



JB Hi-Fi Group Ethical Sourcing Policy

1. Introduction

The JB Hi-Fi Group (referred to in this Policy as ‘the Group’ and consisting of the JB Hi-Fi and The Good Guys retail and commercial businesses) is committed to sourcing its products and services in an ethical and sustainable manner, and in doing so ensuring minimum standards concerning labour, health and safety, environmental management and ethics are applied and maintained across its supply chain.

2. Purpose and application

The purpose of this Ethical Sourcing Policy is to outline the Group’s minimum requirements and expectations of its suppliers with respect to the management of social and environmental risks.

A supplier is defined as any individual, company or entity that sells or seeks to sell or provide a product or service to the Group.

The Group recognise and supports the Universal Declaration of Human Rights. Our minimum standards are aligned with internationally recognised frameworks, including the United Nations Guiding Principles on Business and Human Rights, the Ethical Trading Initiative (ETI) Base Code, the International Labour Organisation (ILO) fundamental conventions concerning rights at work, and the Responsible Business Alliance Code of Conduct.

Suppliers are responsible for monitoring and assessing on-going compliance with this Policy within their business operations and supply chains. All suppliers of the Group must accept responsibility for on-going compliance with this Policy through their contractual arrangements with the Group, or as part of their trading relationship with the Group.

The application of these minimum standards may vary between suppliers depending on the nature of their business. The Group recognises that some suppliers may need to work toward compliance with the standards set forth by this Policy. The Group encourages and supports continuous improvement and will work with suppliers in achieving compliance with this Policy within an agreed time frame. If a supplier is not able to commit to working toward and maintaining compliance with the Group’s Ethical Sourcing Policy, the Group reserves the right to terminate the trading agreement with that supplier.

The Group expects suppliers to comply with all laws and regulations applicable in the countries in which a supplier operates. Where the content of this Policy conflicts with applicable laws and regulations, a supplier should adopt a position that affords the greatest level of protection for workers and the environment.

Suppliers are encouraged to communicate this Policy through their supply chain. This Policy is available both in English and Mandarin at <https://investors.jbhifi.com.au/corporate-governance>

Approved by the Board of JB Hi-Fi Limited 25 November 2021

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3. Minimum Standards:

LABOUR

Employment freely chosen

- Forced, bonded (including debt bondage), involuntary labour and human trafficking in all its forms is prohibited
- The use of deception, threats, fraud, abduction and/or force coercion in the recruiting, transporting, harbouring or receiving of workers is prohibited
- Freedom of movement shall be respected with no unreasonable restrictions on workers' freedom on entering or exiting company provided facilities, including worker accommodation if applicable
- Unless required by local law, the withholding of a worker's property (including but not limited to passports, licenses or monetary deposits) is prohibited. Where this is required by law, employers must ensure the worker's property is safely stored and kept private and confidential. In no case, should workers be denied access to their property or documents
- Workers are free to cease employment without penalty, after providing reasonable notice as per their employment contract
- Both foreign migrants, and migrants from different provinces or states within the same country, must receive their employment agreement prior to the worker departing from his or her home country, province, or state
- There should be no changes to a worker's employment agreement upon arrival in the receiving country or province, unless required to meet local law and provide equal or better terms

Young workers

- The use of child labour is prohibited. The term 'child' refers to a person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment according to local law (whichever is the greater)
- A supplier must develop policies and processes to enable 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
- Young workers under the age of 18 shall be provided with adequate training and supervision, and not perform work that may be harmful to their physical and mental development
- Appropriate policies and processes should be established to verify the age of all young workers prior to their employment
- The right to education for young workers shall be respected and supported by suppliers, in accordance with local laws
- In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks

Working hours are not excessive

- Working hours must comply with all applicable laws and regulations
- Complete and accurate records of hours worked must be maintained
- Working hours, including overtime, shall not exceed the maximum number of hours permissible under applicable laws and regulations

