



FISCAL YEAR 2015

**CORPORATE RESPONSIBILITY &  
SUSTAINABILITY REPORT**

Two years into our Renew Blue transformation, I am happy to report that our Company has made considerable progress in improving its performance and that we have an exciting journey ahead of us.

In the fall of 2012, we launched our Renew Blue strategy with the goal of addressing our two problems – declining comps and declining margins. The strategy was structured around five pillars:

- Reinvigorate and rejuvenate the customer experience
- Attract and inspire leaders and employees
- Work with vendor partners to innovate and drive value
- Increase our return on invested capital for investors
- Continue our leadership role in positively impacting our world

As the Fifth Pillar reflects, we remained committed to our role in positively impacting the world and the communities in which we work and live even as we transformed Best Buy. Last year, we met our two main sustainability goals – we collected one billion pounds of electronics and appliances for recycling and reduced our carbon emissions by more than 20 percent. In addition, we launched an additional four Teen Tech Centers, serving underprivileged teens who might not otherwise view technology as a viable career. You will read in this report details about these achievements and other ways that Best Buy has remained a leader in corporate responsibility and sustainability. These successes are, of course, the fruit of the hard work and talent of the more than 125,000 men and women who work at Best Buy. It is an honor to lead this group of amazing individuals and a privilege to work with each and every one of them.

Altogether, we feel that we are at an exciting turning point in our journey. We are moving from a business in turnaround to one in a transformation. As we look ahead, we aspire to build on our position as the leading provider of technology products, services and solutions, as measured by our customers, our employees, our investors and the communities in which we operate. We are excited by our mission to “Ignite Human Potential” as we strive to attract and develop great talent and unleash their potential. In addition, we strive to do more than sell products. Instead, we aim to help our customers achieve new possibilities with the help of technology. In summary, our goal is to build an exciting, successful Best Buy focused on delivering growth for all our stakeholders.

We are determined to win – the right way.

Hubert Joly  
Chairman and Chief Executive Officer  
Best Buy Co., Inc.



Best Buy is a leading provider of technology products, services and solutions. We offer expert service at an unbeatable price more than 1.5 billion times a year to the consumers who visit our stores, engage with Geek Squad agents or use BestBuy.com or the Best Buy app. The company has operations in the U.S., where more than 70 percent of the population lives within 15 minutes of a Best Buy store, as well as in Canada and Mexico where Best Buy has a physical and online presence.

Headquartered in Richfield, Minnesota, the company was founded by Richard Schulze in 1966 and called Sound of Music (incorporated in Minnesota as Sound of Music, Inc.) before the name changed to Best Buy in 1983.

Best Buy generates more than \$40 billion annually.



In North America, Best Buy has more than 1,600 stores and locations, including large-format and Best Buy Mobile stores. During fiscal year 2015, the company employed approximately 125,000 people.

In the U.S., our operations consist of Best Buy (BestBuy.com), Best Buy Mobile, Geek Squad, Magnolia Audio Video and Pacific Sales Kitchen and Home. We also operate Best Buy Mobile stores-within-a-store and offer Geek Squad services in all of our U.S. Best Buy stores. In addition, we operate Magnolia Home Theater, Magnolia Design Center and Pacific Kitchen and Home store-within-a-store experiences in select U.S. Best Buy stores, which we believe further enhances the range of product offerings and the quality of expert customer service.

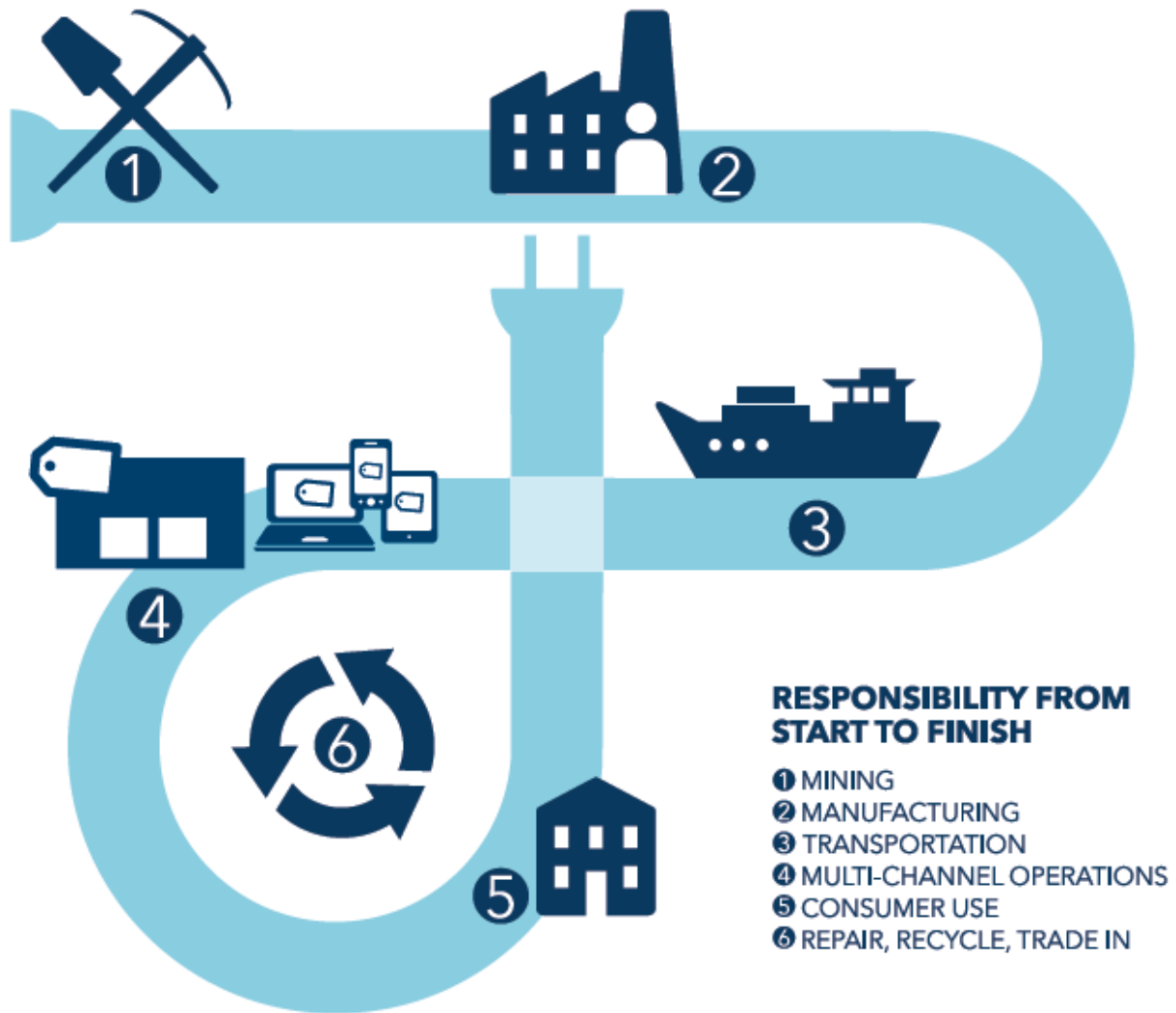
The International segment comprises: all Canada operations, operating e-commerce and retail store operations under the brand names Best Buy (BestBuy.ca), Best Buy Mobile, Cell Shop and Geek Squad; and all Mexico operations, operating under the brand names Best Buy (BestBuy.com.mx), Best Buy Express and Geek Squad. We operate Best Buy Mobile store-within-a-store concepts in all Best Buy stores in Canada. In March 2015, we made a decision to consolidate Future Shop and Best Buy stores and websites in Canada under the Best Buy brand. This resulted in permanently closing 66 Future Shop stores and converting 65 Future Shop stores to the Best Buy brand.

## Awards and Recognition



 <b>FTSE4Good</b>	<p>Listed on the FTSE4Good Global Index</p>
 <b>Dow Jones Sustainability Indexes</b>	<p>Listed on the Dow Jones Sustainability Index since 2011</p>
 <small>DRIVING SUSTAINABLE ECONOMIES</small>	<p>Scored 98 A- by the Carbon Disclosure Project (CDP)</p> <p>Listed on CDP's Climate Disclosure Leadership Index for the third consecutive year</p>
 <b>BEST PLACES TO WORK</b> <b>2015 for LGBT Equality</b> <small>100% CORPORATE EQUALITY INDEX</small>	<p>Achieved a perfect score of 100 in the Human Rights Campaign Foundation's Corporate Equality Index for the tenth year</p> <p>Named one of the Best Places to Work for LGBT Equality</p>
	<p>Named to the Newsweek Green Rankings list - fourth among U.S. retailers</p>
 <b>ENERGY STAR AWARD 2015</b> <b>PARTNER OF THE YEAR</b>	<p>Awarded an ENERGY STAR® Partner of the Year - Retailer Award for the second consecutive year</p>

Best Buy is committed to being a responsible corporation. As a retailer and a contract manufacturer of private label products (which we call Exclusive Brands), we recognize that social, environmental and economic impacts occur throughout our product value chain. As such, our responsibility extends from the mining of raw materials to the reuse and proper recycling of materials after the product life has ended.



