

JB Hi-Fi Limited

2020

Modern Slavery Statement



60 City Road, Southbank, Victoria, Australia 3006

ABOUT THIS STATEMENT

This is JB Hi-Fi Group's first Modern Slavery Statement and 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 2019 – 30 June 2020.

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

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

This statement has been reviewed and approved by the JB Hi-Fi Limited Board of Directors on 24 March 2021.

We recommend that this report be read in conjunction with the [JB Hi-Fi Limited 2020 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

The Global Slavery Index² estimates over 40 million people in the world are victims of modern slavery. This is a confronting statistic and a sad reminder that human rights, including workers' rights are not always uniformly respected and upheld in every part of the world and across every industry.

Globalisation has helped lift millions of people out of poverty, but has also increased the risk of vulnerable workers being exploited through increasingly complex and fast-moving global supply chains. Awareness of these risks are particularly important for our industry, with consumer electronics being identified by the Global Slavery Index as a high risk product category for modern slavery.

We recognise that Australian companies are not immune to modern slavery and we welcomed the introduction of the Modern Slavery Act requiring companies to disclose the actions they are taking to assess and address the risks of slavery in their operations and supply chains.

The requirements of the Modern Slavery Act align with our company values, which include always seeking to conduct our operations with a social conscience. Whilst there is a clear moral imperative to combat slavery, we believe it can also lead to better business outcomes such as more engaged supplier relationships, superior product and service quality, and stronger investor and consumer confidence.

We believe collaboration with all stakeholders across industry, government and non-governmental organisations is of critical importance to assessing and addressing the risks of modern slavery. In FY20, we were the first Australian Retailer to join The Responsible Business Alliance (RBA), a global non-profit industry coalition comprised of companies committed to supporting the rights and well-being of workers and communities.

Through the RBA, we are able to access thought-leadership, industry advocacy, training and assessment tools that support and inform our response to modern slavery. Many of our larger international suppliers are also members of the RBA, which helps us to engage in meaningful conversations with them around the actions they are taking on some of the key social compliance issues within the supply chain.

We hope this report also provides insight for our customers on the issue of modern slavery within our industry. As consumers, we all want our goods and services to be free of modern slavery, and we all have the power to affect change through our purchasing choices.

As a leading retailer of consumer electronics and home appliances, we recognise that the Group has an important role to play in assessing and addressing the risk of modern slavery in our supply chain. Whilst this is our first statement on the actions we have taken, the Group is committed to continuous improvement in how we assess and address modern slavery risk.

For the survivors of modern slavery, the impacts of their experiences can be life-long and for many of us, difficult to comprehend. All people have the right to work and live in freedom from slavery and other exploitation.



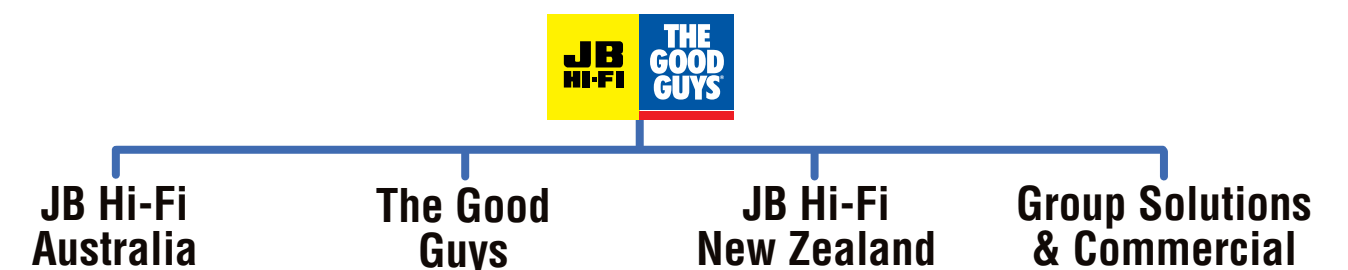
Richard Murray
Group Chief Executive Officer
JB Hi-Fi Limited
24 March 2021



²The 2018 Global Slavery Index, The Walk Free Foundation, The Minderoo Foundation Pty Ltd

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

The key product categories of the Group are:



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



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



Telecommunications, extended warranty and consumer finance services.



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

The Group also operates a Solutions and Commercial business which services the commercial, insurance and education sectors in Australia and New Zealand and offers information technology and consulting services to small and medium size enterprises.

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

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

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

The work undertaken by the Group in relation to modern slavery is encapsulated in the Group's ethical sourcing framework, which covers all aspects of the Group's operations. A cross functional Ethical Sourcing Working Group, involving members of senior management and the executive team was established in FY20, to provide strategic direction and oversight over the implementation of the Group's approach to modern slavery.