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- Overtime is voluntary, must not be excessive (i.e. total hours worked in a seven day period must not exceed 60 hours) or recurring, and shall be used responsibly, considering worker health and well-being
- Workers shall be allowed at least one day off every seven days

Wages and benefits

- Payment of wages and all other benefits must comply with applicable laws, and at a minimum provide for the basic living needs of workers whilst providing residual income for discretionary spending
- Overtime shall be compensated at a premium rate of pay, in accordance with applicable laws
- Work performed will be subject to a lawful employment contract / industrial instrument (as applicable)
- All workers must be provided with written information (in a language they understand) relating to their employment contract / industrial instrument (as applicable), as well as information about remittance of wages and benefits for each pay period
- Recruitment and other related fees should be paid by the hiring company and not passed on to workers. Where it is found that such fees have been paid by workers, they must be reimbursed directly to the affected worker within a reasonable time frame
- Deductions from wages as a disciplinary measure are not permitted
- Suppliers must not avoid their statutory obligations under labour or social security laws, through the use of sub-contracting, labour agencies or alternative employment agreements
- Suppliers must have policies and procedures in place to ensure sub-contractors operate in accordance with applicable laws, regulations and the Group's Ethical Sourcing Policy

No discrimination or harassment

- All workers should be treated with respect and dignity, and must not be subject to discrimination and harassment in any form, including (but not limited to) discrimination based on race, nationality, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation
- Reasonable accommodation for religious practices is to be provided
- Policies and disciplinary procedures regarding discrimination and harassment must be maintained and provided to workers
- Workers must have access to support and protection, if they are subject to discrimination or harassment
- Workers or potential workers should not be subjected to pregnancy or virginity tests, or physical exams that could be used in a discriminatory way

No harsh or inhumane treatment

- All forms of intimidation, bullying, abuse or equivalent threats (physical, emotional, sexual or otherwise) are strictly prohibited
- Policies and disciplinary procedures regarding harsh or inhumane treatment must be maintained and provided to workers
- Workers must have access to support and protection, if they are subject to harsh or inhumane treatment, inclusive of bullying

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Freedom of association and right to collective bargaining

- Subject to applicable law, the right of workers to join or form trade unions of their own choosing and to undertake collective bargaining, shall be respected
- Subject to applicable law, union representatives and workers shall be able to carry out union-related activities in the workplace and openly discuss concerns regarding working conditions and management practices, without fear of retaliation or detrimental treatment

HEALTH AND SAFETY

Occupational Safety

- A safe and hygienic working environment shall always be provided, with due consideration given to (but not limited to) controlling and mitigating risks associated with occupational hazards
- All health and safety hazards in the working environment should be identified, assessed, and mitigated through the implementation of adequate safety policies, procedures, systems, controls, instructions and training designed to minimise the risk of injury and assure the on-going occupational health and safety of workers
- Reasonable steps must be taken to ensure pregnant women are sufficiently and appropriately protected from high risk occupational hazards, with reasonable accommodation provided to nursing mothers where required
- Workers shall be provided with an appropriate level of personal protective equipment (such as face masks, gloves and hand sanitiser) free of charge, in order to provide protection from hazards in the workplace (for example, such as to limit the spread of Covid-19)

Emergency preparedness

- Adequate plans and procedures shall exist to preserve the health and safety of workers in the event of an unplanned emergency incident occurring, including plans to respond to, and protect the health and safety of workers from, potential Covid-19 outbreaks
- Emergency plans and procedures are to be reviewed and tested on a regular basis in accordance with local law, and at least annually

Occupational injury and illness

- Policies and processes must be implemented to minimise, manage, investigate and report occupational injuries and illness
- In accordance with local laws, workers shall be provided with the necessary medical treatment and rehabilitation services to facilitate return to work

Industrial hygiene

- Worker exposure to potentially hazardous chemical or biological materials shall be identified, evaluated, and either eliminated or limited to the fullest extent possible through the implementation of sufficient and appropriate policies, procedures, controls and systems, with the risks of exposure mitigated in a timely manner to avoid worker injury
- Workers shall be provided with adequate personal protective equipment and clothing free of charge to limit the risk of exposure to potentially hazardous materials