Best Buy manages social, environmental and economic impacts throughout the value chain. We believe the largest impact we make as an employer is providing jobs in local communities in the U.S., Canada and Mexico.

The most relevant sustainability risk, as stated in our fiscal year 2015 Annual Report on form 10-K, relates to natural disasters and changes in climate. The threat or occurrence of one or more natural disasters or other extreme weather events, as a result of climate change or otherwise, could materially and adversely affect our financial performance. These events may result in damage to or destruction or closure of our stores, distribution centers and other properties. Such events can also negatively impact our workforce and prevent employees and customers from reaching our stores and other properties, can modify consumer purchasing patterns and decrease disposable income, and can disrupt or disable portions of our supply chain and distribution network.

Our consumer-facing electronics and appliances recycling program remains our top sustainability priority and opportunity. All U.S. stores accept old or unwanted consumer electronics for recycling for free, no matter where they were purchased. Providing this convenient option to customers creates a competitive opportunity for Best Buy.

Utilizing internal and external points of view, in fiscal year 2014 and 2015 we conducted a rigorous materiality assessment. By following the steps outlined below, we set out to find the intersection of the areas in which stakeholders presented opportunities where Best Buy could lead, and significantly affect our business.



### Identification

The first step in our materiality process is identifying potential issues. Utilizing the Global Reporting Initiative (GRI) G4 framework, we begin with the issues listed as G4 Aspects and related Standard Disclosures. Then we add to the list of issues from our past materiality assessments and inputs such as customer surveys, social media and call center activity, media reports, laws and regulations, activist communication and shareholder proposals. Finally, we research industry trends and benchmark industry peers.

### Prioritization

The second step is prioritizing issues based on significant economic, environmental and social impacts as shared by our stakeholders.

We elicit feedback by surveying sustainability practitioners and partners within the organization. In addition, we conducted interviews with executives from across the enterprise including Exclusive Brands, Legal, Marketing, Human Resources, Real Estate, Supply Chain, Services, Public Affairs, Sourcing, Consumer Insights, Compliance and Merchandising.

External stakeholders were also surveyed to gain an understanding of how our sustainability efforts are perceived and on which issues they believe Best Buy should focus. In addition to a survey, we partnered with Ceres, a nonprofit advocating for sustainability leadership, to conduct interviews with key stakeholders.

Through this process, we determined our four focus areas are Responsible Sourcing, Carbon Reduction, Sustainable Products and E-Waste. Later in this report, you will find details on the Company's successes, challenges and strategies to address these issues.

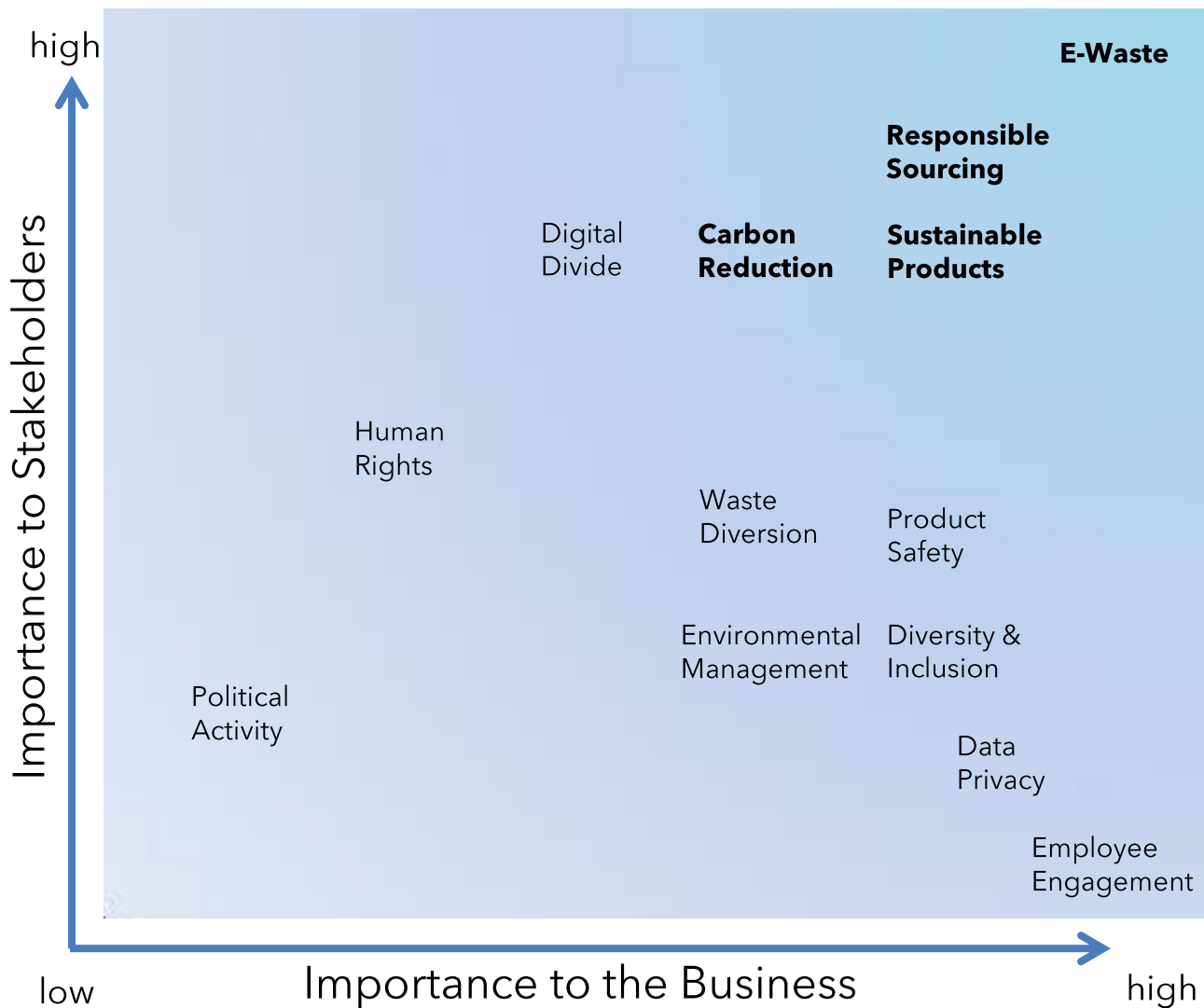
### Validation

Once we identified our four focus areas, we presented the findings to several levels of our governance structure, including our executive leaders and the Best Buy Sustainability Advisory Committee, gaining their approval. We then translated the focus areas and secondary issues into GRI G4 standard disclosures. In addition, we presented the focus areas to our Compliance and Risk Council and the Nominating and Public Policy Committee of the Best Buy Board of Directors.

### Review

The final step in our materiality cycle is reviewing the Corporate Responsibility Report with leaders and asking for feedback from internal and external stakeholders. The fiscal year 2014 report was presented to the Board of Directors once published. We look forward to experiencing continuous improvement of our report through the review process.

The following graphical representation reflects survey results and interview feedback from more than 75 internal and external stakeholders.



\*Materiality assessment complete and issue plotted as of February 2014



At Best Buy, we form relationships with the many people and organizations that have a stake in what we do. We interact daily with our employees, our customers and our communities in a variety of ways. We also actively engage in dialogue with external organizations that provide valuable insights and challenge us to grow.

Our sustainability stakeholder engagement strategy continues to evolve as we concentrate on building relationships within our four priority areas.

- Best Buy **employees** participate in a formal engagement survey twice a year, supplemented by regular performance reviews and an interactive internal communication site called The Employee Hub.
- In addition to our direct **customer** conversations, we regularly survey our customers to elicit feedback relating to their overall satisfaction with Best Buy.
- We have regular interaction with **elected officials** and staff, government agencies and associations on issues that affect our business.
- We have regular contact with our **investors** through calls and meetings, stakeholder councils brought together by Ceres, and analyst surveys where we are able to disclose specific sustainability information.
- We maintain relationships with non-governmental organizations (NGOs), such as industry organizations, activists and community nonprofits, in order to advance the progress in our focus areas.
- We partner with our product **vendors** and manufacturing suppliers to innovate and bring further business value.

