



FISCAL YEAR 2019

**CORPORATE RESPONSIBILITY &
SUSTAINABILITY REPORT**

In the second year of our *Best Buy 2020: Building the New Blue* growth strategy, we continued to focus our efforts around our purpose to enrich lives through technology and our philosophy to contribute to the common good. We are proud of our accomplishments over the past year, including strong financial performance, significant achievements in our Environmental, Social & Governance initiatives, and the addition of three new Board members. We also just announced an evolution of our leadership roles that we believe will support the long-term success of the company.

During FY19, we introduced enhanced benefits for our employees, expansion of our In-Home Advisor program, the nation-wide launch of our Total Tech Support offering, and the acquisition of GreatCall, a leading connected health services provider for aging consumers. We are proud of the performance we achieved, including revenue of \$42.9 billion and 4.8 percent enterprise comparable sales growth. Our total shareholder return for 2016 to 2018 is 125.5 percent, while the average of the S&P 500 is 64.5 percent. Concurrently, we maintained high employee engagement scores and further reduced store turnover rates to record lows.

We seek to apply our sense of corporate responsibility and focus on sustainable development to our interactions with all our stakeholders, including our customers, our employees, our vendor partners, our stockholders, the communities in which we operate and the environment. We are proud that we were recently ranked No. 1 on *Barron's* Most Sustainable Companies list and were one of two U.S. retailers named to Ethisphere's World's Most Ethical Companies list.

As a company, we believe diversity and inclusion is important to our employees, customers and shareholders. In support of our strategy and this belief, we are proud of the highly relevant and diverse set of skills we have assembled on our Board over the last several years. We note that our Board is now comprised of seven women and six men, and that a third of our Board members are people of color, which makes us a leader in gender and ethnic diversity among public company Boards.

After seven years of leading the company, am transitioning to the role of Executive Chairman of the Board. Corie Barry, our former Chief Financial and Strategic Transformation Officer, is our new Chief Executive Officer as of June 11, 2019. Corie has played a critical role in the development and execution of our proven growth strategy, and has the vision, skills, experience and leadership capabilities necessary to guide our company and its environmental, social and governance initiatives toward a bright future.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Hubert Joly', written in a cursive style.

Hubert Joly
Executive Chairman
Best Buy Co., Inc.

About Best Buy.

We at Best Buy work hard every day to enrich the lives of consumers through technology, whether they come to us online, visit our stores or invite us into their homes. We do this by solving technology problems and addressing key human needs across a range of areas, including productivity, communication, security and health.

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

Today, Best Buy has more than 1,000 large-format stores across North America. During FY19, the company employed approximately 125,000 people and generated \$42.9 billion in revenue.

In the U.S., our operations consist of Best Buy and BestBuy.com, Best Buy Business, Best Buy Express, Geek Squad, Magnolia Home Theater, and Pacific Kitchen & Home.

The International segment is composed of all operations in Canada and Mexico under the brand names Best Buy, Best Buy Express, Best Buy Mobile and Geek Squad and the domain names **BestBuy.ca** and **BestBuy.com.mx**.



Awards and recognition.

Barron's – Most Sustainable Companies (No. 1)

Best Buy earned the top spot on *Barron's* Most Sustainable Companies List. The rating is based on more than 200 data points including community engagement, human rights, carbon emissions, business ethics and more.

Ethisphere – World's Most Ethical Companies

Best Buy received this honor based on a comprehensive assessment of its wide-ranging efforts to operate as a responsible, values-driven global enterprise. Best Buy was one of only two U.S. retailers on the list.

CDP – Climate A List

CDP (formerly Carbon Disclosure Project) named Best Buy to their Carbon A-List, for leadership in carbon reduction and management systems. Best Buy was one of only two U.S. retailers on this year's list of 126 companies.

Dow Jones Corporate Sustainability Assessment

Best Buy was named to the Dow Jones Sustainability Index, informed by the Corporate Sustainability Assessment, for the eighth year. Best Buy was one of only two U.S. retailers to be included on the index.

FTSE4Good Index

Best Buy was named to the FTSE4Good Index for the fifth year. The index includes publicly traded companies with strong environmental, social and governance (ESG) practices.

Training Magazine – Top 125 Companies for Training (No. 3)

Best Buy was ranked No. 3 in the world by *Training Magazine*. The list recognizes companies for excellence in employee training and development, from budget and results to creativity.