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- Training on how to identify and limit exposure shall be provided to all relevant employees who may come into contact with potentially hazardous materials, and on an on-going basis in accordance with local law

Physically demanding work

- The risks of injury relating to physically demanding work (including but not limited to heavy lifting, repetitive manual handling, prolonged standing and high impact tasks) shall be identified and mitigated
- The impact of physically demanding work on worker health shall be evaluated on a regular basis, with appropriate action taken to avoid and/or minimise any adverse health outcomes
- Reasonable steps shall be taken to protect pregnant women and nursing mothers from physically demanding work

Machine safeguarding

- Production and other machinery shall be subject to periodic evaluations for effectiveness of operation, safety hazards and continued safety of use
- Where safety hazards in machinery are identified, all impacted staff shall be notified, with relevant remediation (such as, but not limited to barriers, instructions and physical protections) put in place to eliminate or minimise the risk of injury

Sanitation, food and housing

- Access to safe and clean toilet facilities, potable water, and, if appropriate, sanitary facilities for food storage, preparation and consumption shall be provided
- Accommodation, where provided, shall be clean and safe, and provided with appropriate emergency plans, hot water, adequate lighting, heat and ventilation, with individually secured accommodations for storage of personal and valuable items, and reasonable personal space

Health and safety communication

- All workers shall receive health and safety training for all identified workplace hazards (inclusive of training on emergency procedures) upon commencement of their employment and regularly thereafter in accordance with local law
- Health and safety training must be conducted in a language understood by the recipient
- Health and safety related information shall be clearly posted in the workplace in a location identifiable and accessible to workers
- Records of the training and worker attendance must be maintained and reviewed, to ensure all workers receive training in a timely manner
- Workers shall be encouraged and supported to report or raise any health and safety concerns to management without fear of retaliation or detrimental treatment

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ENVIRONMENTAL MANAGEMENT

Environmental permits and reporting

- Compliance with all applicable environmental laws, regulations, and licences must be maintained
- Suppliers must understand the environmental impact of their business, and community expectations regarding the impact
- Suppliers must act responsibly and take reasonable steps to prevent and/or remediate any significant environmental harm

Pollution prevention and resource reduction

- Sufficient and appropriate systems and processes to identify and minimise the discharge of pollutants into the environment, from a supplier's operations must be maintained
- Opportunities to reduce the consumption of finite natural resources including (but not limited to) water, fossil fuels, minerals and virgin forests, and increase the use of renewable and recyclable resources shall be pursued and implemented where feasible

Hazardous substances

- A systematic process to responsibly manage the use, storage, transportation and disposal of hazardous substances must be implemented to minimise adverse human and environmental impact and ensure compliance with applicable laws and regulations

Solid waste

- A systematic approach shall be adopted to identify, manage, reduce, responsibly dispose of, and recycle solid (non-hazardous) waste

Air emissions

- Harmful air emissions, with potential to cause adverse environmental and/or human impact must be identified, routinely monitored, controlled and treated prior to discharge
- Suppliers shall conduct routine monitoring of the performance of their air emission control systems, and remediate any identified issues with under-performance of these systems in a timely manner
- Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and other applicable regulations

Material restrictions

- Suppliers must adhere to all applicable laws and regulations with respect to prohibiting or restricting the use of harmful substances in products and manufacturing, including labelling for recycling and disposal that may be required by law

Water management

- Sufficient and appropriate water management systems and practices must be maintained to ensure water is conserved where possible, and wastewater managed and treated appropriately prior to being disposed of responsibly
- Suppliers must conduct periodic evaluation of the performance of their wastewater treatment and containment systems to ensure compliance with relevant regulations

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Energy consumption and greenhouse gas emissions

- Suppliers shall establish a plan to measure, monitor and, where practicable, reduce their greenhouse gas emissions over time, giving due consideration to the targets and goals set out by the Paris Agreement and International Panel on Climate Change
- Energy consumption and greenhouse gas emissions must be reported in accordance with local laws

