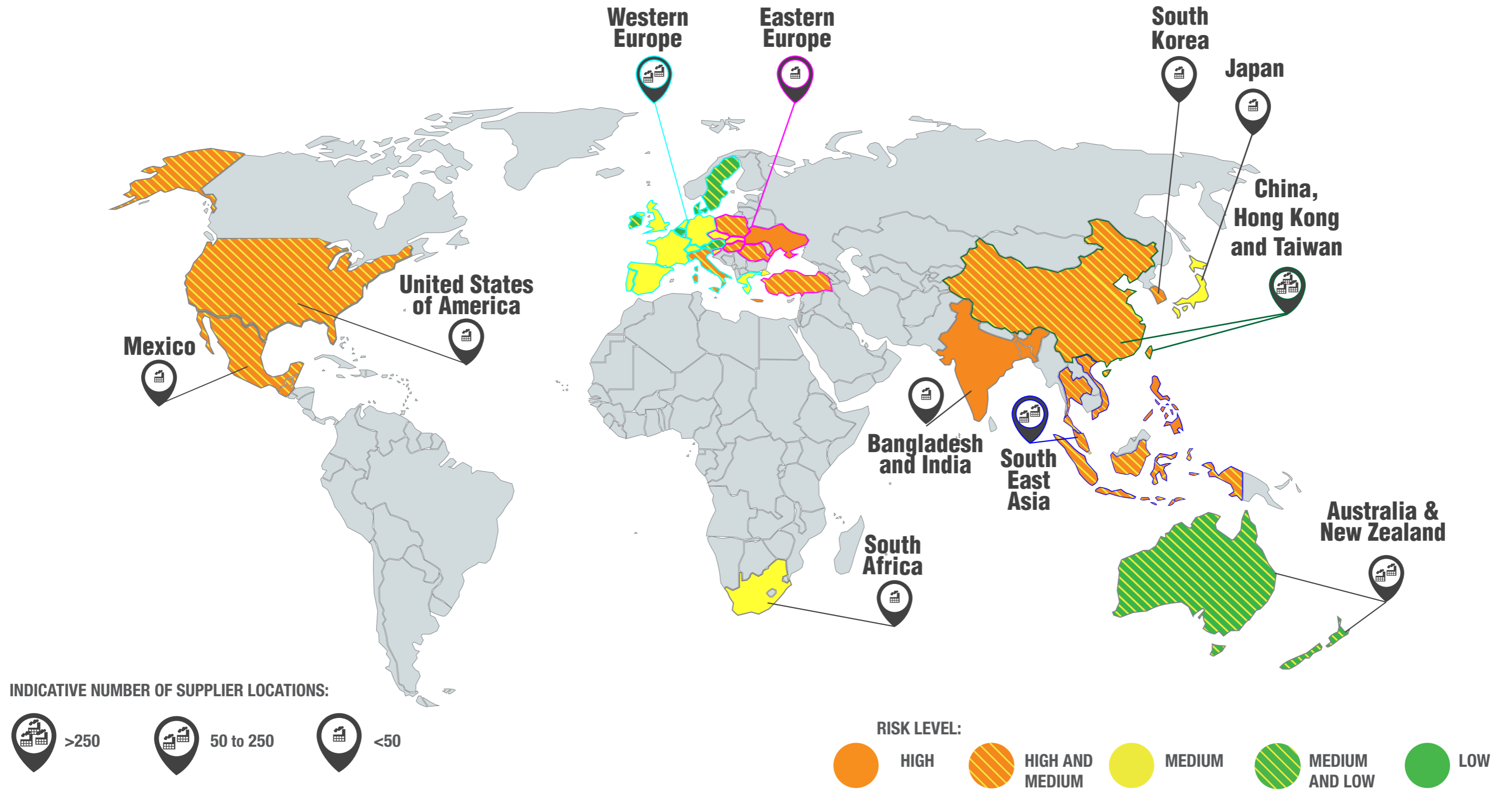
- a supplier's geographic location;
- type of product or service;
- type of supply chain associated with the product or service;
- supplier leverage (i.e. how much is spent with the supplier); and
- materiality or degree of reliance placed on the supplier (e.g. is the supplier a sole source, multi-source, 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 its 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 has expanded its offer of licensed merchandise and collectibles across the store network. The continued 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, such as the increased risk of forced labour or child labour within both the cotton production and garment manufacturing sectors. As a result, the Group has prioritised due diligence of its suppliers of merchandise apparel, as it continues to expand into this new 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 are the result of the inclusion of new suppliers producing t-shirts in India and Bangladesh for our “collectibles” range, as well as increased country risks in the RBA analytics tool associated with the United States of America, Turkey, Ukraine and the surrounding Eastern European countries.



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.