Business for Social Responsibility (BSR)

Carbon Disclosure Project (CDP) Reporter Services

Ceres

Consumer Electronics Association (CEA)

- Board of Industry Leaders
- Energy Efficiency Working Group
- Environmental Policy Committee
- Government Affairs Council
- Green Standards and Disclosure Working Group
- Product Safety Working Group

Council of Institutional Investors (CII)

Council of State Retail Organizations

Electronic Industry Citizenship Coalition (EICC) – Board of Directors

Environmental Initiative

Green Chemistry and Commerce Council (GC3) – Retail Leadership Council

International Consumer Product Health and Safety Organization

International Council of Shopping Centers (ICSC)

National Association of Environmental Managers (NAEM)

National Center for Electronics Recycling

Public Affairs Council – Board of Directors

Retail Industry Leaders Association (RILA)

- Board of Directors
- Conflict Minerals Work Group
- Energy Management Committee
- Environmental Compliance Committee
- Government Affairs Committee
- Healthcare Committee
- International Trade Committee
- Privacy Leaders Council
- Product Safety Committee
- Retail Sustainability Conference Co-Chair
- Tax Committee
- Transportation and Infrastructure Committee

World Resources Institute's Customer Consultative Group

At Best Buy, we recognize and embrace our responsibility to respect human rights in our own operations, as well as through our business relationships. The Best Buy Code of Business Ethics, Supplier Code of Conduct and the Valuable Information Protection program are some of the ways human rights are embedded in our operations. We also know that being a responsible and sustainable company is a journey of continuous improvement that includes the management of human rights. To that end, Best Buy is working to develop an even more robust and rigorous approach to human rights.

Our approach to human rights seeks to adhere to the United Nations' Guiding Principles on Business and Human Rights, an internationally embraced framework for embedding human rights into business operations that are focused on continuous improvement.

Key steps we have taken include:

- Lead the Electronic Citizenship Coalition's (EICC) task force that seeks to better align with EICC's code, policies and protocols with the United Nations' Guiding Principles
- Conduct an impact assessment to identify and prioritize the most relevant human rights for our business
- Develop an internal governance structure to support our human rights program

The maturation of our human rights program is guided through stakeholder and peer company engagement. That input helps drive continuous improvement of human rights practices and performance.



## **Store Development**

We had more than 1,600 large and small-format stores at the end of fiscal 2015 throughout our Domestic and International segments. In the U.S., we have the ability to ship from all of our Best Buy stores, and we have opened a number of vendor store-within-a-store concepts to better leverage our square footage. In fiscal 2016 and beyond, we will continue to look for opportunities to optimize our store space, renegotiating leases and selectively opening or closing locations to support our ongoing transformation.

In March 2015, we made a decision to consolidate Future Shop and Best Buy stores and websites in Canada under the Best Buy brand. This resulted in permanently closing 66 Future Shop stores and converting 65 Future Shop stores to the Best Buy brand.

## **Report Timing**

Best Buy publishes a yearly Corporate Responsibility & Sustainability Report. This report covers our fiscal year 2015 (2/2/2014 - 1/31/15). Our previous report covering fiscal year 2014 was released in June 2014.

## **Verification**

100 percent of our scope 1, 2, and 3 carbon emissions are verified by a third party (POINT380) using the ISO14064-3 standard.

## **Boundaries**

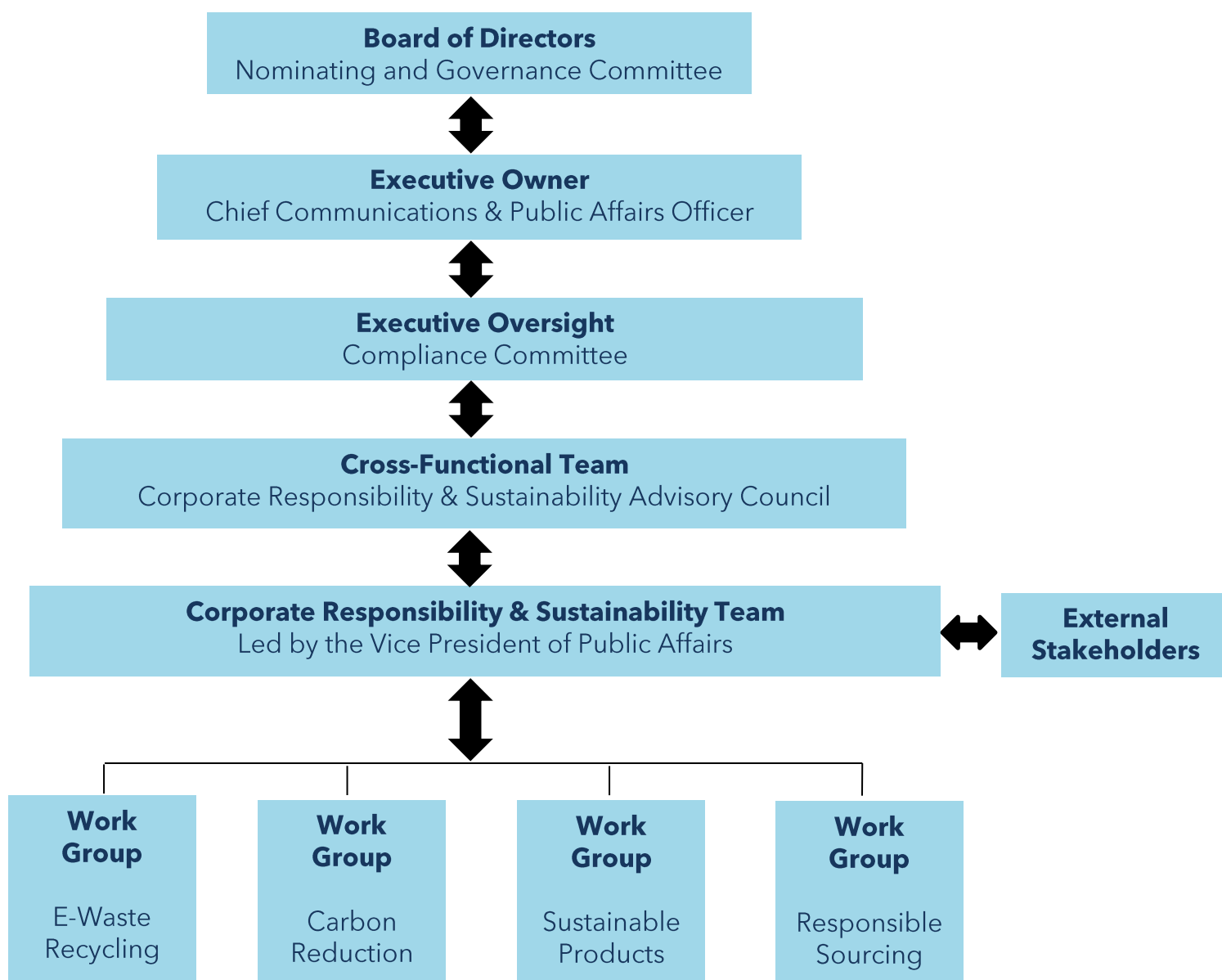
This report includes 99% of our operations in the U.S., Canada and Mexico. In fiscal 2007, we acquired a 75% interest in Jiangsu Five Star Appliance Co., Ltd. ("Five Star"), one of China's largest appliance and consumer electronics retailers. In fiscal 2009, we acquired the remaining 25% interest in Five Star. On Dec. 3, 2014, we entered into an agreement to sell Five Star, and we completed the sale on Feb. 13, 2015. As such, this report does not include Five Star.

The Responsible Supply Chain section of this report includes our Exclusive Brands contracted suppliers.

For more information and full financial disclosures, please see the Best Buy Fiscal 2015 Annual Report on Form 10-K at **Investors.BestBuy.com**.

Feedback about this report is welcomed at [CorporateResponsibility@bestbuy.com](mailto:CorporateResponsibility@bestbuy.com).