ETHICS

Business integrity

- Act with high standards of honesty and integrity at all times
- All forms of bribery, corruption, extortion and embezzlement are prohibited
- Identify, disclose and manage any adverse impacts arising from conflicts of interest

No improper advantage

- Any means intended to establish an improper advantage, shall be prohibited (such as, but not limited to the giving or receiving of significant gifts or items of value)
- The giving or accepting of gifts that have the potential to create an actual or perceived improper advantage, shall be reviewed by management
- All business activities must be compliant with applicable anti-corruption rules and regulations

Disclosure of information

- Suppliers must comply with all applicable laws and regulations pertaining to the disclosure of their financial position, performance and business dealings

Intellectual property

- Rights to intellectual property shall be respected and protected where applicable, with all relevant laws and regulations complied with

Fair business, advertising, competition

- Conduct of business by suppliers, including (but not limited to) advertising and competition, must be undertaken in accordance with applicable laws and regulations

Access to grievance mechanisms and protection of identity and non-retaliation

- Workers should have access to a grievance mechanism through which complaints can be made, investigated and resolved in a fair and equitable manner
- Policies and procedures enabling workers to confidentially communicate concerns relating to non-compliance with this Policy shall be in put place and communicated to workers, with an avenue for anonymous disclosure and protection against detrimental treatment provided

Responsible sourcing of natural resources

- Where relevant, suppliers shall adopt a policy, and exercise due diligence, on the source and chain of custody of raw materials, in order to minimise the risk of sourcing such materials from jurisdictions and suppliers connected with human rights and/or environmental abuses

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- Where relevant, due diligence should be conducted in a way that is consistent with the Organisation for Economic Cooperation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

Privacy

- All personal and sensitive information must be treated and protected in accordance with relevant Privacy laws and regulations

MANAGEMENT SYSTEMS

- Responsibility and accountability for the management of all social and environmental risks including responsibility for on-going compliance with this Policy (and other applicable legal and regulatory requirements) shall be assigned to a member of the executive management team or their delegate
- Organisational systems, policies and procedures to assess, remediate and monitor non-compliance with this Policy and all other social and environmental, and legal and regulatory requirements should be in place, and tested regularly for adequacy and effectiveness

REQUIREMENTS FOR SUPPLIERS TO CONDUCT SOCIAL COMPLIANCE AUDITING

All suppliers are responsible for monitoring and assessing compliance with this Policy within their business operations and supply chains, through the completion of social compliance audits. This Policy outlines the Group's minimum requirements regarding the type, frequency and independence requirements associated with these audits. The Group's auditing requirements differ between suppliers of the Group's private label product range, and all other suppliers to the Group.

The Group may request suppliers to provide information to help the Group assess compliance with this Policy (such as, but not limited to social compliance audit reports, corrective action plans, or an ethical sourcing self-assessment).

The Group may also request additional and/or specific social compliance audits be undertaken at any time, for the purpose of assessing compliance with this Policy. Suppliers must be willing to work with the Group and/or its auditors when such a request is made.

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. A supplier must document a corrective action plan, making clear the assignment of responsibilities and time frames for completion.

If a supplier becomes aware of any instances of modern slavery, including child labour or forced labour (either through the auditing process or at any other time), this must be communicated to the Group as soon as it becomes known.

Auditing requirements relevant to suppliers of private label product

A social compliance audit recognised by the Group must be undertaken prior to any new factory being engaged to manufacture the Group's private label product, and every 12 months thereafter. Appendix 1 contains a list of the social compliance auditing standards that the Group recognises and has approved for

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this purpose. Private label suppliers may propose an alternative audit methodology to those listed in Appendix 1, but this must be discussed and agreed in advance with the Group.

Audits must be conducted by an independent auditor that is suitably qualified and accredited to perform the audit.

A copy of the finalised audit report (and where applicable) corrective action plan, must be submitted to ethicalsourcing@jbhifi.com.au within one week of completion.