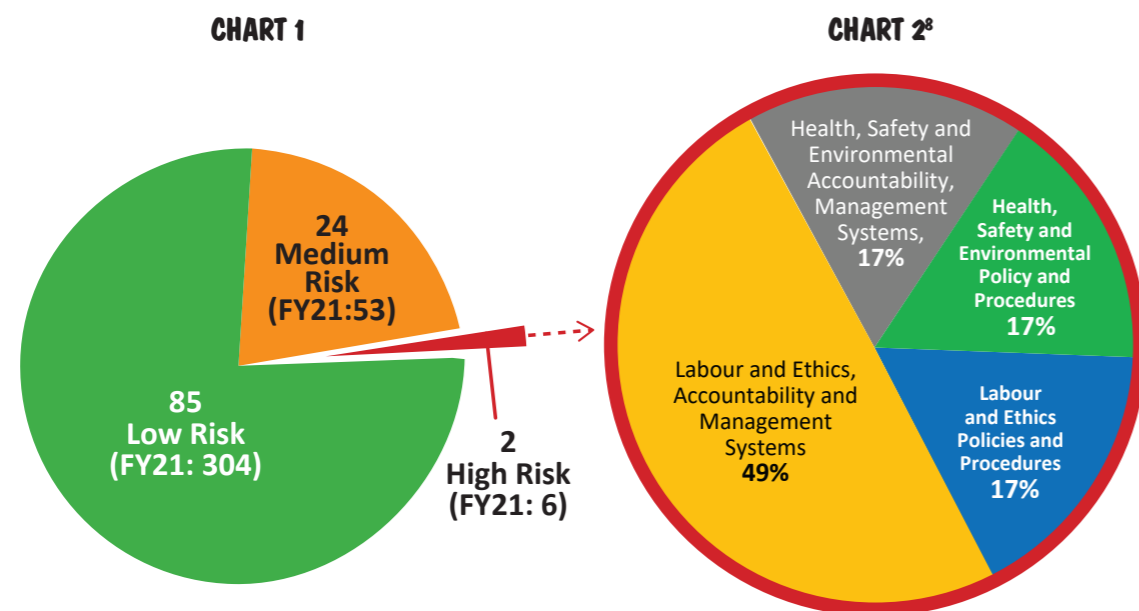
The SAQ used by the Group is widely recognised within the consumer electronics industry, having been developed by the RBA in consultation with its member companies. The SAQ helps us assess modern slavery risk by considering the following:

- 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 2022 in comparison to the prior year⁷. Chart 2 provides a thematic summary of the types of issues arising out of the “high-risk” self-assessments that were received in FY22.

All high-risk ethical sourcing self-assessments are discussed with suppliers as soon as they are received. Any supplier that returns a high risk SAQ is also asked to provide a copy of their most recent social compliance audit to determine if any of the risk factors arising in the SAQ result in non-compliance with our Ethical Sourcing Policy.



⁷A higher number of SAQs were received in FY21 due to the foundational work completed in the prior year.

⁸Management systems and relate to the systems, roles and responsibilities, business processes, risk assessment, training, reporting and management oversight.

The issues arising from the 2 high-risk SAQ’s shown in Chart 1, relate to 2 different garment suppliers, one operating in India and another in China. We engaged with each of these suppliers and requested copies of the most recent social compliance audits of the relevant factories, which we reviewed and compared against the SAQ results received. The results of our review found that the primary factor driving the high-risk SAQ ratings was the language barrier which adversely affected the accuracy of the SAQ responses, and resulted in incorrectly high-risk ratings (i.e. false positive results).

Upon request, the garment supplier operating in China corrected their SAQ responses, which resulted in a medium-risk rating being attained. No orders were placed with the garment supplier operating in India in FY22, but we highlighted that, should any future orders be placed, we would require the SAQ to be updated and correctly completed.

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 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. 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 will help 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 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

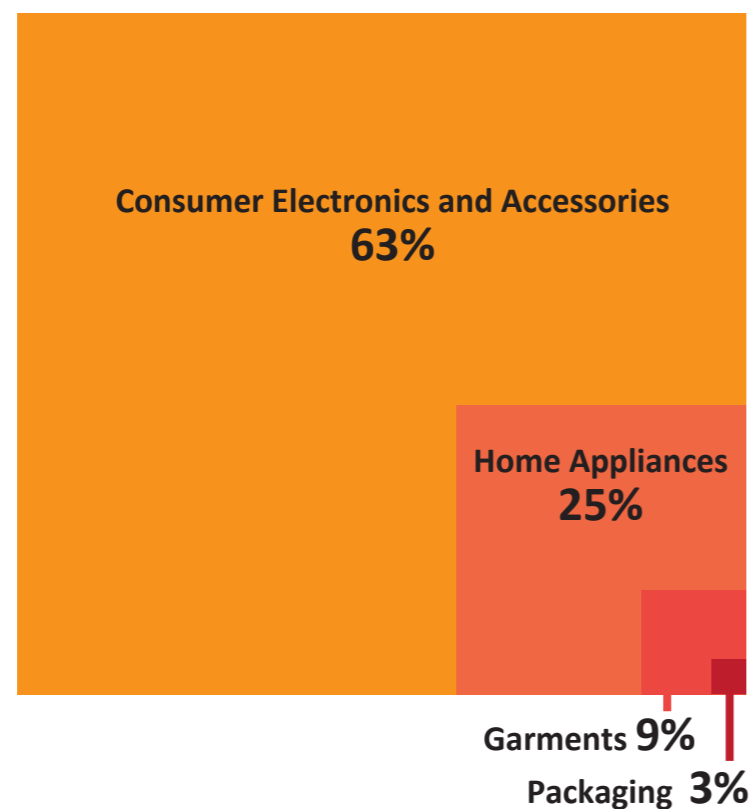
This year we evolved our approach to introduce a supplier watchlist which we use to prioritise due diligence and monitoring of suppliers of: our private label product (XCD, Flea Market and Terminal 2); brands that are exclusive to the Group (for example, the Group's 'Falcon' branded television range, or the Group's range of 'Solt' home appliances, which are retailed exclusively through JB Hi-Fi and The Good Guys); and 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.