Our corporate responsibility governance structure starts at the highest levels of our company. The fully independent Nominating, Corporate Governance and Public Policy Committee of our Board of Directors oversees Corporate Responsibility & Sustainability (CR&S). The Committee annually reviews our CR&S program and discusses with management relevant strategies and risks. In addition, we have leaders from across the company who advise our CR&S programs and initiatives, support integration, assist in setting goals and measuring results. Each of our four focus areas have a cross-functional working group that meets to discuss programs and progress toward goals.



Everything that Best Buy is now – and strives to become – ultimately ties back to our core values as a company. At Best Buy, we demonstrate our ethics by living our values:

**UNLEASH THE POWER OF OUR PEOPLE**  
**LEARN FROM CHALLENGE AND CHANGE**  
**SHOW RESPECT, HUMILITY AND INTEGRITY**  
**HAVE FUN WHILE BEING THE BEST**

This means that we live our values every day in our interactions with each other as well as with our customers, vendors, business partners and the communities in which we work and live. It also means our business decisions are not only about financial risk or reward. We train our employees to consider the impact of their decisions on people, communities and the environment. Our yearly training on the Best Buy Code of Business Ethics is required for new employees and includes real examples of ethical dilemmas. Our Code of Business Ethics is available to employees, customers and other stakeholders at **BestBuyEthicsCode.com**.

Best Buy employees have several avenues to resolve work-related complaints, including:

- Speaking directly to their manager, employee relations representative or the Ethics Office.
- Contacting the Ethics Office via mail, phone, email, web or in person.
- Visiting Best Buy's dedicated ethics website (**BestBuyEthics.com**), which is available 24/7 and is operated by an independent third-party company. Once a report is created (with the option of remaining anonymous), it is forwarded directly to the Ethics Office for investigation.



# Responsible Sourcing

At Best Buy, we partner with more than 140 factories, mainly in China, to produce our private label products. We work with these suppliers on the design, production and testing of these products – and partner with them to ensure they meet our expectations for safe workplaces where workers are treated fairly.

Through our Supply Chain Sustainability (SCS) program, we seek to control risk, enhance the partnership with our suppliers by building their capacity for responsible business practices, and create value for all stakeholders. Through our leadership in the Electronic Industry Citizenship Coalition (EICC), including participating on their Board of Directors, we partner with many of the national brands we sell, including Apple, Intel, Microsoft and Samsung. Collectively, we embrace a common supplier code of conduct and audit methodology that creates business value by improving working and environmental conditions in the supply chain.



## Part 1 – Code Introduction and Adoption

Before working with new suppliers, we provide an in-depth training on our code and program and conduct a third-party audit of their facilities, which includes environmental and human rights screening criteria. In fiscal 2015, we screened 100 percent of our new suppliers utilizing environmental and human rights criteria and provided these suppliers with an on-site training focused on the EICC code. When conducting pre-contract screenings, we identify nonconformance and require the supplier to take corrective action. If there is a critical non-conformance, it must be addressed immediately and suppliers that are unwilling or unable to address critical violations are rejected. In the past fiscal year, we rejected 15 potential new suppliers based on our initial screening.

## Part 2 – Self-Reporting

Existing suppliers assess their performance against the code by completing an annual self-assessment questionnaire (SAQ) and by submitting quarterly key performance indicator (KPI) reports. The SAQ help us better understand our suppliers' policies and management systems, while KPI reports provide insight into their sustainability practices and performance. In fiscal 2015, we achieved a 100 percent completion rate for SAQs and a 99 percent completion rate for KPIs. Any supplier that does not provide either an SAQ or a KPI report is automatically considered a high-risk supplier and will be audited.

## Part 3 – Risk Assessment

We evaluate our suppliers' ability to meet our code, which guides how we monitor their performance and build their capacity. Our evaluation takes into consideration several dimensions of business and social risk. Based on the results of our assessment, suppliers are classified by risk level. We focus our audits and capacity-building on those suppliers identified as medium or high risk. By focusing our efforts, we believe we can more effectively improve environmental practices, better protect worker rights and build a more reliable supply chain.

## Part 4 – Monitoring

For suppliers identified as high-risk, Best Buy conducts an audit and for medium-risk suppliers a third party conducts an audit, in order to identify any gaps between suppliers' performance and the code. We not only assess their social and environmental performance, referred to as "**practices compliance**," we also review the management system they have in place to drive code compliance, which is known as "**management compliance**."



Fiscal Year 2015 Audits	Amount
Factory Count	147
Number of Third Party-led Audits	92
Number of Best Buy-led Audits	33
Total Number of Audits	125

When non-conformance is discovered, we classify them by level of severity.

- Minor violations: isolated incidents with little to no impact on worker rights or the environment
- Major violations: incidents with a short-term impact on worker rights or the environment for which the factories are given 90-180 days to implement a corrective action plan
- Critical violations: those that directly infringe on the rights of workers or have an immediate, detrimental impact on the environment; the critical non-compliance must be addressed immediately and a corrective action plan must be closed within 30 days or we stop placing orders with the factory

For all types of non-conformance, we conduct follow-up audits to ensure all violations – whether minor, major or critical – are resolved.

## Part 5 – Capacity-Building

We build our suppliers' capacity so they can close any gap between their performance and the code. We periodically conduct trainings on the EICC code to ensure our suppliers have the tools to meet the code and fully understand our expectations.

In addition to code training, we collaborated with the EICC to address a common high-risk issue – employment of student workers. Due to a labor shortage in China, some factories partner with vocational schools to fill their labor needs while at the same time providing students with employment opportunities. While these students are of legal age, there are restrictions from the Chinese government on their employment, including the type and hours of work. We also set additional requirements regarding such topics as entering direct contracts with the students and ensuring direct payment is made to the students. Recognizing the potential risks, we take the following steps to improve management of student workers:

- Provide suppliers with specialized training focused on student worker management
- Send a letter prior to peak season for student workers to remind factories of our requirements
- Provide a toolkit developed in partnership with a Hong Kong-based NGO and other EICC member companies to help factories properly manage student workers
- Send the factories self-assessment questionnaire so they can identify gaps in their management practices
- Conduct unannounced audits of high-risk factories

## Part 6 – Reporting

Each year we publicly disclose our suppliers' rates of compliance against the code. We refer to suppliers' social and environmental performance as "practices compliance," and we refer to the management system they have in place to drive code compliance as "management compliance."

<b>Fiscal Year 2015 Audit Category</b>	<b>Practices Compliance</b>	<b>Management System Compliance</b>
Labor	93%	94%
Health and Safety	84%	94%
Environment	82%	89%
Ethics	100%	67%
Management System	100%	57%

In fiscal year 2015, we did not find child labor, forced labor or freedom of association violations in the factories we audited. If such a violation was to be found, it would be considered a critical violation – the highest severity audit finding – and would require escalation by the auditor and immediate attention by the vendor/factory. Best Buy suppliers are given remediation guidelines to ensure immediate corrective actions are taken, and sustained, to ensure the protection of workers and a continued business relationship with Best Buy.

## Customs-Trade Partnership Against Terrorism



Our supply chain program also includes the Customs-Trade Partnership Against Terrorism (C-TPAT), a safety and security protocol intended to protect ports and secure borders by eliminating tampering, the unlawful use of containers and unauthorized entrance into shipping facilities. This includes extensive audits of the methods used to store containers securely and conduct background checks on employees and the process of earning certification for the supply chain security program.

In fiscal year 2015, we participated in a joint China and U.S. Customs and Border Protection (CBP) C-TPAT validation. Through the validation, we demonstrated that our security profile is reliable, accurate and effective. In addition, we had the opportunity to share best practices and build our partnership with CBP. As a result of the validation process, we retained our C-TPAT Tier 3 status, which means Best Buy has been granted the highest benefits by CBP, including expedited importing.

The Democratic Republic of the Congo (DRC) and its adjoining countries have reserves of tin, tantalum, tungsten and gold (known as 3TG), all of which are commonly used in the manufacturing of many consumer products. Occasionally, these minerals are illegally sourced and traded in the eastern DRC and surrounding areas by armed groups who are responsible for human rights violations. As such, these minerals are known as “conflict minerals.”

In 2012, the United States passed into law Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires companies to disclose whether the 3TG used in their products originated from the DRC or covered countries, as defined by the law.

Historically, we have had very limited engagement with parties beyond the direct suppliers (those suppliers which we have a contractual agreement) in our private label supply chain. Consequently, identifying, with certainty, the smelters, refiners and recyclers and the source of the materials they process is a significant challenge. One way we address this challenge is by participating in and, in some cases, leading collaborative industry efforts that seek to gather accurate data about the sources of 3TG, encouraging smelters to be certified as conflict-free and ensure a supply chain in which human rights abuses do not exist.