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

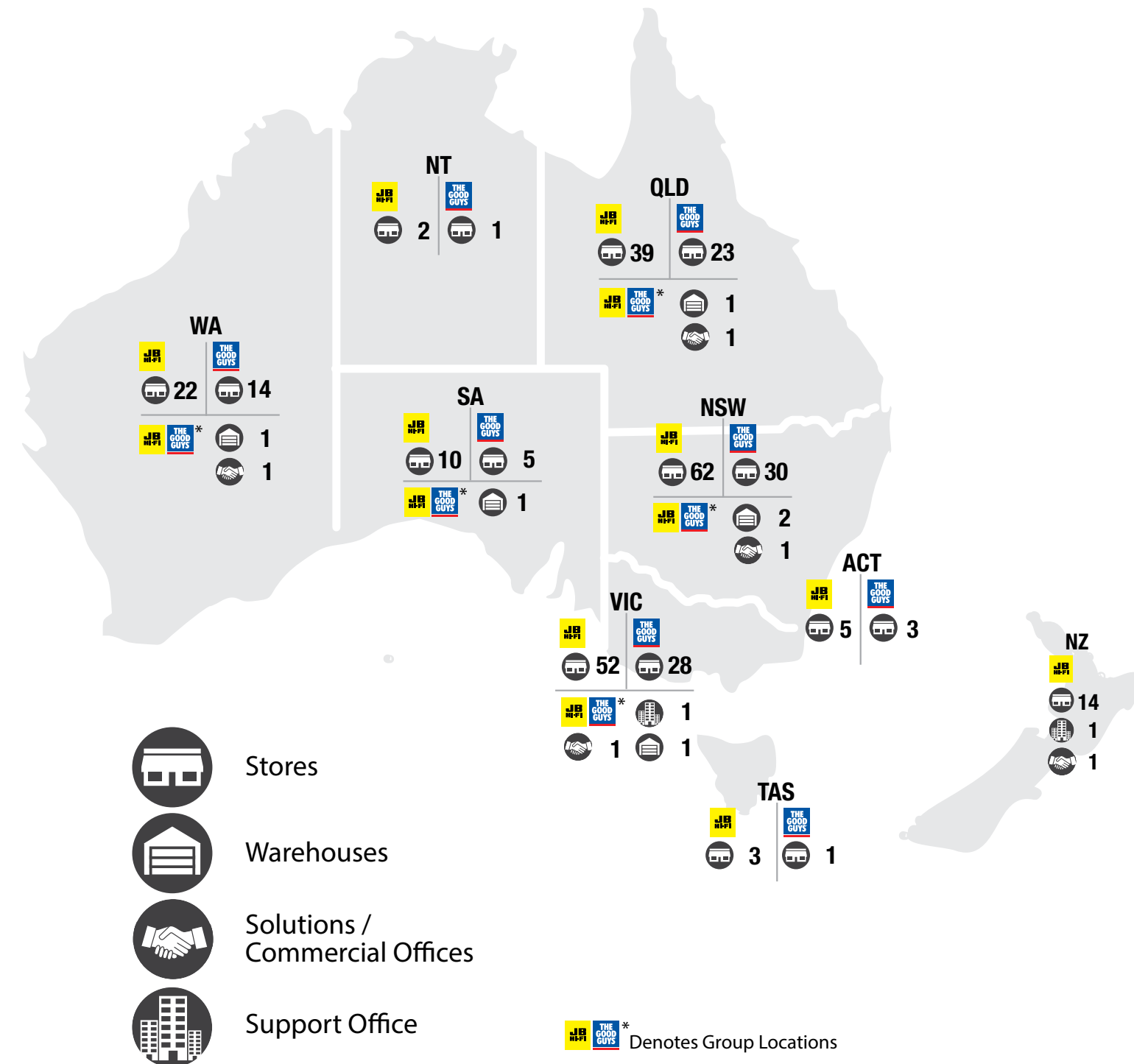


The Group employs over 13,000 permanent, part-time and casual team members to support its operations in Australia and New Zealand. The Group's workforce is supplemented by sub-contractors to fulfil certain tasks such as store maintenance and development, and product installation services. The Group also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

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

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

THE GROUP'S OPERATIONS ACROSS AUSTRALIA AND NEW ZEALAND:



OUR SUPPLY CHAIN

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

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



TRADE SUPPLIERS - BRANDED PRODUCTS AND SERVICES

Trade suppliers of branded products and services consist of manufacturers and service providers that the Group contracts with directly for the supply of goods and services for resale within our retail and commercial businesses.

These suppliers utilise a combination of wholly-owned and outsourced manufacturing facilities, with a large proportion of the facilities relating to our supply chain being located in The Asia Pacific Region. The trademarks and brands associated with these suppliers are not owned by JB Hi-Fi Group.

The Group also engages with a small number of Australian distributors which assist in the supply of selected 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 FY20 the Group placed orders with over **700 different trade suppliers** spending in excess of **\$6b**



TRADE SUPPLIERS - JB HI-FI-OWNED PRIVATE LABEL PRODUCTS

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

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

The Group contracts with a limited number of Australian-based suppliers for the sourcing and manufacture of product for our XCD and Flea Market brands. Our suppliers engage manufacturers in Asia (predominantly China) for the production of our private label product and we work closely with our local suppliers on product design and quality, as well as compliance with our Ethical Sourcing Policy across the factories that are utilised for production.

In FY20 the Group spent circa **\$20m on its private label product range** across 4 different suppliers



INDIRECT TRADE SUPPLIERS

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

and testing of the electronic components, and the final assembly, packaging and shipping.

These 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 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.

In FY20 the Group engaged over **2800 non-trade suppliers** spending in excess of **\$600m** on the following types of goods and services:

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



SERVICE PROVIDERS AND OUTSOURCED SUB-CONTRACTORS

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

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

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

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

MODERN SLAVERY RISK IN OUR OPERATIONS AND SUPPLY CHAINS

The Group understands that modern slavery is a risk to people and that no retailer is immune to the risk of modern slavery in their operations and supply chains. The Group's human rights-based approach to modern slavery considers risks to people in conjunction with risks to the business.