FY22 Social Compliance Audit Observations

We used a risk-based approach to prioritise the review of supplier social compliance audit reports, and in FY22 we reviewed 88 social compliance audits across the final assembly manufacturing sites on our watchlist. Chart 3 provides the industry split of the audits that we reviewed, across consumer electronics, home appliance, garment, and packaging manufacturing suppliers.

CHART 3



The majority of the facilities reviewed were located in mainland China with the remainder in Vietnam, Malaysia, Philippines, India and Bangladesh. Chart 4 provides the percentage breakdown by location, of the facilities that we reviewed social compliance audits for.

CHART 4

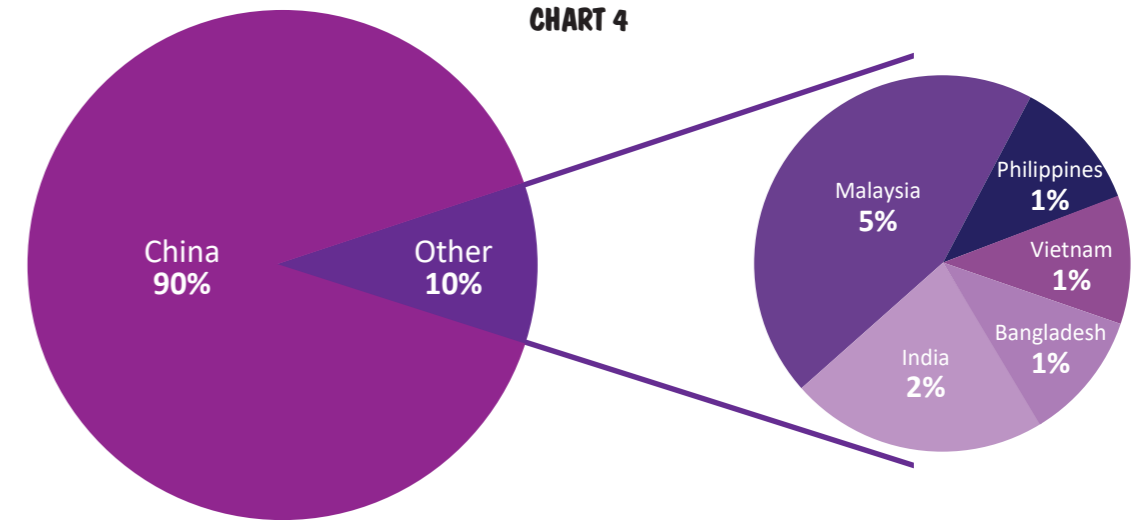


Chart 5 provides a breakdown of the types of audits received during the year from our watchlist suppliers, including the relative age of the audit reports.

CHART 5

Audit Type	2020	2021	2022	Total
<i>Business Social Compliance Initiative (BSCI) Audit</i>	1	30	17	48
<i>RBA Validated Assessment Program (VAP) Audit</i>	3	1	2	6
<i>4-Pillar Sedex Members Ethical Trade Audit (SMETA)</i>	1	5	4	10
<i>2-Pillar Sedex Members Ethical Trade Audit (SMETA)</i>	0	13	3	16
<i>SA8000 Social Accountability Standard</i>	0	3	0	3
<i>Workplace Conditions Assessment (WCA)*</i>	0	5	0	5
TOTAL	5	57	26	88

* Workplace Conditions Assessment is not an audit methodology accepted under our Ethical Sourcing Policy