### Due Diligence

To determine the source and chain of custody of 3TG used in our private label products, we conducted due diligence on our supply chain. Our due diligence process is based on the five-step Organization for Economic Cooperation and Development (OECD) Guidance, an internationally recognized due diligence framework.



### Performance of our Due Diligence Measures

We are working with consumer electronics and retail industry peers to maximize the efficiency and effectiveness of our efforts to identify relevant smelters and refiners, and encourage their participation in the Conflict Free Sourcing Initiative’s (CFSI) Conflict-Free Smelter Program (CFSP).

We have a Conflict Minerals Policy that established Exclusive Brands commitments regarding the sourcing of 3TG. Such commitments include aligning with the OECD Guidance, supporting industry efforts, and seeking to avoid sourcing 3TG that directly or indirectly benefit non-state armed groups. The policy also establishes expectations for our private label suppliers, including their application of relevant aspects of the OECD Guidance, supporting our efforts to identify smelters and refiners by completing an annual CMRT, and, when available, sourcing 3TG from smelters and refiners validated as conflict free. Our policy can be found at [Corporate.BestBuy.com/Sustainability](http://Corporate.BestBuy.com/Sustainability).

<b>Fiscal Year 2015 Conflict Mineral Program Key Performance Indicator</b>	<b>Percentage</b>
First-tier Exclusive Brands suppliers who attended face-to-face training	68%
Relevant first-tier Exclusive Brands suppliers who received training material	100%
3TG products that have had their supply chains surveyed	100%
Relevant first-tier ExB suppliers who returned a CMRT	100%

Given our position in the supply chain, we relied heavily on our direct suppliers to provide information about the smelters that provided the 3TG used in our products.

Since we do not have a direct relationship with any smelters in our supply chain, we do not conduct audits. Instead, we support the development and implementation of an effective smelter audit program through our membership in the CFSI, which administers smelter audits. Further, we support the CFSI through a monetary donation to their Initial Audit fund, which covers the audit costs for smelters and refiners who successfully complete their first audit.

The CFSI conducts independent, third-party audits to validate that smelters source conflict-free materials. We support many CFSI activities through our participation on work groups and task forces. In particular, we served as the Chair of the Smelter Engagement Team, which researches and validates alleged smelters and conducts coordinated outreach to known smelters to encourage them to be audited. We also conducted in-person visits at a total of 11 smelter facilities in 2014 and 2015 in order to provide an overview of CFSI, assess their sourcing practices and encourage their participation in the CFSI audit program.

Based on our due diligence process and the subsequent information we gathered, we are unable to determine the origin of the 3TG used in our products and whether non-state armed groups directly or indirectly benefitted. These results are not unexpected given the limited systems of transparency and control that have been developed thus far. As those systems mature and become more sophisticated, we anticipate increased clarity as to the source and chain of custody of the 3TG used in our private label supply chain.



# Carbon Reduction

Increased levels of greenhouse gas in the Earth's atmosphere lead to climate change risks such as climbing temperatures, rising sea levels, shifting seasons and changes to the intensity, frequency and duration of weather extremes. Recognizing that many of the products we sell consume energy, we have an interest in helping transition to a low-carbon economy. We are committed to finding cost-effective solutions to save energy and directly reduce emissions of carbon into our atmosphere.

## 20 by 20 Goal Achieved

In 2010, we set a goal of reducing absolute carbon emissions in North America by 20 percent by the year 2020 (over our 2009 baseline). As of the end of calendar year 2014, we are proud to announce that we exceeded this goal. We reduced our annual emissions by 26% over the 2009 baseline – which is an annual reduction of 250,000 metric tons of CO<sub>2</sub> and equivalent to taking 52,000 cars off of the road for one year. The bulk of our energy savings came from our Energy Management System, lighting retrofits in our stores and transportation efficiencies. By exceeding our carbon reduction goal ahead of schedule, everyone wins – the environment, the communities we serve and our business.

### Energy Management System

In 2012, we installed a state-of-the-art system across all stores to automate the lighting, heating and air conditioning. This enabled store energy usage to be optimized.

In addition to automated controls, our stores proactively reduce energy consumption by the taking following conservation measures:

- Stores can use a “Demand Response” switch to reduce energy use by making minor adjustments to store temperatures during hours of lower traffic volumes.
- We cool our stores with outside air, generally in early morning hours, called economizer optimization.

### Lighting Retrofit

As part of our commitment to reduce our carbon footprint, Best Buy installed new lighting in 840 of our stores. We transitioned the stores from high-wattage, high-bay metal halide fixtures to more efficient, lower-wattage fluorescent fixtures. It reduced our lighting energy usage by nearly half – the equivalent of removing more than 12,000 households from the grid. And it’s saving the company money on our monthly utility bills, plus we were able to take advantage of one-time rebates from our utility partners.

The lighting retrofit was a simple change that could be scaled across the chain, and which created significant results. Not only did the project have a substantial impact on meeting our 20 by 20 goal, but the new lights created a brighter store environment that’s better for our employees and customers. Watch a time-lapse [video](#) of our Hattiesburg, Mississippi store transition to the new lighting.

### Geek Squad Vehicles

At Best Buy, we closely manage our fleet of more than 3,000 vehicles. By using smaller vehicles as often as possible, and mapping out the most efficient routes to our destinations, we have reduced fleet carbon emissions by 10 percent in calendar year 2014 over calendar year 2013. In addition to our Geek Squad fleet, we have right-sized our self-delivery and Magnolia vehicles as well. In many cases, we were able to downsize from a 24-foot truck to a 12-foot truck.

In fiscal year 2015, we deployed a telematics technology to both ensure the safety of our employees and fleet, and enhance the efficiency. Telematics technology allows the tracking of key vehicle performance metrics, which can be used to potentially route, monitor, locate and service vehicles within our fleet.

Telematics helps increase our Geek Squad fleet efficiency by:

- Ensuring unused vehicles are repurposed or retired
- Reducing fuel expense through efficient routing and reduced speeding and engine idle time
- Reducing maintenance expenses through real-time vehicle diagnostics and maintenance records

We are also part of the Department of Energy's National Clean Fleets Partnership. This public/private partnership provides fleets with resources, expertise and support to incorporate fuel-saving measures into operations.

Looking ahead to fiscal year 2016, we will replace about 850 Ford E150 vehicles with Ford Transit vans. The Ford Transit brings the ability to deliver and haul away appliances and large TVs from customers' homes, instead of using a box truck. Not only do these vans provide extra storage for tools and products, but they were customized based on feedback from our agents in the field, and have better fuel economy.

## **Dedicated Fleet**

In addition to our customer-facing vehicles, we closely manage our fleet of inventory distribution trucks. We are reducing "empty miles," (miles driven with no products in the truck), by backhauling e-waste to the distribution centers, where it is collected by our recycling partners, or we bring e-waste directly to the recycler.

In addition, we require our dedicated fleet transportation partners to follow these policies and requirements:

- Be certified through the EPA's SmartWay program
- Follow the Coalition for Responsible Transportation's standards for using certain trucks and engines
- Adhere to our "No idling" policy

## **Renewable Energy**

As the majority of our large format stores are leased, owning and operating on-site solar systems are not a viable option. The purchase of Renewable Energy Credits (RECs) helps us offset the impact of our emissions. In calendar year 2014, we offset approximately nine percent of our U.S. electricity through RECs. In January 2015, through the EPA's Green Power Partnership, we ranked No. 39 overall and No. 6 among retailers. Our REC program is an independent emission reduction effort, which was not counted toward our 20 by 20 reduction goal.

## **Reporting**

At Best Buy, we are actively engaged in carbon emission reporting, disclosing carbon emissions to the Carbon Disclosure Project, now CDP, annually since 2008. Each year, we have increased the boundaries of our reporting and/or become more refined in our reporting methodology. In 2010 we adjusted our reporting boundaries to include all locations in Canada and Mexico, a square footage increase of 12.6 percent. In 2011, we included some scope 3 (indirect emissions) activities. In 2012, we added two additional scope 3 categories (Use of Sold Product and Employee Commute). In 2013, we developed an industry-leading waste emissions calculator to measure the carbon impacts of our waste, recycling and compost programs. And in 2014, we continually improved upon our reporting methodologies, increasing the accuracy of our inventory as well as our reporting frequency.