The Group utilises the framework provided by the United Nations Guiding Principles on Business and Human Rights, 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 terms are further explained below:

Cause: The risk that our operations may directly result in modern slavery occurring (e.g. if forced labour or the worst forms of child labour were to be used directly in the Group's workforce).

Contribute: The risk that our actions or operations contribute to modern slavery occurring (e.g. if negotiations with suppliers on fulfilment or cost price, resulted in suppliers utilising forced labour or the worst forms of child labour within their operations or supply chain).

Directly Linked: The risk that our operations or the products and services that we sell (and/or use) may be linked to modern slavery through the activities of another entity in the supply chain (e.g. if a component part of a consumer electronics product that we sell, is manufactured by a supplier in the extended supply chain that has been found to have used forced labour or the worst forms of child labour).

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

In addition, changing external factors (such as COVID-19 and global migration patterns) may present increased risks for vulnerable workers. Management have sought to understand these risks with reference to the framework provided by the UN Guiding Principles.

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

Most of the Group's team members are employed directly and on permanent contracts. This, combined with the established supporting structures, policies

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.

2 OUR SUPPLY CHAINS

In 2018, Walk Free³ and the International Labour Organisation estimated over 40 million people to be affected by modern slavery globally, with two thirds of this total figure being within the Asia Pacific Region. Given our reliance on electronics supply chains within the Asia Pacific Region, we recognise that there is a risk of modern slavery occurring within our supply chains.

The 2018 Global Slavery Index estimated the value of at-risk consumer electronics globally to be circa \$200 billion, with an estimated \$7 billion imported into the Australian marketplace. Laptops, computers and mobile phones were considered the top 'at-risk' product category (by value) imported into the G20⁴ for the risk of slavery occurring in the supply chain.

Trade Suppliers

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

- Deceptive recruitment practices and trafficking of migrant workers;
- The use of debt-bondage and/or the withholding of identification and travel documents (such as passports) to restrict the ability for workers to move freely in and out of employment;
- The use of forced labour or child labour by direct or indirect suppliers in the assembly of products, component parts or the sourcing of raw materials; and
- The exploitation of vulnerable workers such as ethnic minorities, low-skilled workers, and migrant workers.

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

The Group recognises that the way it engages and negotiates with our suppliers on matters such as cost price or fulfilment time frames has the potential to contribute to the risk of modern slavery in downstream supply chains.

³Walk 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.

Non-Trade Suppliers - goods and services not for resale

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

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

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

Service providers and outsourced sub-contractors

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

Workers within these industries range from highly qualified tradespeople, to young apprentice workers that are less skilled and experienced. There is a risk that the Group could contribute, or be directly linked, to modern slavery through its network of service providers and sub-contractors. For example, a small business is engaged to provide installation services for televisions purchased at either JB Hi-Fi or The Good Guys and exploits young apprentice workers with little or no pay.

⁴The G20 is the international forum that brings together 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 2020

The Group welcomed the introduction of the Modern Slavery Act. Whilst there is a clear moral imperative to combat slavery, we believe it can also lead to better business outcomes such as highly engaged supplier relationships, superior product and service quality, and stronger investor and consumer confidence.

The Group made good progress in FY20, establishing the foundations of its Ethical Sourcing Framework, which is a key component within the Group's broader Sustainability Plan.

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 establishing each pillar of our Ethical Sourcing Framework and have been informed through collaboration and consultation with a variety of stakeholders including senior management, suppliers,

government, non-government organisations, the Responsible Business Alliance, and various modern slavery and supply chain sustainability specialists within commerce and industry.

1 POLICY GOVERNANCE & COMPLIANCE

Maintaining our company values

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

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

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

and harassment. The key policies which help us achieve this include:

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

In addition, a Group Reportable Misconduct and Whistleblower Policy was implemented in FY20 to encourage employees and suppliers to report concerns of reportable misconduct (which includes forced labour).

Establishing governance over our Ethical Sourcing Framework

As described on page 6 of this statement, strategic direction and implementation of the Group's Ethical Sourcing Framework is overseen by the Group's Ethical Sourcing Working Group, with further governance over the Group's response to modern slavery provided by the JB Hi-Fi Limited Audit and Risk Management Committee and the Board.

In the event that we identify instances where the Group has "caused" or "contributed" to modern slavery in its operations or supply chain, these issues will be escalated to the Group Executive, The Audit and Risk Management Committee and/or The Board with a recommended action plan to remediate the issue which prioritises the well-being and welfare of the victim/s identified.

Where the Group is "directly linked" to modern slavery in its operations or supply chain, these issues will be escalated to The Group Executive and Audit and Risk Management Committee, with further risk assessment and due diligence conducted on the entities concerned where required, and consideration of additional actions where deemed necessary.



Developing and implementing our Group Ethical Sourcing Policy

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

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

Within our Ethical Sourcing Policy, the Group outlines its zero-tolerance position on all forms of forced labour, the worst forms of child labour, and restrictions on the right to freedom of movement. It also contains requirements around relevant issues such as working hours and prohibits the use of debt-bondage in the recruitment of workers by requiring recruitment and other related fees to be paid by the hiring company and not by workers. Where it is found that such fees have been paid by workers, our Policy requires workers to be reimbursed within a reasonable timeframe.