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

CHART 6

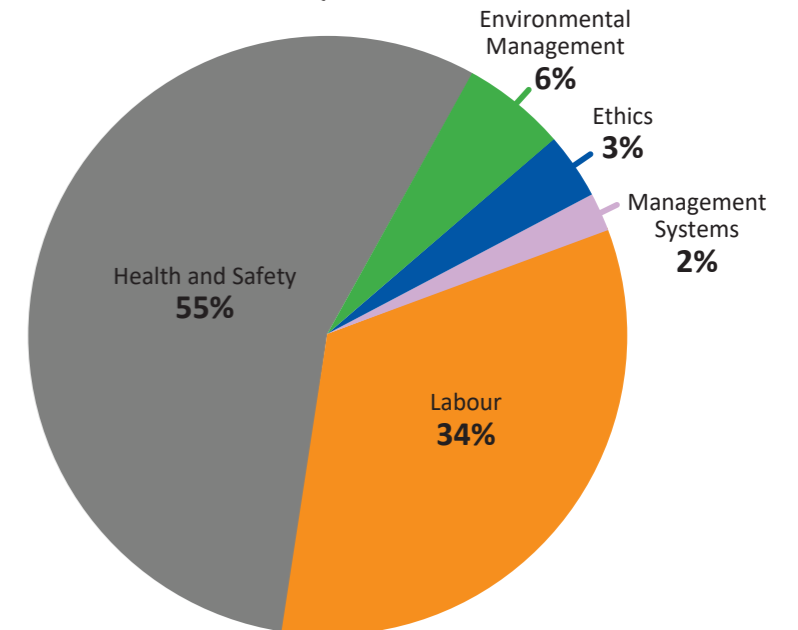
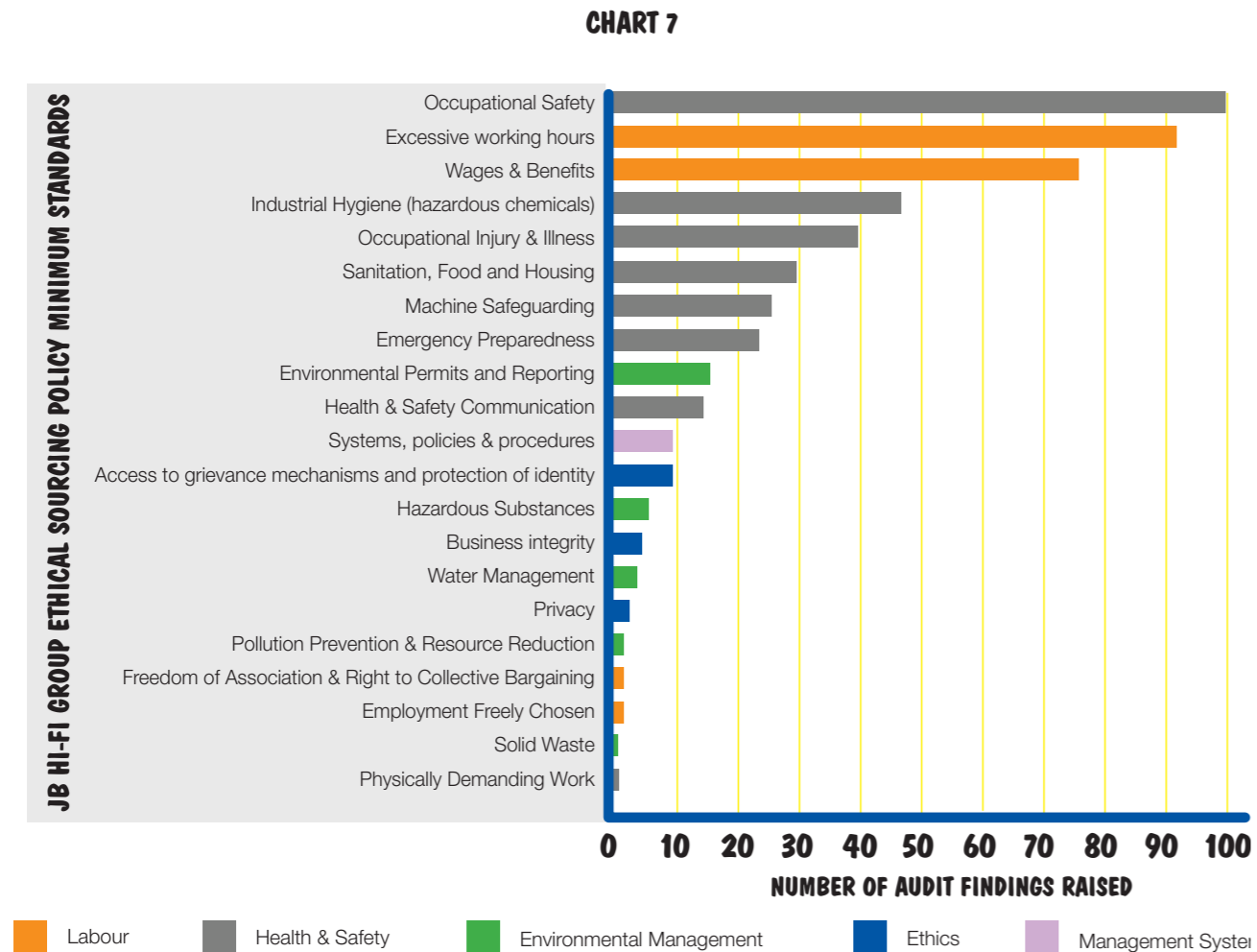


Chart 7 provides a more detailed breakdown of the individual findings against each requirement of our Ethical Sourcing Policy.



The majority of non-compliance with our Ethical Sourcing Policy identified by the social compliance audits relate to labour and health & safety practices. In particular, we are seeing recurring issues relating to long working hours and incorrect payment of social insurances for several suppliers in mainland China. We understand these two issues to be systemic across industries and suppliers that have manufacturing facilities in this region, and we are continuing to work with the relevant suppliers to drive progress and continuous improvement in these areas.

Following review of a supplier's social compliance audit, we run detailed feedback sessions with them to discuss any 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 audit

findings identified as high-risk by the Group result in engagement with the relevant suppliers to discuss the nature and timing of corrective actions.

As detailed on pages 18-19, in FY22, we engaged with one of our branded trade suppliers, upon becoming aware of media reports alleging forced labour in their supply chain. Through this engagement we requested the most recent social compliance audits undertaken on their factories and through our review of these reports noted two findings relating to freedom of movement that were non-compliant with our Ethical Sourcing Policy. Further information on the actions the Group took, and our continued engagement with this supplier is included on pages 18-19. We continue to work constructively with this supplier to understand the further actions they are taking to assess and address risks of modern slavery in their supply chain.

