

JB Hi-Fi Limited – Risk Management Policy

1. Overview

- 1.1 JB Hi-Fi Limited (the “Company”) is committed to managing risk to ensure its business objectives are achieved to optimise the value of the Company and its subsidiaries (the Group), and meet the expectations of its stakeholders. Risk oversight and management is an organisation-wide priority, in which all officers and employees of the Group participate.
- 1.2 The Group has developed and implemented an enterprise wide Risk Management Framework, which is consistent with the Australian/New Zealand Standard (AS/NZS ISO 31000:2009: Risk management – Principles and guidelines).

2. Risk Management Framework

- 2.1 The Risk Management Framework outlines the Group’s approach to risk oversight and management, and sets out the methodologies adopted by the Group for the ongoing:
 - (a) identification, monitoring and assessment of risks and changes in those risks;
 - (b) development and implementation of processes to manage risks; and
 - (c) reporting of risks and mitigating controls.
- 2.2 The implementation of this Risk Management Framework fosters a strong risk management culture throughout the organisation.

3. Responsibilities

3.1 Board

The Board determines the Group’s risk tolerance, appetite and attitude, and in doing so, seeks to strike an appropriate balance between risk and reward in the Group’s overall strategy. Additionally, at least annually the Board reviews the Group’s Risk Management Framework. The Board is also responsible for reviewing the Group’s policies on risk oversight and management, and must satisfy itself that Management has developed and implemented a sound system of risk management and internal control, and that the system is operating effectively. The Board has delegated much of the detailed work to the ARM Committee.

3.2 ARM Committee

In assisting the Board with its risk management responsibilities the ARM Committee will:

- (a) at least annually, review the Group’s Risk Management Framework to satisfy itself that it continues to be sound and, once satisfied, recommend the Group’s Risk Management Framework to the Board for approval;
- (b) assess whether Management has developed and implemented effective systems to manage the material risks affecting the Group’s business;
- (c) review, monitor and assess the effectiveness of the risk management, internal control and compliance systems, and satisfy itself as to the integrity of those systems;
- (d) ensure that an up to date risk register, which describes the material business risks facing the Group (including financial and non-financial matters), is maintained;

- (e) assess whether Management has developed and implemented appropriate workplace health & safety programs and policies and the effectiveness of those programs and policies;
- (f) report to, and make appropriate recommendations to, the Board in relation to the Group's risk management and internal control system;
- (g) review the Group's exposure to fraud and corruption, including overseeing the processes for the prevention, detection and investigation of fraud and corruption;
- (h) review, and make recommendations to the Board in relation to, any material incident involving fraud or other break down of the Group's internal controls;
- (i) review the effectiveness of the Group's incident management framework, including the crisis management and business continuity plans; and
- (j) review the appropriateness of the Group's insurance arrangements and make recommendations to the Board.

3.3 Management

- (a) Management has embedded risk management processes into daily practices in order to achieve the objectives of this policy.
- (b) Management is expected to:
 - (i) set a culture that encourages the management of risk in all aspects of the business and oversee the implementation of sound risk management practices throughout the Group;
 - (ii) identify, monitor and assess material risks affecting the Group's business activities on an ongoing basis;
 - (iii) implement and monitor internal controls to manage identified material risks affecting the Group's business activities;
 - (iv) report to the ARM Committee regarding the Group's risk management activities and the status of material risks affecting the Group's business activities; and
 - (v) implement the Risk Management Framework into the Group's business activities.
- (c) Consistent with Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, before it approves the Company's financial statements for a financial period, the Board receives from the Group Chief Executive Officer and the Group Chief Financial Officer a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements and comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

3.4 Group Risk and Assurance Function

- (a) The Group Risk and Assurance Function is required to
 - (i) design an effective Risk Management Framework which will enable Management to identify and manage risk appropriately;
 - (ii) monitor and challenge the effectiveness of the Group's risk management and internal control activities; and

- (iii) report to Management and the ARM Committee, as required, regarding the effectiveness of the Group's risk management and internal control activities.

4. Review

This Policy will be reviewed periodically as appropriate to take account of the Group's evolving circumstances and developments in market practice.

5. Adoption of this Policy

This Policy has effect from 31 May 2017.