The methodologies used to report our energy consumption include:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- U.S. EPA Climate Leaders: Direct Emissions from Stationary Combustion
- U.S. EPA Climate Leaders: Direct HFC and PFC Emissions from Use of Refrigeration and Air Conditioning Equipment
- The Climate Registry: General Reporting Protocol



## Energy and GHG Data EN 3-7, 15-19

Key Performance Indicator	DATA
Energy consumption within the organization	Fuel consumption: 1,834,261,200,000,000 joules Electricity consumption: 1,101,318 MWh Total scope 1 & 2: 1,610,840 MWh
Energy intensity	0.02556 MWh/Sq Ft
Reduction of energy consumption	300,735 MWh or 15.7% reduction year-over-year
Direct GHG emissions (Scope 1)	218,436 MT CO <sub>2</sub> e
Energy Indirect GHG emissions (Scope 2)	*475,329 MT CO <sub>2</sub> e
Other indirect GHG emissions (Scope 3)	718,559 MT CO <sub>2</sub> e
GHG emissions intensity	0.0110066 MT CO <sub>2</sub> e/Sq Ft
Reduction of GHG emissions	*79,048 MT CO <sub>2</sub> e, or -9.4%

\*not including RECs

## Recognition

We achieved a score of 98 A- from the Carbon Disclosure Project (CDP). We were recognized in the Carbon Disclosure Leadership Index (CDLI) for the third consecutive year.



# Sustainable Products

Best Buy aims to help our customers live more sustainable lives and remains committed to providing a wide assortment of sustainable products for our customers. This includes offering a large selection of energy-efficient products, and featuring “connected” home products such as smart thermostats, water-saving devices, residential solar and LED lighting.

## ENERGY STAR G4-EN7, EN27

At Best Buy, we offer a large selection of energy-efficient products to help our customers around the world save money by using less energy. In the U.S. and Canada, we partner with the EPA's ENERGY STAR® program. Our U.S. customers purchased more than 25 million ENERGY STAR certified products in fiscal year 2015 and realized utility bill savings of more than \$70 million<sup>1</sup>. This energy savings equates to more than 900 million pounds of CO<sub>2</sub> emissions avoidance<sup>2</sup>, or the equivalent of removing more than 86,000 cars from the road<sup>3</sup>. Learn more about U.S. ENERGY STAR certified products at [BestBuy.com/ENERGYSTAR](http://BestBuy.com/ENERGYSTAR).

The U.S. Environmental Protection Agency (EPA) has named Best Buy a Retail Partner of the Year for the second consecutive year. This award is based on our outstanding marketing and customer education of the benefits of ENERGY STAR certified products.

## EPEAT

In addition to ENERGY STAR, which focuses on the customer-use phase, we identify, mark and promote EPEAT® products. These products are rated on more than 50 environmental-performance criteria regarding design, production, energy use, product longevity and recyclability – with ongoing, independent verification of manufacturer claims. Materials used in TVs, computers and printers contain reduced amounts of hazardous materials, such as mercury and lead. Best Buy customers purchased nearly 7 million EPEAT-registered products, which collectively helped prevent the generation of hazardous materials equivalent to the weight of 36,000 refrigerators<sup>4</sup>.

## Solar Panels

Another way we help customers live more sustainable lives is by helping them utilize renewable energy, in the form of solar panels. More than 280 of our stores in 14 states have representatives from solar panel vendors SolarCity and Sunrun who are available to educate customers on the benefits of using solar panels and help facilitate installation. Through this relationship that began in 2014, Solar City has installed systems on more than 2,500 Best Buy customers' homes. The in-store solar experts can quickly use satellite imagery to assess the solar power potential in a customer's home, making the switch easy. Solar panels can be leased, installed and in-use within weeks.

1. Savings based on Best Buy's fiscal year 2015 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Electricity rate is \$0.121/kWh.

2. Savings based on Best Buy's fiscal year 2015 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR Program data regarding annual unit energy consumption.

3. Savings based on Best Buy's fiscal year 2015 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Emissions factors are 1.53 pounds CO<sub>2</sub>/kWh, 117.29 pounds CO<sub>2</sub>/MBtu, and 10,472 pounds CO<sub>2</sub>/car/year.

4. Savings based on Best Buy's fiscal year 2015 sales of EPEAT registered desktop computers, computer displays and notebook computers compared to non-EPEAT registered equipment, calculated using the U.S. EPA Electronics Environmental Benefits Calculator v 3.1 Savings result from avoiding the use of toxic materials such as lead in printed circuit boards and mercury in light sources, which require special handling and treatment at the end of the product life.

## Connected Home Products

An exciting new category for Best Buy, called Connected Home, features products that connect to smart devices to automate certain functions in a home. These products not only make our customers' lives easier and provide peace of mind, but many also deliver environmental benefits. Examples include:

**Smart Thermostats** – They save money and energy while improving the comfort of customers' homes. These new devices are “smart” because they are able to observe patterns and make adjustments such as turning off when the house is empty and dynamically building a profile based on actual household schedule, not pre-programmed inputs. Optimized performance not only reduces utility bills, it extends the lifespan of the home's heating and cooling equipment.

**Smart Lighting** – LED light bulbs are more energy efficient, contain fewer hazardous chemicals and last longer than a traditional bulb. Smart lighting systems provide even more power reduction options such as remote access and geo-fencing technology.

**Smart Irrigation** – Select Best Buy stores now carry a Wi-Fi enabled irrigation control that utilizes real-time weather data and analytics to use less water while maintaining a healthy yard. The device adjusts your sprinkler schedule according to weather data, turning it off when rain is forecasted. Further analytics adjust the amount of water for the type of soil in your yard. The system can conserve 15-40% of water – that's thousands of gallons of water per year, per household, which is especially relevant in parts of the U.S. where water scarcity is an issue.

**Energy Tracking** – Another energy-saving product that can be found at Best Buy stores is a home energy meter, which helps customers monitor electricity consumption real-time from a smartphone. This product can help identify the products in a home that are using an excessive amount of energy.

## Chemicals in Products

Over the past several years, there has been heightened awareness about potentially hazardous chemicals in products. Some consumer electronics contain chemicals necessary to protect against immediate safety concerns like fire hazards. At Best Buy, we are actively working to protect our consumers through safer alternatives or by eliminating potentially harmful chemicals.

With that in mind, we are making improvements to our Exclusive Brands products. We piloted a program that aims at reducing flame-retardants in Insignia TVs by removing the power supply from inside the TV. In its place is a new adapter-style external power source (similar to a laptop power cord) with a much smaller surface area, which reduces the amount of flame-resistant plastic in the overall product. This design improvement has eliminated approximately 157 tons of flame-retardants, in fiscal year 2015 alone, without reducing the fire safety for these products.

For our customers, the redesign makes repairs more convenient. Power supply issues, one of the most common issues in TV repairs, can be addressed by simply switching out the power source, as opposed to requiring a technician to take the TV apart.



## E-waste Recycling

Electronic waste (e-waste) continues to be one of the fastest growing waste streams on the planet and improper disposal is a worldwide problem. If not managed properly, e-waste that is landfilled or incinerated contributes to the depletion of valuable natural resources, and increases the demand for mining and processing of raw materials, a leading source of environmental pollution.

## One Billion Pound Goal Achieved

To address the issue of e-waste, in 2009 we established our recycling program. Consumers can bring most electronics into our stores (with a few restrictions), no matter where it was purchased or who made it, and recycle it for free. In addition, with a qualifying large appliance or TV purchase, Best Buy will haul away old appliances or TVs larger than in-store limitations for free from customers' homes.

Today, consumers in the U.S. recycle more electronics and appliances through Best Buy than any other retailer. In 2009, we set a U.S. goal to collect 1 billion pounds of consumer electronics and appliances for recycling by the end of 2014. In June of 2014, we met this goal. Best Buy renewed our commitment to the challenge of e-waste by setting a new goal to collect an additional 2 billion pounds of consumer electronics and appliances for recycling by the end of 2020. In fiscal 2015 alone, we collected about 125 million pounds of consumer electronics and 109 million pounds of appliances.

## Our Recycling Standards

At Best Buy, we provide a responsible way for our customers to recycle their old electronics. We promote environmental stewardship by requiring all of our recycling partners to comply with the highest industry standards regarding the reuse, refurbishment or recycling of products collected through our programs and the disposal of waste generated from the recycling process. In addition to our own standards, we require all electronics recycling partners to maintain an ISO 14001-certified (or equivalent) environmental management system, R2® and eStewards® certifications. These certifications ensure that all materials, including cathode ray tubes, are managed in an environmentally responsible manner.