Case Study: Private Label Factory Analysis

The Group currently works with 5 (4 in FY21) different Australian-based suppliers (local suppliers) who source and engage manufacturers in China for the production of our private label product range.

XCD

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

**FLEA
-MARKET-**

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

TERMINAL 2

'Terminal 2', relaunched in FY22, offers a range of adaptors, chargers and accessories catering to both international and domestic travel.

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:

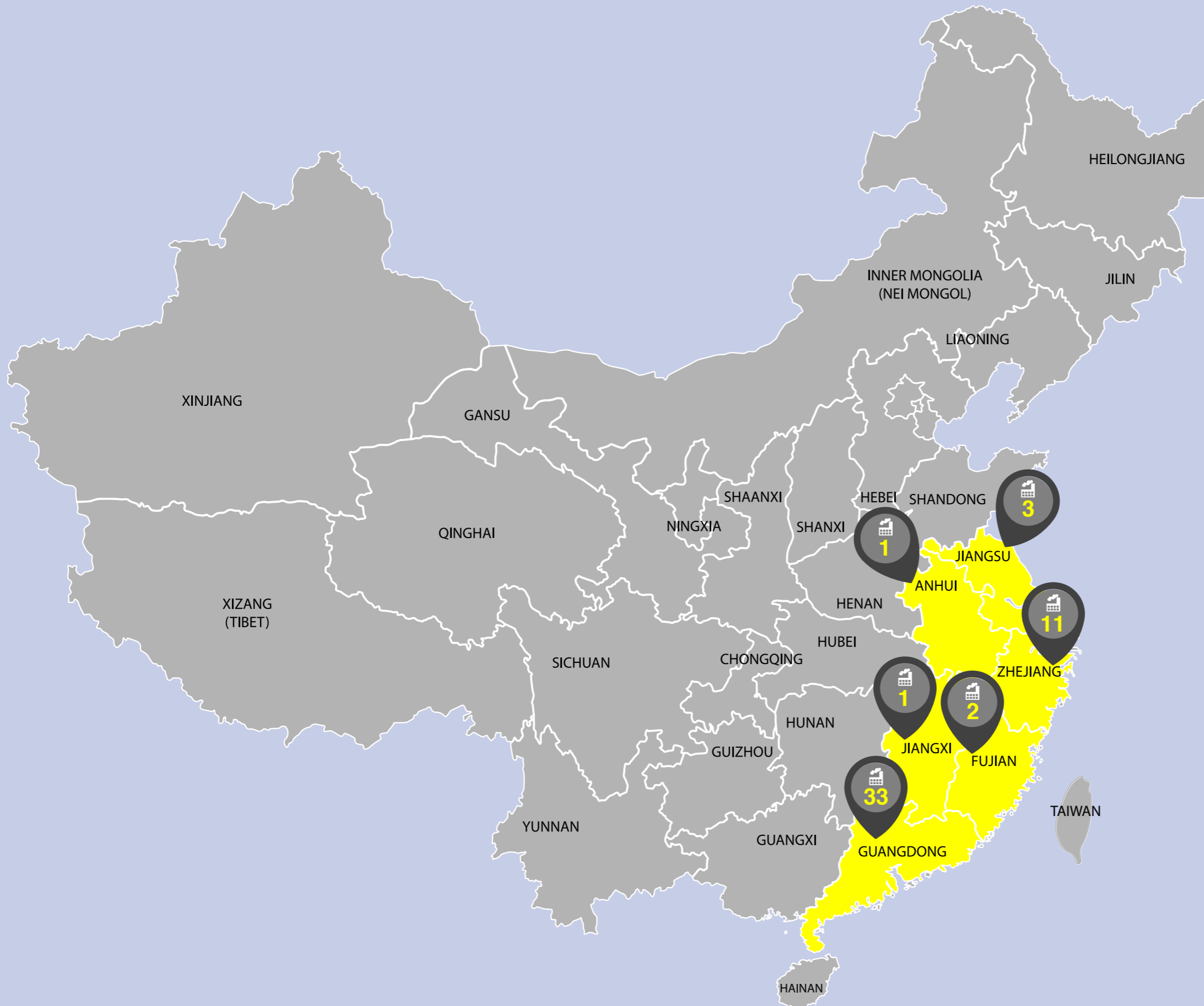
The information provided by our suppliers through the due diligence process helps the Group understand the geography, worker demographics and risk profile associated with the factories within our private label supply chain (summarised below). This helps us engage in discussions with our suppliers around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

The number of final assembly locations utilised for our private label grew from 47 in FY21 to 51 in FY22. The key driver in this increase was JB Hi-Fi's engagement with one new local supplier to provide us with additional products for our private label product range.