During the year management disseminated the Group's Ethical Sourcing Policy to all of its suppliers and integrated a policy compliance clause into each of the Group's pro-forma supplier trading agreements.

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.

Management recognises some suppliers may need to work towards complying with the standards set out in our Policy over time and will work with suppliers in achieving compliance within an agreed time frame.

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

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

Responding to COVID-19 and addressing employee well-being

A National Health and Safety Strategy has been established by the Group's National Safety Team, which is focused on achieving and maintaining a low incidence of workplace injury and improving mental health well-being amongst our team members. Throughout the COVID-19 pandemic, the Group has provided additional support to our teams in the following key areas:

- Provision of mental health well-being training to 332 store managers;
- Implementation of COVID-safe protocols for all our shopping and office locations, including customer and staff traffic caps and social distancing measures;
- Installation of protective screens at store counters and hand sanitiser stations;
- Regular and intensive cleaning of all stores, offices, and distribution centres; and
- Staff training on good hygiene practices to limit the spread of COVID-19.

Due diligence was conducted on all new suppliers engaged to provide additional cleaning services and personal protective equipment throughout the pandemic, in order to assess the risks of modern slavery prior to contracting with these suppliers.

During the height of the pandemic, and as per the Government health directions, we ensured that appropriate steps were taken to minimise the risk to team members that were in the "at-risk" (vulnerable)



categories. This was done by offering them duties in stores that were not customer facing, providing alternative rostering to align with reduced customer traffic, and accessing leave (paid or unpaid) for those that did not want to attend work.

The Group worked closely with team members to ensure they felt safe and supported during the pandemic. Team members were also encouraged to access the Group's third party operated Employee Assistance Program if they needed any additional support navigating the impact of the pandemic on themselves and their family.

COVID-19 restrictions throughout FY20 caused disruptions to factory production, which has resulted in the industry experiencing declines in stock availability across many product categories and decreased visibility on order fulfilment timeframes. The virus presents increased risks to vulnerable workers in the supply chain, through potential increased working hours to make up for factory downtime or potential exposure to the virus where appropriate health and safety protocols or PPE is not provided.

We have sought feedback from a number of suppliers on how they are managing these risks and will consider the impact of COVID-19 on workers in our supply chain as part of the review of our Ethical Sourcing Policy in FY21.

During FY20, the Group continued to pay all suppliers in-full and on-time in accordance with their payment terms.



Development and implementation of internal training

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

In FY20, this Team trained 113 JB Hi-Fi and The Good Guys buying team members on modern slavery risks. This training coincided with the release of our Ethical Sourcing Policy and included:

- *An overview of our obligations under the Modern Slavery Act;*
- *An explanation of what modern slavery is;*
- *Discussion of the risks of slavery within our operations and supply chains;*
- *An introduction to the Group’s Ethical Sourcing Policy; and*
- *The requirement for buyers to be aware of the risks of modern slavery within their suppliers and to refer any ‘at-risk’ suppliers to the Group Sustainability and Risk Team for further review.*

We will continue to look for opportunities to build capability both internally and with our key suppliers as our ethical sourcing program evolves.

Joining the Responsible Business Alliance

In FY20, the Group was the first Australian retailer to join the Responsible Business Alliance (RBA). The RBA is a global non-profit industry coalition comprised of companies committed to supporting the rights and well-being of workers and communities. Through the RBA, we are able to access thought-leadership, industry advocacy, training and assessment tools that support and inform our Ethical Sourcing Program.

An example of this is the RBA’s Responsible Labor Initiative, where RBA members, suppliers, recruitment partners and stakeholders use their collective influence and application of due diligence to drive the transformation of recruitment markets, reduce the risk of forced labour and provide remedy in global supply chains at all stages of recruitment and employment.

As a member of the RBA, we are able to access the initiative’s output which includes best practice guidelines on the prohibition of fees relating to the

recruitment of workers, and due diligence relating to potential vulnerabilities of ethnic minority workers in the supply chain.

Many of our large international suppliers are full members of the RBA, which requires them to comply with the RBA’s Code of Conduct, conduct annual self-assessments on their facilities, and conduct an RBA-approved audit annually for at least 25% of the high-risk facilities identified.

Understanding allegations of forced labour in Xinjiang Province, China

The Group has undertaken to build awareness and understanding of allegations relating to the use of forced labour in Xinjiang Province, China and the implications it may have on our supply chains. In building this understanding, we have reviewed the output of the RBA’s Responsible Labor Initiative, and due diligence work undertaken by RBA member companies in relation to these allegations.

The RBA also shared Guidance on Due Diligence related to Ethnic Minority Human Rights in China with its members, which we have considered and will integrate into the next review of our Ethical Sourcing Policy and processes in FY21.

The Group notes an increasing international focus on this issue, including a range of legislative initiatives and will work with our suppliers and the RBA in further understanding and addressing these allegations going forward.

3 SUPPLIER ENGAGEMENT

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

networks provided through our membership with the RBA (where applicable) to open lines of communication.

