



Voting Intentions JBH 2022

Company/ASX Code	JB Hi-Fi / JBH
AGM date	Thursday 27 October 2022
Time and location	10:30 am AEDT 501 Bourke St.
Registry	Computershare
Type of meeting	Hybrid
Poll or show of hands	Poll on all items
Monitor	Steve van Emmerik assisted by Mike Robey
Pre AGM Meeting?	Yes, with Chair Stephen Goddard and Company secretary Doug Smith

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Summary of issues for meeting

Ordered from greatest concern to least

1. Lack of females on Board and KMP. No females in KMPs and only 2 out of 8 board members are female. We are given to understand some more female representation on board level may be forthcoming.
2. The VRP was tested once after the first year and then the Performance Shares were granted in subsequent years as long as the KMP remained employed. So not really an LTI, with a long-time performance hurdle. We do understand that the company has a yearly sales focus, and this focus has so far not resulted in a significant failure in longer term strategic planning.
3. CFO Nick Wells being on the board when he reports to the CEO. We understand this may be related to succession planning.

Proposed Voting Summary

No.	Resolution description	
2a	Re-election of Mark Powell as a Director	For
2b	Re-election of Beth Laughton as a Director	For
3	Adoption of Remuneration Report	For
4a	Approval of equity grant to Terry Smart	For
4b	Approval of equity grant to Nick Wells	For

Key events

Strong profitability and excess capital resulted in the decision to conduct a share buyback for \$250m.

Key Board or senior management changes

Terry Smart – previously MD of the Good Guys brand took over as MD.

Terry Smart and CFO Nick Wells joined the board.

Biag Capasso (previously Merchandise Director – The Good Guys) became MD of the Good Guys.

Summary

	2022	2021	2020	2019	2018
Statutory NPAT (\$m)	545	506	302	250	233
Statutory EPS (cents)	480	441	263	217	203
Dividend per Share (cents)	316	287	189	142	132
Share Price at End of FY (\$)	38.46	50.58	43.03	25.85	22.52
Statutory CEO Remuneration (\$)	3.939	4.259	3.895	2.627	3.361
Total Shareholder Return (%)	-17.7	24.2	73.8	21.1	1.5

Simple TSR is calculated by dividing change in share price plus dividend paid during the year (excluding franking), by the share price at the start of the year.

Election or re-election of directors

There are a majority of independent directors but given that 2 directors cross over the 12-year threshold in coming 3-year period, this degree of independence may change in coming years. Diversity targets have **not** been met. At present there is only 25% female representation on the board. Two executive directors sit on the board, which is not our preferred structure, but this is not something that they will or can change in the near future, so we will accept this. We will bring up diversity at the AGM.

There is a newly included skills matrix, but it is very broad and slightly unconvincing given that at least 6 out of 8 directors are said to possess each area of expertise. This skills Matrix was put together in house by the Company Secretary. We will raise the granularity and auditability of the skills matrix at the AGM.

Non-Executive Director Mark Powell is up for re-election. He has been on the board since 2017 and has over 30 years of experience in retail, logistics and wholesale distribution in large retail businesses in a range of countries including the UK, Australia, New Zealand and Canada. He is a non-executive director of Bapcor, 7-Eleven Australia and the Kiwi Property Group. His workload does not exceed our guidelines and his skills and experience are highly relevant to JB Hi-Fi. We support his re-election.

Non-Executive Director Beth Laughton is up for re-election. She has been on the board since 2011 and chairman of the Audit and Risk Management committee since 2012. She is a chartered accountant with a background in corporate finance and a focus on IT, telecommunications, and entertainment. She is a non-executive director of GPT funds management and Shopping Centres

Australia Property Group and has been a non-executive director of a number of other organisations. Her workload does not exceed our guidelines and her skills and experience are highly relevant to her role. We support her re-election.

Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO

The VRP is a single plan which is tested once after the first year and then the Performance Shares were granted in subsequent years as long as the KMP remained employed. So this is not really an LTI, with a long-time performance hurdle. We do understand that the company has a yearly sales focus and the practice of remuneration has so far not resulted in excessive pay-outs or a significant failure in longer term strategic planning. We have come to accept this unusual form of incentive payment for JB Hi-Fi and consequently will not vote against the remuneration report. What could be improved is a fuller description of the financial targets in the Annual report in order that we can validate the quantum of the award which vested. We will raise this at the AGM.

Maximum at risk payments are within our guidelines so we support the report. We note that the non-financial (and more strategic) components of the report have a relatively small impact on total VRP payments.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- *makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- *shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.

Appendix 1

Remuneration framework detail

CEO rem. Framework for FY22	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.700		1.700	32%
VRP – Cash	unstated		0.875	17%
VRP – Equity	unstated		2.625	51%
LTI	0		0	0%
Total	unstated	100.0%	5.20	100%

The Equity component vests at a rate of one third of shares over each of the next three years. There are no substantive changes to previous years practice.

Shares for KMP remuneration are purchased on market and allocated at face value.

Chairmans and non-executive directors' fees increase by 6%.

The remuneration report is thorough and lengthy and well set out.

Actual remuneration for the CEO maybe somewhat misleading as the new CEO would not have received his CEO based VRP equity payments from previous years. Therefore the focus in this report is on statutory remuneration.