Institutional Shareholder Services (ISS) E&S QualityScore

Best Buy scored 1 for Environmental and Social disclosure by ISS (highest possible score).

MSCI ESG Ratings

Best Buy earned a AAA ESG rating (highest possible) from MSCI ESG Research. MSCI Inc., is a global provider of equity, fixed income, hedge fund stock market indexes, and multi-asset portfolio analysis tools.

ENERGY STAR® Partner of the Year – Sustained Excellence

Best Buy was named an ENERGY STAR® Partner of the Year by the U.S. Environmental Protection Agency for the sixth year in a row.

Oekom Corporate Ratings

Best Buy was awarded Prime status by ISS-oekom, a global leader in corporate governance and responsible investment.

Human Rights Campaign – Best Places to Work for LGBTQ Equality

For the 14th year, Best Buy achieved a perfect rating of 100 and earned the designation as a Best Place to Work for LGBTQ Equality.

Corporate Responsibility Magazine – Best Corporate Citizens

For the fourth year in a row, Best Buy has been named to the list of 100 Best Corporate Citizens.

Disability Equality Index

Achieved a perfect rating of 100 and earned the designation of a Best Place to Work for Disability Inclusion.

St. Jude Children's Research Hospital's® Thanks and Giving® Campaign

For the third consecutive year, Best Buy finished as the top fundraising partner, raising \$20.8 million over the holiday season.

Strategy.

In FY19, we made significant progress in implementing our Best Buy 2020 strategy to enrich lives through technology and further develop our competitive differentiation by expanding what we do for our customers and how we interact with them.

The first example is the launch of our Total Tech Support program. Having a service that provides members unlimited Geek Squad support for all their technology no matter where or when they bought it, is a compelling value proposition for our members. We also expanded our In-Home Advisor program from 300 advisors to about 530 advisors and provided more than 175,000 free, in-home consultations to customers across the nation. In health, we acquired a leading connected health services provider for aging consumers, GreatCall, and took a tangible step forward in our strategy to help seniors live longer in their homes with the help of technology. We continued to elevate the customer experience around product fulfillment, enabled by the advancement of our supply chain transformation.

In parallel to the customer experience work, we continued to drive efficiencies and reduce costs in order to fund investments and offset pressures. During FY19, we achieved \$265 million in annualized cost reductions and efficiencies, bringing the cumulative total to \$500 million towards our current goal set in the second quarter of FY18 to reach \$600 million by the end of FY21.

In addition to these accomplishments, we are proud of our progress in advancing our Corporate Responsibility and Sustainability efforts. In fact, we were just named number one on *Barron's* annual 100 Most Sustainable Companies list.

Looking ahead, we are focused on pursuing the opportunities in front of us to enrich lives through technology and provide services and solutions that solve real customer needs and build deeper customer relationships, and the related value creation opportunities that this entails.

In FY20, our priorities include increasing our Total Tech Support member base, growing our Health business and continuing to expand our In-Home Advisor program. We will also continue to innovate and design multi-channel experiences across our website, app and other channels in ways that enhance the experience across online and physical shopping and continue with our supply chain transformation, including using automation and process improvements to expand fulfillment options, increase delivery speed and improve delivery and installation. In addition, as has been our brand over the last several years, we will keep driving cost reductions and efficiencies throughout the business.

Impacts, risks and opportunities.

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 responsible sourcing of raw materials to the reuse and proper recycling of materials after the product life has ended.

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 FY19 Annual Report on form 10-K, relates to natural disasters and changes in the climate. The risk or actual occurrence of various catastrophic events could materially adversely affect our financial performance. Such events could be caused by, for example, natural disasters or extreme weather. These events can negatively impact our workforce, prevent employees and customers from reaching our stores and properties, and disrupt or disable portions of our supply chain and distribution network. Because of these catastrophic events, we might endure interruption to our operations or losses of property, equipment or inventory, which would adversely affect our revenue and profitability.

Among our sustainability priorities and opportunities is supporting customers through the life of their products. Our Geek Squad Agents extend the life of products through repair services. We provide a second useful life through the Best Buy Trade-In Program. And we continue to operate the most comprehensive consumer electronics recycling program in the U.S. Providing these convenient options to customers creates a competitive opportunity for Best Buy. Additionally, carbon reduction is another key sustainability priority and opportunity.

Focus on priority issues.