Whilst a large proportion of our suppliers have pro-actively engaged with us on this issue, we have also experienced challenges in progressing our ethical sourcing due diligence with some of our suppliers. We continue to advocate for cooperation and engagement on this issue with these suppliers, and utilise the

Some of our international suppliers have sophisticated and mature ethical sourcing policies and processes. During the year, we engaged with some of these suppliers to help build our awareness of current and emerging risks and trends within global supply chains. This process has enabled us to ensure our approach is prudent, pragmatic, and tailored appropriately to our supply chain.

Undertaking supply chain mapping

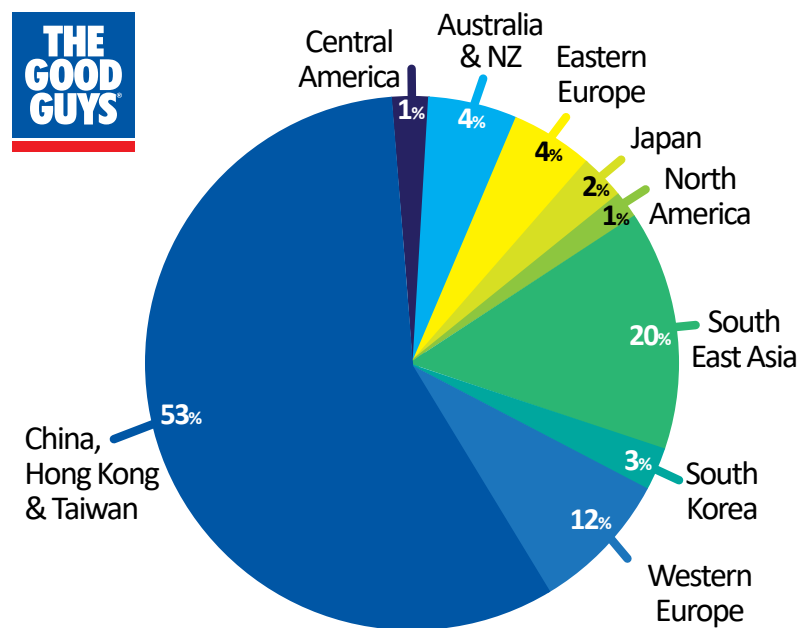
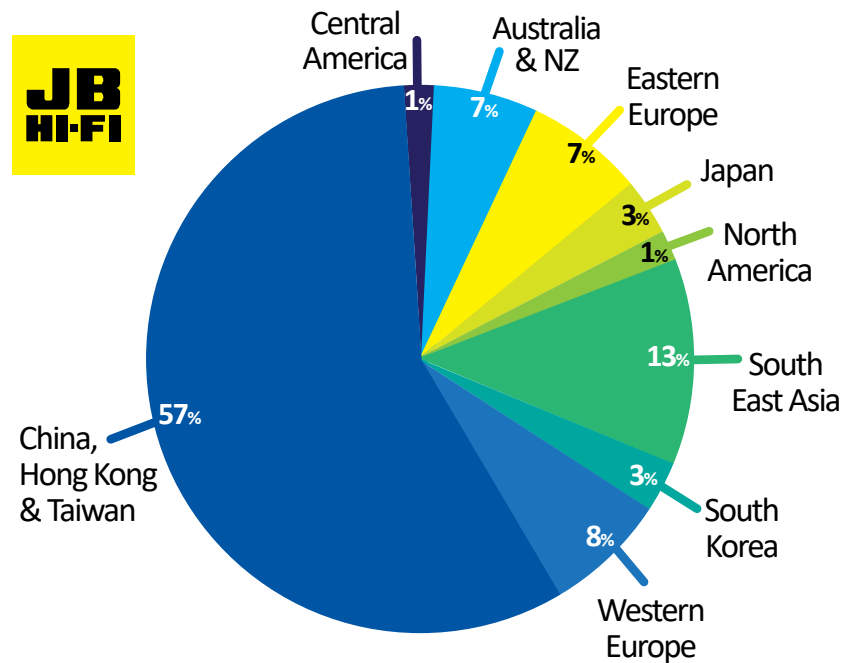
The risk of slavery increases in countries where the upholding of human rights, and governance surrounding labour laws and practices are not strong. As such, we believe it is important for the Group to develop a baseline understanding of the country of origin, and the conditions and work practices in the factories where the products that we sell and use in our operations are assembled.

During FY20 we sought to map the country and province of final assembly for current range products supplied by each trade supplier where the Group’s annual spend with that supplier exceeded \$10m.

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

Trade supply - final assembly location by region

Understanding country of final assembly has been a key input into our supplier risk assessment process and has helped us prioritise our ethical sourcing work to locations where there is a higher risk of human rights abuses.