⁹Further detail on our how our supplier due diligence process helps us assess and address the risk of modern slavery is contained on pages 21-26 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

48% male
52% female
 workers across the factory supply chain utilised for our private label product lines

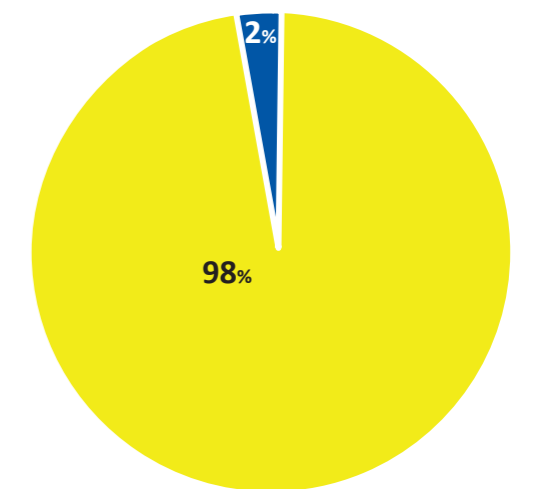
98% of factories
 employ a proportion of workers from outside the Chinese province in which the factory is located

69% of workers
 across private label supplier factories are from outside the Chinese province in which the factories are located

29% of factories
 provide workers with on-site accommodation

0% of factories
 utilise 3rd party recruitment agencies to source labour for their facilities

Proportion of factories that stated they employed contract workers



5-10% of workforce are contract workers (Blue)

0-5% of workforce are contract workers (Yellow)

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.

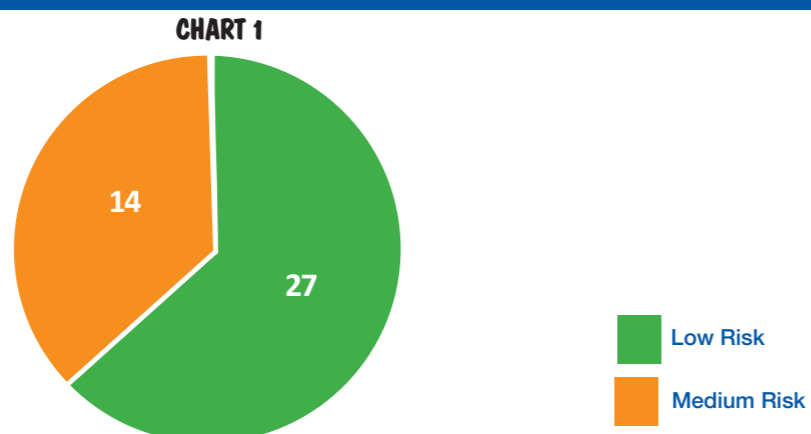
A scoring system is applied to the SAQ responses by the Group which results in each SAQ receiving either a low,

medium or high-risk score. For more information on the SAQ process please refer to page 24.

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

Chart 1 below provides a summary of the relative risk ratings associated with the self-assessment questionnaires received in FY22. No high risk SAQ's were received during the year, and the key issues arising from the self-assessment questionnaire responses related to environmental management systems, risk elements and control activities.

Private Label Head Office and Factory Level SAQ's¹⁰ received in FY21



Assessing compliance with the Group's Ethical Sourcing Policy

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. Fifty-one audit reports (one for each factory within our private label supply chain) were received and reviewed during the year.

Below is a summary of the types of audits conducted, and the relative age of the audits:

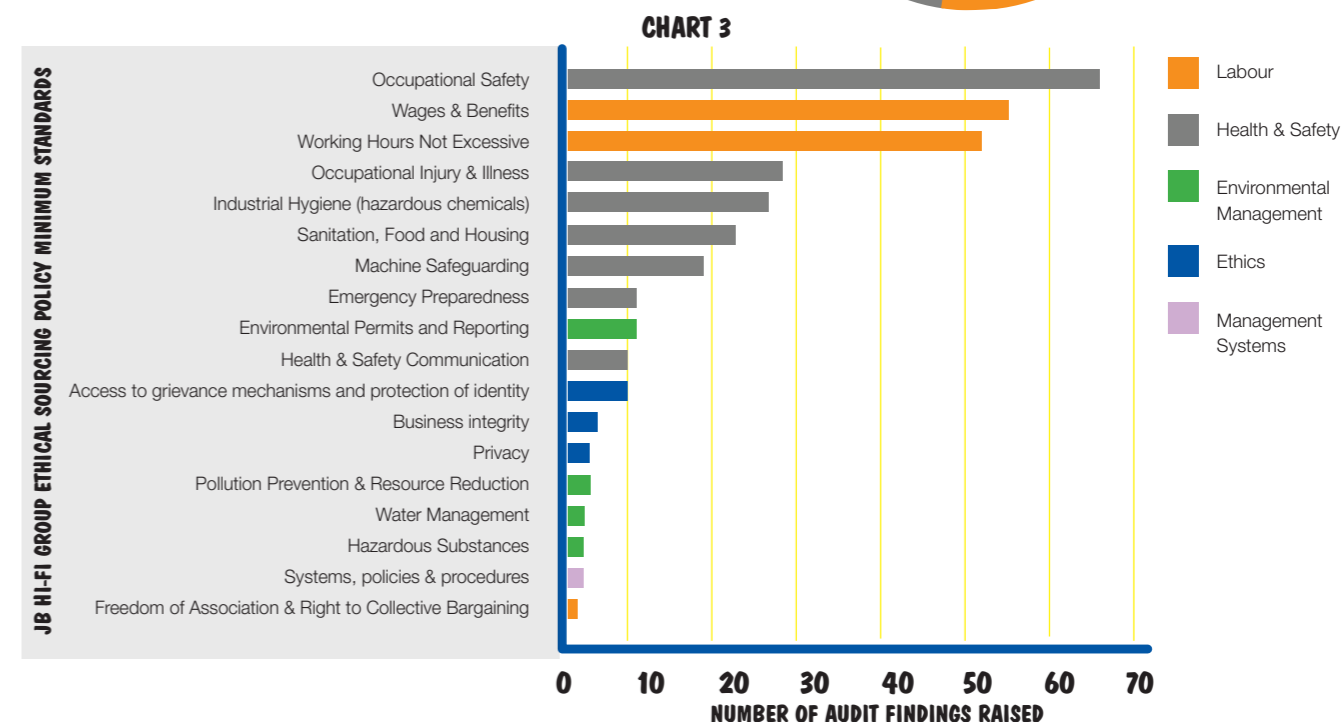
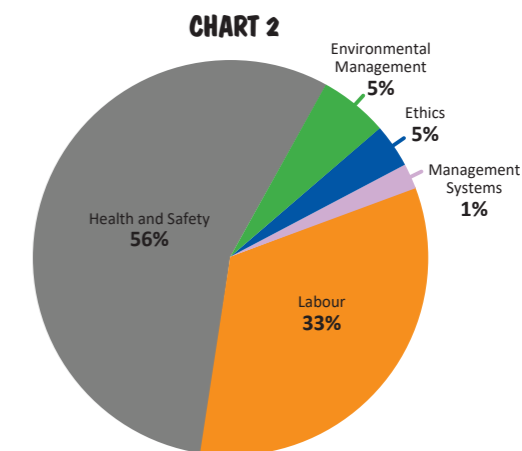
Audit Type	2021	2022	Total
<u>Business Social Compliance Initiative (BSCI) Audit</u>	27	17	44
<u>2-Pillar Sedex Members Ethical Trade Audit (SMETA)</u>	2	1	3
<u>4-Pillar Sedex Members Ethical Trade Audit (SMETA)</u>	2	2	4
	31	20	51