## Customer Data Privacy and Recycling

Another concern when recycling electronics is ensuring that any customer data left stored on such products is handled appropriately. To ensure our customers' data is protected, we have strict data privacy protection requirements for our employees and our partners. We only work with pre-qualified companies in our secondary markets and we regularly audit our recycling partners to ensure compliance with our data privacy standards. Visit [BestBuy.com/Recycling](http://BestBuy.com/Recycling) for more information about how to recycle electronics at Best Buy stores. See page 35 for further discussion on customer data privacy.

## Challenge: Cathode Ray Tube (CRT) TVs

One challenge we face in the electronics recycling space is ensuring the proper handling and disposal of the materials contained in Cathode Ray Tube (CRT) TVs. CRT TVs contain an average of six pounds of lead as well as other hazardous materials. The leaded glass of CRT poses a particular challenge that even the most responsible recyclers struggle with as there is not a sizable market for re-use of the glass now that flat-panel TVs have replaced the CRT technology. According to a study conducted by the Consumer Electronics Association (CEA), an estimated 49 million U.S. households have CRT TVs today.

We are working with the industry to help solve this issue through our participation in the following working groups:

- EPA's Sustainable Material Management Working Group
- R2 Technical Advisory Committee

## **Battery Recycling**

Best Buy stores, service centers and distribution centers collected more than 143,000 pounds of used rechargeable batteries for recycling in 2014. The recycling kiosk located in each store accepts used rechargeable batteries as well as other recyclable items, making it quick and easy for customers to recycle. Best Buy partners with Call2Recycle® - North America's first and largest consumer battery stewardship program. For the past three years, Best Buy has been named a Call2Recycle Leader in Sustainability for our strong commitment to sustainability through our consistent participation in the program.

## **Recognition**

In 2014, Best Buy was awarded the EPA's Sustainable Materials Management (SMM) Electronics Challenge Champion and Gold Level Participant Awards. Award recipients at these levels are regarded as having the highest level of vision, coalition-building, and execution of programs and policies related to responsible used-electronics management. Best Buy received the award because of our convenient and accessible recycling locations, internal and external communication efforts about the value of recycling, comprehensive and successful recycling program and using certified third-party recyclers to handle all of our collected product.

# Other Issues

- Digital Divide
- Community Support
- Diversity & Inclusion
- Employee Engagement
- Data Privacy
- Product Safety
- Environmental Management
- Waste Diversion
- Political Activity
- Emerging Issue: Paper Procurement



## **Digital Divide**

According to the Federal Communications Commission (FCC), more than 100 million Americans lack access to broadband service and a home computer. At Best Buy, we believe future generations must have technology and digital literacy skills to compete in the global economy. With technology so ingrained in our society, it is imperative that everyone develops 21st-century skills for their future success. We have a responsibility to share our knowledge and resources to help underserved populations have access to and experience the benefits of technology. We are partnering with the federal government and national and local nonprofit organizations across the country to tackle this issue.

We provide underprivileged teens with access to the opportunities that technology can provide, helping build their technology skills and prepare for future careers. Best Buy Teen Tech Centers provide a safe place where teens can develop technology skills through hands-on activities such as coding, robotics, filmmaking, music production, graphic design, and mobile applications and game development. We partner with the Intel Computer Clubhouse Network to assist with program development, support the centers' staff and monitor results. Our four original centers are located in Chicago, Miami, San Antonio and Minneapolis, and in fiscal year 2015, we opened four more centers, located in Denver, New York, Seattle and Washington, D.C. We plan to open four additional Teen Tech Centers in fiscal year 2016.

Similar to the curriculum taught at Best Buy Teen Tech Centers, Geek Squad Academy is an interactive learning program that helps teens develop technology skills and consider technology-based career paths. We partner with local nonprofit organizations to host academies where Geek Squad Agents lead classes such as computer programming, digital photography, robotics and digital music creation. In fiscal 2015, we held academies in 41 cities across the U.S.

In fiscal year 2015, we launched the first Geek Squad Academy in Canada. The academy took place at Best Buy Canada headquarters in Burnaby, British Columbia. We are looking forward to further expanding Geek Squad Academy in Canada in fiscal year 2016.

## **Community Support**

Giving back to the community is core to how we do business at Best Buy. Every year through the Best Buy Foundation and our corporate giving programs, we help strengthen the communities where our employees and customers live and work. Our philanthropy aligns with our commitment to helping teens build their technology skills and prepare for college and future careers. Since 1999, we have donated more than \$300 million.

Our employees generously share their time and expertise volunteering with local organizations, and are essential to how we support our communities. We create opportunities for employees to participate in everything from leading technology workshops at schools to responding in times of disaster. Employees are encouraged to support causes that are personally rewarding and we recognize their involvement through the TagTeam Awards program, which gives monetary donations to nonprofit organizations where groups of employees volunteer their time.

We want to thank our customers who participated in the St. Jude Thanks and Giving Campaign<sup>®</sup> at Best Buy. The campaign is an annual fundraiser where retailers and corporations, celebrities and the media unite in encouraging people to support the work of St. Jude—the Tennessee-based children's research hospital that serves pediatric patients from all 50 states and around the world. Our customers donated nearly \$10 million to St. Jude in fiscal year 2015.

## Diversity & Inclusion G4-10, HR3, LA12

In order to lead and innovate in our fast-changing industry, we have a responsibility to encourage new ideas, reward high-quality work and empower our employees to take control of their careers. By treating each other respectfully and ethically at all times, we unleash the unique talents, skills, and perspectives that reside within every one of us.

Best Buy is not merely a company, it is a community of people. And, like any other community, we are continually energized by the uniqueness of every individual. That is why we aspire to celebrate differences and place value on diversity in everything we do. Best Buy will not discriminate based on age, sex, race, color, ethnicity, citizenship, national origin, sexual orientation, gender identity, creed, religious preference or belief, disability, marital/family status or any other characteristic protected by law. Other characteristics may be recognized and protected under specific national, provincial, state or local laws, regulations, or ordinances. Best Buy is dedicated to ensuring this policy is followed during hiring, selection for training, promotion, transfer, layoff, termination, leaves of absence, rates of pay or any other term or condition of employment. When needed, Best Buy will provide reasonable accommodations for disabled employees or those with specific religious requirements. Acting in accordance with these guidelines shows respect, humility and integrity while helping to create a positive work environment for everyone.

Best Buy promotes participation in our Employee Business Networks (EBNs), which are groups of employees who form networks based on a dimension of diversity, such as: age, race, ethnicity, gender, disability, sexual orientation and gender identity. These groups are led by employees and promote an inclusive environment.

Employee Diversity	FY13	FY14	FY15
Hispanic Employees (U.S.)	15%	17%	18%
African-American Employees (U.S.)	13%	14%	15%
Asian-American Employees (U.S.)	4%	4%	4%
Female Employees (Enterprise)	31%	30%	28%
Female Executives (V.P. and above), (U.S.)	31%	31%	34%

Board of Directors Diversity	Members
Total Number of Directors	12
Hispanic Board Directors	0
African-American Board Directors	0
Asian-American Board Directors	2
Female Board Directors	2

## **Employee Engagement**

### **eVoice Survey**

We ask employees from across the organization what they think about working at Best Buy. We use a formal survey called eVoice to establish a baseline of employee engagement and identify areas to improve the employee experience. The eVoice survey collects feedback from employees across the enterprise in Canada, China, Mexico and the U.S. The survey provides insight not only into employee engagement, but 11 other dimensions of the workplace environment.

When employees can bring their whole selves to work, there are better outcomes for the individual and the organization. We know that higher levels of employee engagement correlate to better customer experience, stronger financial performance and higher levels of retention, which is why we strive for a highly engaged workforce.

We surveyed our employees twice during fiscal year 2015 and saw the percent of engaged employees grow to 85 percent. We increased an average of 400 basis points on all dimensions of the survey. We also experienced a historically-high level of participation in fiscal year 2015.

All leaders are expected to use survey results to build action plans with their teams to improve their engagement levels. Using feedback from the fiscal year 2015 survey, leaders committed to further improving the employee experience and action planning at enterprise and functional levels. There will be continued focus on improving Best Buy's overall leadership capability through:

- Introduction of a leadership development program
- Ongoing 360 feedback and annual talent reviews
- Training to support more frequent and specific performance feedback to each employee

### **Leadership Expectations**

In fiscal year 2015, Best Buy launched a program called Leadership Expectations, an effort to be explicit and transparent in the behaviors people-managers need to model and reinforce.