Through the standards set out in our Ethical Sourcing Policy, we expect suppliers operating 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 diligence⁵ in order to assess the risk of modern slavery in its supply chain:



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

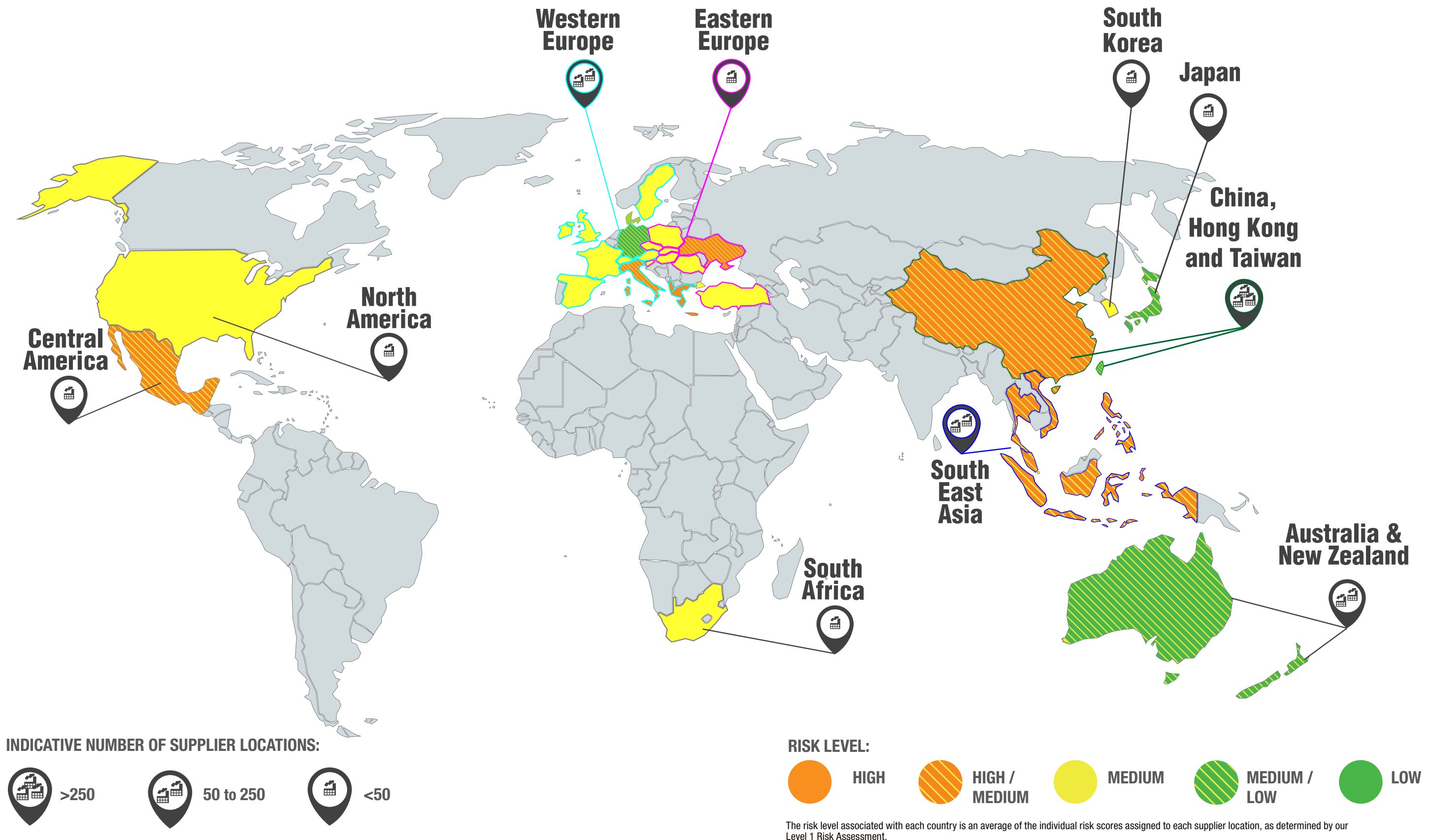
- a supplier's geographic location (obtained from our supply chain mapping project);
- type of product or service;
- type of supply chain associated with the product or service;
- supplier leverage (i.e. how much is spent with the supplier); and
- materiality or degree of reliance placed on the supplier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

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

⁵Page 29 of JB Hi-Fi Limited's 2020 Sustainability Report outlines a 6-step Ethical Sourcing Due Diligence Process. Whilst each of these six steps are undertaken, management outlines step 2 (issuance of Group Ethical Sourcing Policy to suppliers) step 3 (Ethical Sourcing Policy included within terms of trade) and step 6 (review of corrective actions) within other sections of this Statement in order to align our discussion of these areas to the Modern Slavery Act's mandatory reporting criteria.

In FY20, we risk assessed 800 unique (trade and non-trade) supplier locations, across 35 countries.

The map below provides a high-level overview of the output of our Level 1 Supplier Ethical Sourcing Risk Assessment, an indication of the number of supplier locations and the level of risk by geography.



The risk level associated with each country is an average of the individual risk scores assigned to each supplier location, as determined by our Level 1 Risk Assessment.

Supplier Ethical Sourcing Self-Assessment Questionnaire (SAQ)

Results of our Level 1 risk assessment helps us prioritise suppliers for our Level 2 supplier ethical sourcing SAQ. The answers to the SAQ 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 also helps us assess modern slavery risk by consideration of the following types of factors:

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

In FY20, we wrote to 511 suppliers across the following industry categories, requesting them to complete a Level 2 ethical sourcing SAQ.

- trade suppliers deemed to have operations in countries or product categories with a high inherent risk of modern slavery;
- all suppliers of the Group's private label products (XCD and Flea Market);
- the supplier of the Group's FFalcon branded television range, which is licensed exclusively to JB Hi-Fi and The Good Guys in Australia;
- the Group's reverse logistics warehousing partner;
- the Group's security service partner;
- property and store development service providers;
- cleaners, and waste management suppliers;
- delivery, logistics and freight companies; and
- managed services providers, and home installation technicians.