Utilizing internal and external points of view, in FY17 and FY18 we partnered with Corporate Citizenship to conduct a sustainability 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. We will revisit our material issues in FY20 to take into consideration our new acquisitions and our increasing focus on health.



Identification

The first step in our materiality process is identifying potential issues. Our universe of issues draws from several inputs that include past materiality assessments, activist communication, shareholder proposals, industry trends, peer benchmarking, and laws and regulations.

Prioritization

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

We elicited feedback by interviewing our executives and surveying leaders within the organization including members of the following teams: Compliance, Consumer Insights, Exclusive Brands, Human Resources, Legal, Marketing, Merchandising, Public Affairs, Real Estate, Services, Sourcing and Supply Chain.

We also surveyed external stakeholders 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, select external stakeholders were interviewed for a deeper understanding of their point of view.

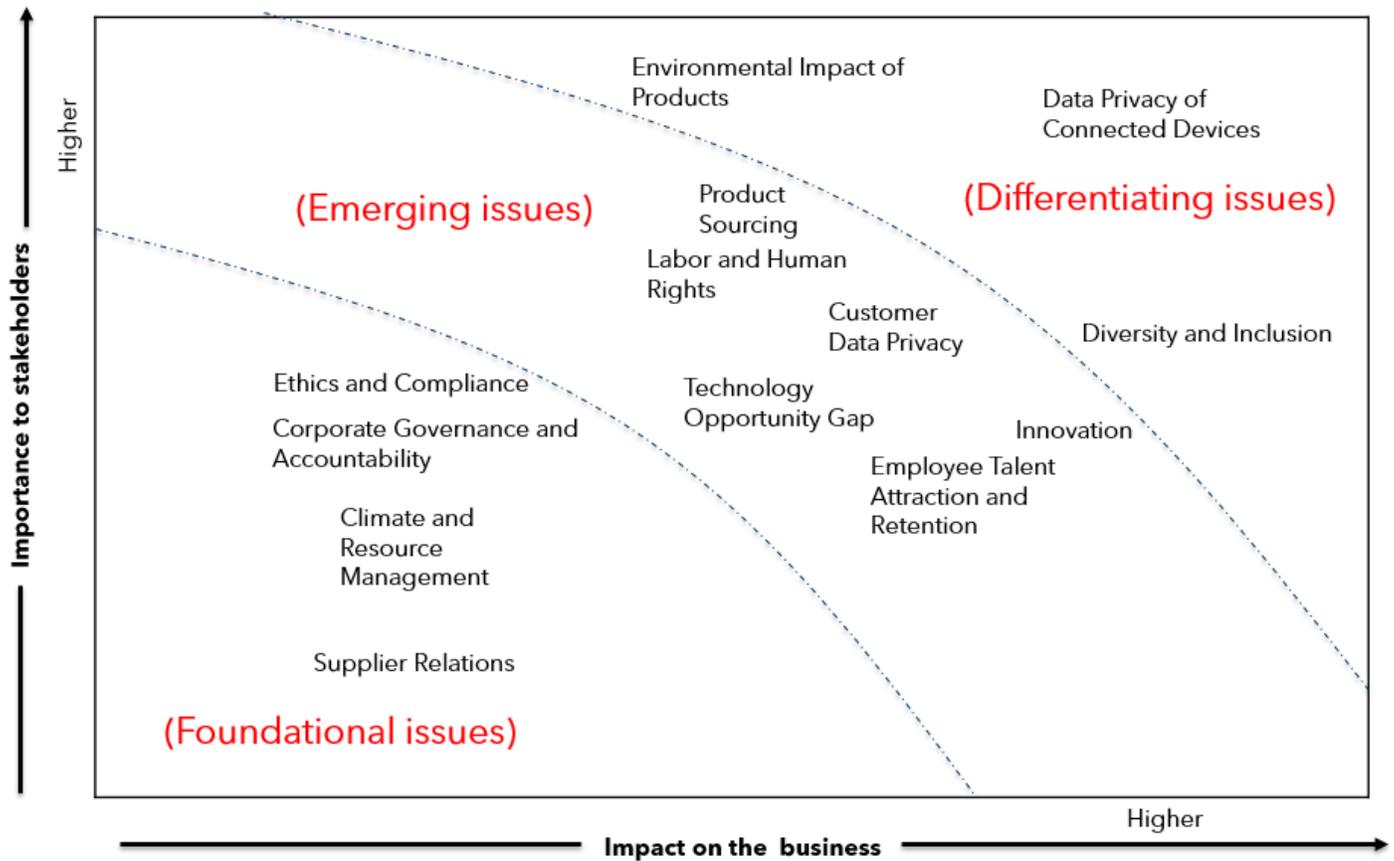
Validation

In this step, the Corporate Responsibility & Sustainability team reviews the results and sets the priority issues.

