

JB Hi-Fi monitors and evaluates the performance of its board, its board committees, individual directors, and key executives in order to fairly review and actively encourage enhanced board and management effectiveness.

The Charter of the Board of Directors provides that it is the role of the Board to

- oversee the business and affairs of the company;
- to select, appoint and regularly evaluate the performance of, determine the remuneration of, and plan for the successor of the Chief Executive Officer; and
- approve the company's major HR policies and overseeing the development strategies for senior and high performing executives;
- establish a formal and transparent procedure for the selection and appointment of new directors to the Board;
- regularly review the succession plans in place for membership of the Board to ensure that an appropriate balance of skills, experience and expertise is maintained;
- institute internal procedures for evaluating the performance of:
 - i. the board;
 - ii. individual directors; and
 - iii. the board committees;

JB Hi-Fi has a range of processes in place to evaluate the performance of the board, board committees, individual directors and executives.

Board Evaluation

The process of evaluating the performance of the Board as a whole is the responsibility of the board under the direction of the chairman. The evaluation of Board performance involves the setting of annual board objectives and an assessment by the Board at the conclusion of the year as to the extent to which the Board achieved these objectives.

Director Evaluation

Assessment of individual directors' performance is a process determined by the Chairman and involves the Chairman having one-on-one interviews with all directors. In respect to the Chairman's performance, the Chairman will have one-on-one interviews with each of the directors in respect to his/her own performance. Following the one-on-one interviews, each director will provide feedback on the results of their discussion concerning the Chairman's performance to the Chairman of the Audit and Risk Management Committee. The Chairman of the Audit and Risk Management Committee will then consolidate the feedback and report to the board.

Evaluation of Performance of Board Committees

Each Board committee will annually review its performance and report the results of the review to the board. Based on the results of the performance review, where necessary, recommendations will be made to the board for improving the effectiveness of the Committee.

The manner of the evaluation is generally to be determined by the relevant Committee Chairman, and will vary given:

- the particular responsibilities of each committee;
- the number of committee meetings; and
- the number of committee members.

Executives

All JB Hi-Fi executives are subject to annual performance review. The annual performance review involves an executive being evaluated by the Chief Executive Officer.

The performance evaluation of the Chief Executive Officer is facilitated by the Chairman, with ultimate oversight by the board. The evaluation of the Chief Executive Officer involves an assessment of a range of factors including the overall performance of the company and the achievement of specific pre-determined goals.