The Group issued 615 ethical sourcing SAQ's to these 511 suppliers⁶. By 30 June 2020 we had received 115 completed SAQ's with an additional 277 received as at the publishing of this report.

Suppliers receive a high, medium, or low risk rating based on the answers provided. All high risk SAQ's are reviewed, and where areas of non-compliance or improvement opportunities are identified, these are discussed directly with the supplier, with corrective actions put in place within an agreed time frame.

⁶615 SAQ's were issued to 511 suppliers, as some suppliers were required to complete more than one SAQ due to multiple locations.

Chart 1

Provides a summary of the SAQ results received to date, by risk rating.

Low Medium High

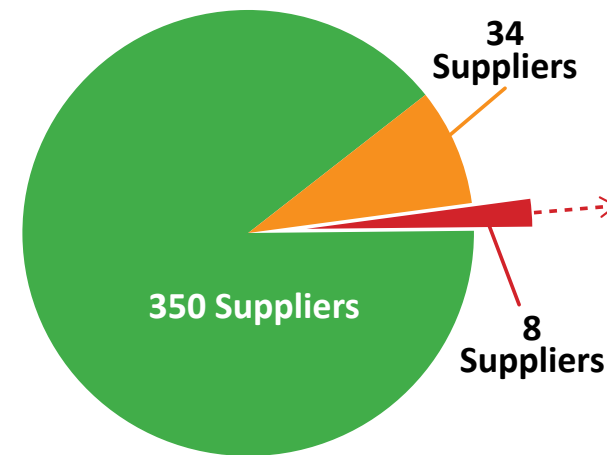
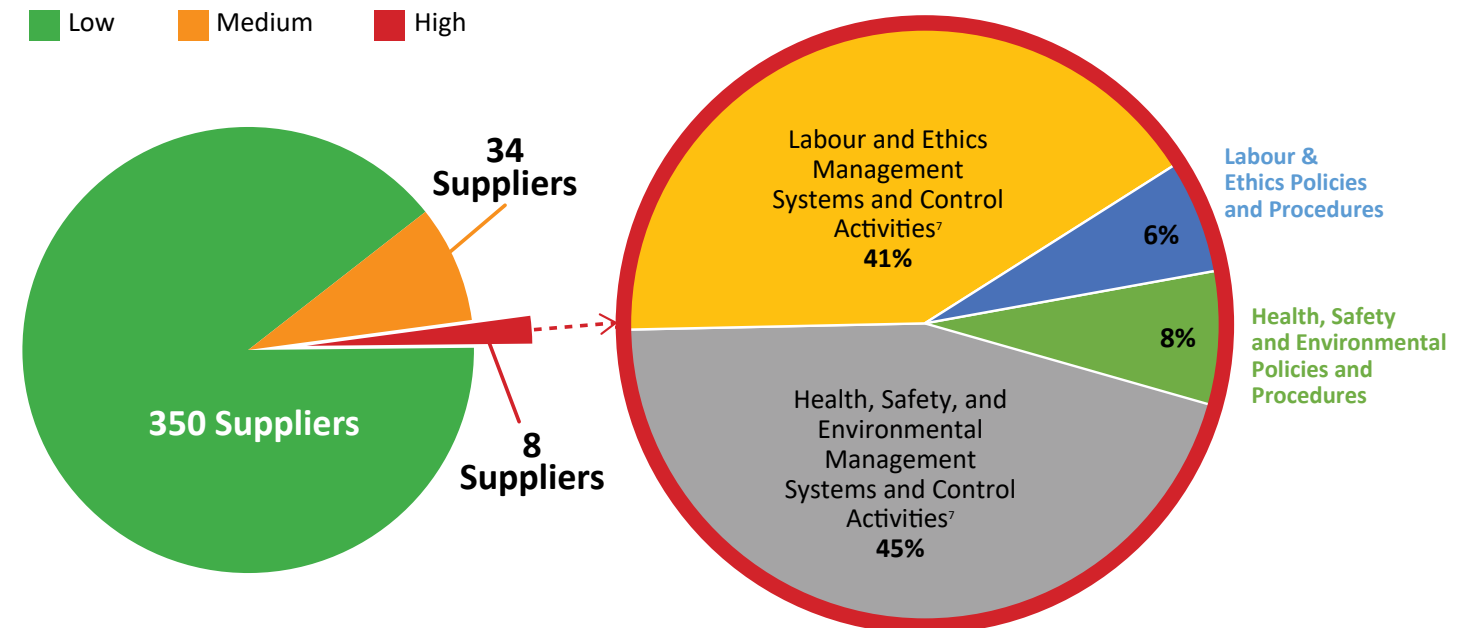


Chart 2

Provides a thematic summary of the types of issues arising out of the 8 high-risk SAQ's received to date. The Group is working with each of these 8 suppliers to review the key issues arising out of their SAQ responses and potential corrective actions. At the time of this report, corrective actions were still in progress for 3 of these suppliers, with the other 5 completed.



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

Social Compliance Audit Framework (FY21 Commitment)

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

Many of the Group's international suppliers conduct regular social compliance audits of their own operations and supply chain.