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.

¹⁰A total of 41 SAQ's received, comprising 20 at a head office level, and 21 at a factory level

Chart 2 provides a summary of the proportion of audit findings raised under each of the key pillars of our Ethical Sourcing Policy.

Chart 3 provides a more detailed breakdown of the individual findings against each requirement of our Ethical Sourcing Policy.



None of the audits reviewed in FY22 raised any findings in relation to forced labour or freedom of movement. The majority of non-compliance with our Ethical Sourcing Policy has been associated with other labour and health and safety practices. In particular, we are seeing recurring issues relating to long working hours and incorrect payment of social insurances across many of the factories utilised to manufacture our private label. We understand these two issues to be 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. In FY22, we provided specific training on forced labour, working hours and social insurance requirements in China to each of our local suppliers via the RBA learning academy, in order to lift their awareness and capability in these areas. We continue to work with our suppliers to look for opportunities where additional training may be beneficial.

Following review of our suppliers' social compliance audits, we run detailed feedback sessions with them to discuss any 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 high-risk audit findings result in immediate engagement with suppliers to discuss the nature and timing of corrective actions.

While the majority of the factories within our supply chain have been willing to conduct social compliance audits in line with our Ethical Sourcing Policy, in FY22 after extensive engagement with two of our local suppliers, we decided to discontinue placing orders at four manufacturing facilities for our private label product range because they were unwilling to conduct social compliance audits in line with our policy going forwards. 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 including our preferences for RBA VAP or Sedex SMETA Four Pillar audits.

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 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; 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.

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

In FY22, we started to consider the effectiveness of our actions in relation to suppliers on our watchlist using the following key performance indicators;

Effectiveness Measure	Private Label Suppliers	Other Watchlist Suppliers
	FY22	
% of factories that completed an SAQ	92%	57%
% of factories that provided a social compliance audit in line with our policy	92%	76%
% overall compliance with our Ethical Sourcing Policy	60%	62%
total number of social compliance audit findings	328	184
total number of factories	51	37
average # audit findings per factory	6.4	5.0
total number of findings related to modern slavery risk ¹¹	0	2

In FY22, we observed that the timely completion of SAQ's and social compliance audits in line with our Ethical Sourcing Policy was impacted by factors such as language barriers, COVID lockdowns, and certain factories not being willing to align with either the timing or social compliance audit methodologies prescribed by our policy. We require all private label and other watchlist suppliers to complete our due diligence process.

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 about the effectiveness of our response that we have derived from engaging with suppliers on our watchlist are set out below:

Trade Suppliers – JB Hi-Fi private label products

At a practical level, supplier engagement and the information we collect is helping us to assess and shape the effectiveness of our response to modern slavery. The information we obtain through our supplier due diligence process has improved our understanding of the key issues 'on the ground' in the factories used for production of our private label product. This 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, 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 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.

Trade Suppliers – Branded Products and Services

In FY22, we opened discussion with two large branded suppliers about the benefits of RBA membership and RBA VAP auditing, which provides both the supplier and the Group with higher levels of assurance over our Ethical Sourcing Policy. At the time of publishing this report, one of these suppliers had joined the RBA as a member and had RBA audits planned across all their final assembly manufacturing sites. The other supplier had engaged in discussions with the RBA about membership at our request, and is in the process of conducting an RBA audit on their final assembly facility supplying us.

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.