A leader at Best Buy:

- Lives the values – Exhibits behaviors foundational to and characteristic of the best of Best Buy
- Leads people – Recognizes diverse talent and develops self, individuals and the team
- Sets direction – Sees through complexity, considers alternatives and finds the best possible path
- Drives results – Sets expectations, drives accountability and moves the team/organization to achieve goals

### **Net Impact Corporate Chapter**

Best Buy engages employees around sustainability issues through a chapter of the global nonprofit, Net Impact. Net Impact's 60,000 members use the power of business to make a positive social and environmental impact. At Best Buy, the chapter focuses on educational events, networking, campus "greening" projects and community service. In fiscal 2015, the Best Buy Net Impact Chapter earned silver status and served as a host chapter for the yearly global conference.

## **Data Privacy G4-PR8**

Best Buy is committed to protecting the privacy of our customers' information and we use a variety of information security measures to protect their transactions and valuable data. Whether customers are shopping online or in our stores, we use security best practices to protect the confidentiality of personal information under our control, and we appropriately limit access to it. Our websites use encryption technology, such as Secure Sockets Layer (SSL), to protect customers' personal information including names, addresses and credit card numbers. Information provided to us via our in-store kiosk does not traverse the public Internet.

We have also been awarded the TRUSTe Privacy Seal—meaning our privacy policy and practices are in compliance with TRUSTe's program requirements. Specific details of Best Buy's commitment is detailed in Best Buy's Privacy Policy ([BestBuy.com/Privacy](http://BestBuy.com/Privacy)). Best Buy employees and contractors are required to understand and comply with the policies, standards and guidelines concerning data privacy and protection, and know how they apply to each person's work to ensure we respect and protect our customers' privacy.

In fiscal year 2015, Best Buy did not report any substantiated complaints regarding breach of customer privacy and loss of customer data.

## **Product Safety G4-PR1**

It is essential, as a responsible retailer, to ensure the products we sell are safe for customers. To stay apprised of regulatory issues and trends that impact our product safety program, we hold memberships in the Retail Industry Leaders Association (RILA) Product Safety Committee, the Consumer Electronics Association (CEA) Product Safety Working Group and the International Consumer Product Health and Safety Organization (ICPHSO). In fiscal year 2015, Best Buy hosted the ICPHSO regional conference.

Within product safety, we focus on four areas:

- General product safety compliance
- Hazardous substances (such as ROHS, TSCA and others)
- Energy efficiency programs
- Radio-frequency interference compliances (FCC rules for radio noise and communications)

One of the safety issues we are actively working on involves TV tip-over incidents. Our solution, in patent-pending status, allows customers to secure their TVs without using tools or putting holes in walls or furniture—yet the solution still allows for adjusting TV viewing angles.

Concurrently, we have committed to the Consumer Product Safety Commission to work on providing consumers with more knowledge on placing TVs in safe locations within a residence. One step we've taken is including CEA-based television safety instructions directly on top of the TV within Insignia TV packaging (not just in the manual) to increase likelihood of consumer readership.

At Best Buy, we use social media to track customer complaints and immediately share product recall information via our @BestBuySupport Twitter handle (in addition to our traditional safety recall communications measures). We assess our product categories for safety improvements on an ongoing basis and we are pleased to report that in fiscal year 2015, there were no safety recalls on our private label products.

## Environmental Management G4-EN29

To help manage progress toward our environmental goals and ensure compliance, we use an ISO 14001-certified Environmental Management System (EMS). The certification, awarded in June 2012, covers all U.S. operations and made us the first U.S. large-format retailer to earn this certification.

As part of our Environmental Statement (**Corporate.BestBuy.com/Sustainability**) Best Buy commits to:

- Systematically manage and continuously improve the environmental performance of our operations and supply chain
- Provide customers with a variety of product options and the best information available so they can make sustainable choices
- Continue to develop appropriate waste minimization, pollution prevention and accessible recycling programs
- Comply with all applicable environmental laws and regulations

We are pleased to report no significant fines or non-monetary sanctions implemented against Best Buy for environmental non-compliance.

## Water Reduction G4-EN8

In calendar year 2014, we used about 1.5 million cubic meters of water in our U.S. operations. As with other environmental resources, we seek to minimize our impact through building design, operational monitoring and usage reduction programs.

## Waste Diversion G4-EN23

We are working with our waste management partners to increase our landfill diversion rate for U.S. operations. We are seeking to achieve an 85% diversion rate for all U.S. operations by the end of fiscal year 2020. In fiscal year 2016, we are looking to incorporate Canada into the enterprise waste diversion strategy.

These are the initiatives driving our progress:

- **Collaborating with our vendor partners to further expand capabilities of recyclable materials.** In fiscal year 2015, we expanded our recycling to include metal – mostly consisting of store fixtures and shelving. These materials are now being backhauled to distribution centers and processed by a metal recycler instead of going to landfill.
- **Developing solutions to convert a retail waste stream into a sellable commodity.** We are looking to add cardboard balers to the hundreds of stores that do not currently house the equipment. One challenge needed to overcome is limited warehouse space in our small-format stores. The ability to bale cardboard brings an environmental benefit as well as a financial win for the company.
- **Investing in new recycling equipment for distribution centers.** We invested in foam densifiers to combat the increased usage of expanded polystyrene used in shipping products to us from vendors. These machines will divert a greater amount from landfill, reduce labor and create transportation efficiencies.

## Waste Data

Waste Type	Pounds
Hazardous waste volume	17k lbs.
Universal waste (lamps, batteries) volume	41k lbs.
Non-hazardous waste recycled	
-Paper/cardboard	74 mil. lbs.
-Plastic	2.9 mil. lbs.
-Metal	979k lbs.
Non-hazardous waste landfilled	62 mil. lbs.
Non-hazardous waste composted	196k lbs.

In its disposal of hazardous materials, Best Buy utilizes authorized methods, including recycling, incineration and use of authorized landfills. Best Buy's service providers determine which disposal method to use by referring to hazardous waste management methods conversion tables. The Conversion tables outline approved disposal methods by specific hazardous waste code.

## Political Activity G4-SO6

We believe it is important to work with policymakers on issues impacting our customers, employees, businesses, shareholders and communities. We know that collaboration helps bring about change that better serves the communities where we live and work. Our public policy work directly aligns with our business strategy, as well as our aspiration to be environmentally and socially accountable for our brands and business operations worldwide.

In 2014, public policy priorities for Best Buy included:

**E-Fairness** – Best Buy supports passage of e-fairness legislation, which would allow states to apply sales tax collection laws fairly to all sellers, whether they sell online, in stores, or both. Jobs are at stake as retailers of all sizes are unable to compete with online-only players who have a meaningful unfair advantage.

**Financial Services** – Access for consumers to affordable credit is critical to our customers and the growth of our business. Best Buy supports policies aimed at protecting important credit offerings for consumers and reducing credit and debit card interchange fees.

**Cybersecurity and Data Privacy** – Customer and employee privacy and data security are essential to our customers, employees and the growth of our business. Best Buy is committed to safeguarding customer data and also ensuring a relationship with our customers that better understands and serves their needs and interests.

**Supply Chain** – Best Buy supports policies that help trade flow as freely as possible while promoting a safe and secure supply chain.

**Connectivity** – Best Buy strongly supports the goal of ensuring broadband availability and access to help expand educational opportunities and spur job creation and innovation.

**Energy & Environment** – Best Buy supports policies that promote the responsible recycling of electronic waste, address growing concerns related to climate change, and encourage energy efficiency in design and sale of products.

## **Political Contributions**

Best Buy did not make any political contributions directly to candidates in 2014. The organizations below received funding totaling \$260,000. All contributions over \$5,000 are reviewed and approved by the Best Buy Contributions Steering Committee.

Democratic Governors Association  
Democratic Attorneys General Association  
Democratic Legislative Campaign Committee  
Republican Governors Association  
Republican Attorneys General Association  
Republican Legislative Campaign Committee

Please see the [Best Buy Political Activity & Government Affairs Policy](#) and the [Best Buy 2014 Political Activity Report](#) for additional information.

## **Emerging Issue: Paper Procurement**

As part of our environmental stewardship, we are committed to the protection and efficient use of the world's resources, including the forests used for the paper we procure. In fiscal year 2015, Best Buy was approached by a stakeholder and encouraged to review our paper procurement corporate statement. Acting on this feedback, we worked internally to shift our procurement requirements. We are working with Business for Social Responsibility (BSR) to gather a wide range of stakeholder perspectives and will incorporate their feedback into a revised paper procurement corporate statement.

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