In FY21 the Group will develop a Social Compliance Auditing Framework which will make clear the social compliance auditing standards that we expect of our suppliers (such as the standard, frequency and independence requirements associated with these audits). As part of the development of this Framework, we will consider equivalency to internationally recognised social compliance auditing standards.

This will help ensure all factories in our supply chain are audited periodically and to an acceptable standard, helping us more effectively assess the risk of modern slavery, as well as compliance against our Ethical Sourcing Policy.

The Framework will start by requiring all factories of final assembly utilised for the Group's private label product range to undertake and submit a recognised social compliance audit to the Group. Requirements for social compliance auditing by third party branded label owners and suppliers of goods and services not for re-sale will also be considered as part of the Framework.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Management's focus in FY20 was on establishing the foundations of the Group's Ethical Sourcing Framework. Key outcomes of this have been:

- The raising of awareness within our business as to what modern slavery is, and the risks of modern slavery in our operations and supply chain;
- Establishing engagement with our suppliers on assessing and addressing modern slavery risk;
- The issuance of 615 ethical sourcing self-assessment questionnaires to 511 suppliers; and
- Implementation of a systematic process to be able to assess and address the risk of modern slavery.

During the year management sought informal feedback from a wide variety of stakeholders on the design of its framework and approach to modern slavery, to ensure they aligned with the expectations of our stakeholders. The feedback we have received from these groups informed the design and implementation of the Group's Ethical Sourcing Framework.

The stakeholders from whom we sought feedback from included:

- Group and brand executives, and senior managers across the merchandising, finance, risk management, human resources, and legal functions;
- Non-executive directors on the JB Hi-Fi Limited Audit and Risk Management Committee;
- The Responsible Business Alliance; and
- Human rights, sustainability and ethical sourcing specialists and leaders both domestically and internationally, within the retail and product manufacturing sectors.

We continue to monitor feedback on our response to the risks associated with modern slavery, through regular engagement with the above stakeholders, and through the oversight provided by our Ethical Sourcing Working Group.

Going forward, we will look for opportunities to refine and improve our approach to assessing the effectiveness of our actions, with a view to being able to improve how we measure and report on the outcomes of our work as our Ethical Sourcing Framework evolves.

OUR 2021 COMMITMENTS

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

We understand that modern slavery cannot be solved by any one company. We will seek further opportunities for collaboration with 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 FY21 roadmap includes the following initiatives:

1. Continue to collaborate and build engagement with suppliers;
2. Continue to learn, build capacity and awareness both internally and with our key suppliers on pertinent modern slavery risks within the supply chain;
3. Review The Group's Ethical Sourcing Policy and processes, to ensure they continue to align with:
 - Responsible Business Alliance's Code of Conduct;
 - The RBA's Guidance on Due Diligence relating to Ethnic Minority Human Rights Risk in China; and
 - Other legislative developments and industry best practice.
4. In relation to our Private Label business (XCD and Flea Market):
 - Ensure all trade suppliers and final assembly locations have completed and returned an ethical sourcing self-assessment; and
 - Ensure all final assembly locations have provided a recent social compliance audit.
5. Develop a Social Compliance Audit Acceptance Framework for the Group's supply chain;
6. Review the results of supplier self-assessments issued in FY20 and, where necessary, further engage with our suppliers on the execution of social compliance audits and the oversight of corrective actions; and
7. Develop a risk-based approach to extend the scope of our ethical sourcing due diligence process to cover more of our smaller trade suppliers.



APPENDIX 1: MANDATORY CRITERIA MAPPING

Modern Slavery Act Mandatory Criteria	Section reference	Sub-section reference	Page #
Identify each reporting entity covered by the joint statement	About this Statement	N/a	2
	Appendix 2 Listing of Reporting Entities	N/a	28
Describe the structure, operations and supply chains of each reporting entity covered by the joint statement	Our Group's Structure and Operations	N/a	5-7
	Our Supply Chain	Trade suppliers - branded products and services Trade suppliers - JB Hi-Fi-owned private label products Indirect trade suppliers Non-trade suppliers (goods and services not for resale) Service providers and outsourced sub-contractors	8-9
Describe the risks of modern slavery practices in the operations and supply chains of each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or control	Modern Slavery Risk in Our Operations and Supply Chains	Our Operations • Our direct employees	10
		Our Supply Chains • Trade suppliers • Non-trade suppliers - goods and services 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 2020	Policy Governance and Compliance • Maintaining our company values • Establishing governance over our Ethical Sourcing Framework • Developing and implementing our Group Ethical Sourcing Policy	13-15
		Build Capability and Awareness • Development and implementation of internal training • Joining the Responsible Business Alliance • Understanding allegations of forced labour in Xinjiang Province, China	16
		Supplier Engagement • Undertaking Supply Chain Mapping	17-18
		Supplier Risk Assessment and Due Diligence • Supplier Ethical Sourcing Inherent Risk Assessment • Supplier Ethical Sourcing Self-Assessment Questionnaire (SAQ) • Social Compliance Audit Framework (FY21 Commitment)	19-23
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	24
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 FY20	Policy Governance and Compliance • Responding to COVID-19 and addressing employee well-being	15
	Our 2021 Commitments	N/a	25

APPENDIX 2: LISTING OF REPORTING ENTITIES⁸

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



⁸A 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 9429033649177) and its controlled subsidiary JB Hi-Fi Group (NZ) Limited (NZBN 9429038383892) 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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