Using this risk-based approach, the Group prioritises smaller suppliers for ethical sourcing due diligence, whilst continuing to engage with our larger suppliers. Where possible, we work to share the RBA's best practice resources on modern slavery 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 by our 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 FY22 we started reviewing our cleaning supply chain and engaged with the Cleaning Accountability Framework (CAF) on how to approach the issue of worker exploitation 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).

We are currently progressing our review, which to date has included deepening our understanding of our cleaning supply chain, the scope of services undertaken, and assessing the level of payments being made to cleaning companies to ensure alignment with award wage requirements. Through our engagement with the CAF, we have also learnt how other companies have assessed the risk of exploitation in their cleaning supply chains, which has helped inform the development of our approach.

OUR FY23 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 FY23 ROADMAP INCLUDES THE FOLLOWING INITIATIVES:

1. 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;
2. Continue to collaborate and build engagement with suppliers;
3. Continue to learn and build capacity and awareness internally, with key suppliers, and across industry;
4. 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;
5. Continue to review and refine our approach to better assess and address the key risks within our cleaning supply chain; and
6. Continue to take a risk-based approach to expanding our due diligence process to cover some of our smaller suppliers.

ACTIONS TAKEN TO ADDRESS OUR FY22 MODERN SLAVERY COMMITMENTS

FY22 Commitment	Actions taken during FY22
<i>Continue to execute and seek continuous improvement in the Group's Ethical Sourcing Framework</i>	<ul style="list-style-type: none"> Increased the capability of our ethical sourcing working group through the addition of both the JB Hi-Fi and The Good Guys Merchandising Directors and the Head of Procurement of our Group Commercial Business Communicated our revised Group Ethical Sourcing Policy to all our suppliers, which includes stronger protections for migrant and young workers Continued engagement with the RBA to understand emerging risks and the progress of key initiatives being undertaken globally to address the risk of modern slavery
<i>Roll out of our updated Group Ethical Sourcing Policy to all of our suppliers, including requirements for social compliance auditing</i>	<ul style="list-style-type: none"> Communicated our revised Group Ethical Sourcing Policy to all our suppliers, making clear our social compliance auditing requirements
<i>Continue to collaborate and build engagement with suppliers</i>	<ul style="list-style-type: none"> Continued to deepen supplier engagement on our ethical sourcing due diligence through the establishment of a supplier watchlist and conducting detailed feedback sessions with suppliers to discuss social compliance audit findings and areas for continuous improvement Engaged one 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 joining the RBA and improving the quality of the social compliance audits undertaken
<i>Continue to learn and build capacity and awareness internally, with key suppliers, and across industry;</i>	<ul style="list-style-type: none"> Provided additional modern slavery awareness training to all JB Hi-Fi Australia and The Good Guys buying team members, coinciding with the release of our updated Group Ethical Sourcing Policy. 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 electronic and home appliance retail businesses in reviewing practices within their supply chain to combat modern slavery and promote ethical buying
<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"> Started reviewing our cleaning supply chain and engaged with the Cleaning Accountability Framework on how to approach the issue of worker exploitation within the cleaning industry. Our review is in progress and includes deepening our understanding of our cleaning supply chain, the scope of services undertaken, and assessing the level of payments being made to cleaning companies to ensure alignment with award wage requirements
<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"> Engaged our smaller suppliers operating within the garment sector for ethical sourcing due diligence, to broaden our understanding of factory conditions in countries like Bangladesh and India.

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	40
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-owned private label products Indirect trade suppliers Non-trade suppliers (goods and services not for resale) Service providers and out-sourced 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 <ul style="list-style-type: none"> Our direct employees 	10
		Our Supply Chains <ul style="list-style-type: none"> 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 2022	Policy Governance and Compliance <ul style="list-style-type: none"> Maintaining our company values Governance over our Ethical Sourcing Framework JB Hi-Fi Group Ethical Sourcing Policy Grievance mechanisms and remediation 	12-15
		Build Capability and Awareness <ul style="list-style-type: none"> Development and implementation of internal training The Responsible Business Alliance Responsible Labor Initiative Modern slavery risk in the mining and refinement of 'conflict minerals' Cross industry collaboration and knowledge sharing Case Study : Responding to reports of forced labour within our trade supply chain Case study: Working with a supplier to improve audit quality 	15-19
		Supplier Engagement <ul style="list-style-type: none"> Undertaking Supply Chain Mapping 	20
		Supplier Risk Assessment and Due Diligence <ul style="list-style-type: none"> Supplier Ethical Sourcing Inherent Risk Assessment Supplier Ethical Sourcing Self-Assessment Questionnaire (SAQ) Social Compliance Audit Framework <ul style="list-style-type: none"> Suppliers of the Group's Private Label Products Suppliers that are either full or regular members of the RBA All other suppliers Supplier Watchlist FY22 Social Compliance Audit Observations Case Study: Private Label Factory Analysis 	21-33
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	N/a	34-35
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
	Actions we have taken in FY22	Policy Governance and Compliance <ul style="list-style-type: none"> COVID-19 impact on our supply chain 	14
	Our FY23 Commitments	N/a	36
	Actions taken to address our FY22 Modern Slavery Commitments	N/a	37

APPENDIX 2: LISTING OF REPORTING ENTITIES¹²

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



¹²A 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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