Suppliers must provide a list of new factories engaged to produce the Group's private label product on a monthly basis. All existing factories must have a social compliance audit that is no older than 12 months.

Auditing requirements relevant to suppliers which are full or regular members of the Responsible Business Alliance

Suppliers that are either full or regular members of the Responsible Business Alliance (RBA) are required to conduct social compliance auditing in accordance with the RBA's Membership Compliance Program Document. Suppliers that meet the social compliance auditing requirements outlined by the RBA, automatically satisfy the social compliance auditing requirements of the Group.

Any full or regular members of the RBA that do not conduct social compliance auditing in accordance with the RBA's Membership Compliance Program, or conduct social compliance auditing to a lesser degree to that which is required by the RBA, must comply with the Group's social compliance auditing requirements outlined below.

Auditing requirements relevant to all other suppliers (excluding suppliers of the Group's private label product, and RBA full and regular member suppliers that comply with the RBA's Membership Compliance Program)

All other suppliers are required to risk-assess their business operations and supply chains and, on an annual basis, conduct a social compliance audit that is recognised by the Group, covering at least 50% of the locations that the supplier has assessed to be at high-risk of non-compliance with the Group's Ethical Sourcing Policy.

Suppliers may utilise alternative auditing standards to the Group's list of preferred audits, provided an equal or greater level of social compliance auditing is achieved.

Audits must be conducted by an auditor that is suitably qualified and accredited to perform the audit, and suppliers should ensure a level of auditor independence required to achieve a true and fair assessment of non-compliance with this Policy.

4. Reporting Non-Compliance with this Policy to JB Hi-Fi Group

If you have any questions or wish to inform the Group of any known or suspected issues of non-compliance with this Policy, please contact: ethicalsourcing@jbhifi.com.au or Phone: +613 8530 7927.

Persons are also able to submit reports anonymously through one of the Group's designated Whistleblower channels: Stopleveline (From overseas: +613 9811 3275, within Australia: 1300 30 45 50 or within New Zealand: 0800 42 50 08. Email: jbhifi@stopleveline.com.au) or Your Call (Within Australia: 1800 940 379. Email: tgg@yourcall.com.au).

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Further information relating to the Group's grievance mechanisms and protections can be found within our Reportable Misconduct and Whistleblower Policy, which is accessible through the JB Hi-Fi Limited investor website:

<https://investors.jbhifi.com.au/wp-content/uploads/2021/01/JB-Hi-Fi-Group-Reportable-Misconduct-and-Whistleblower-Policy.pdf>

APPENDIX 1 : SOCIAL COMPLIANCE AUDITING AND STANDARDS RECOGNISED BY THE GROUP

Below is a list of social compliance auditing standards which the Group recognises and approves for use:

Responsible Business Alliance Validated Assessment Program (VAP)	http://www.responsiblebusiness.org/vap/about-vap/
SEDEX Members Ethical Trade Audit (SMETA)	https://www.sedex.com/our-services/smeta-audit/
Amfori Business Social Compliance Initiative (BSCI) Audit	https://www.amfori.org/content/amfori-bsci
Social Accountability International (SA8000) Audit	https://sa-intl.org/programs/sa8000/
International Council of Toy Industries (ICTI) Audit	https://www.ethicaltoyprogram.org/en/

Below is a summary of when suppliers must complete, and provide a copy of the audit report to the Group:

Supplier Type	When must a supplier complete an audit?	When must a supplier provide a copy of the Audit Report to the Group?
Suppliers of the Group's private label product	For factories which are already engaged in supplying the Group, at least every 12 months Before any new factory is engaged, and every 12 months thereafter on each factory	1 week following completion of the audit
All other suppliers (excluding suppliers of the Group's private label product, and RBA full and regular members that comply with the RBA's Membership Compliance Program)	Auditing to be conducted annually on at least 50% of locations that are assessed to be at high-risk of non-compliance with this Policy	Upon request by the Group