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 report is presented to the Best Buy Board of Directors upon completion each June. We look forward to experiencing continuous improvement of our report through the review process.

Issues matrix.



Based on the surveys and interviews, the issues were plotted on a matrix based on a five-year outlook. All of the issues listed are of high importance to both external stakeholders and our business, however, the issues were categorized by the degree to which internal and external stakeholders believe we should intensify our efforts to grow our business.

Aligning with Sustainable Development Goals.

The United Nations Sustainable Development Goals have been widely accepted as collective aspirational goals. While Best Buy is not currently a member of the United Nations Global Compact, we embrace the objectives and many of our programs directly support the goals as shown below.

	Community	People	Environment
 <p>4 QUALITY EDUCATION</p>	✓		
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>			✓
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	✓	✓	
 <p>10 REDUCED INEQUALITIES</p>	✓	✓	
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>			✓
 <p>13 CLIMATE ACTION</p>			✓

Stakeholder engagement.

We form relationships with the many people and organizations that have a collective stake in what we do. We interact daily and in a variety of ways with our employees, our customers and our communities. 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 three priority areas: Community, People and Environment.

- Best Buy **employees** participate in a formal engagement survey every 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 and individuals who chose to not purchase from us in order to elicit feedback relating to their overall satisfaction with Best Buy;
- We have regular interaction with **elected officials** and staff at the local, state and federal levels, government agencies and associations on issues that affect our business;
- We have ongoing contact with our **investors** through calls and meetings, stakeholder councils 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, to advance the progress in our focus areas; and
- We partner with our product **vendors** and manufacturing suppliers to innovate and bring additional business value.

Association memberships.

Aspen Institute
Business for Social Responsibility (BSR)
Business Renewables Center
Business Roundtable
Carbon Disclosure Project (CDP) Reporter Services
Ceres
Consumer Technology Association (CTA)
Council of State Retail Associations
Environmental Initiative – Minnesota Sustainable Growth Coalition
Ethics & Compliance Initiative (ECI)
Ethisphere
Future of Privacy Forum
GreenBiz Executive Network Member
Green Chemistry and Commerce Council (GC3) – Retail Leadership Council
International Association of Privacy Professionals (IAPP)
International Consumer Product Health and Safety Organization
Issues Management Council
National Association of Environmental Managers (NAEM)
National Center for Electronics Recycling
Net Impact – Corporate Advisory Council
Public Affairs Council – Board of Directors
Responsible Business Alliance – Board of Directors
Responsible Labor Initiative
Responsible Minerals Initiative – Chair, Steering Committee
Retail Industry Leaders Association (RILA) – Board of Directors and several working groups
Society of Corporate Secretaries and Governance Professionals
Sustainable Brands
World Resources Institute – Customer Consultative Group and Clean Power Council

About this report.

Store Development.

We had 1,187 large-format and 51 small-format stores throughout our Domestic and International segments at the end of FY19. Our stores are a vital component of our multi-channel strategy and we believe they are an important competitive advantage. We have the ability to ship from all of our Best Buy stores in the U.S. and all of our large-format stores in Canada. Customers may also elect to pick up orders initiated online in any of our stores. Beginning in 2013, we opened vendor store within-a-store concepts to enable closer vendor partnerships and a higher quality customer experience. In FY20 and beyond, we will continue to look for opportunities to optimize our store space, renegotiate leases and selectively open or close locations to support our operations.

On March 1, 2018, we announced our intent to close all of our 257 remaining Best Buy Mobile stand-alone stores in the U.S., and all remaining stores were closed during the second quarter of FY19. The mobile stores comprised only 1 percent of square footage and generated less than 1 percent of revenue.

Report Timing.

Best Buy publishes a yearly Corporate Responsibility & Sustainability Report. This report covers FY19 (Feb. 4, 2018 – Feb. 2, 2019). Our previous report covering FY18 was released in June 2018.

Verification.

An independent third-party organization (POINT380) verifies 100 percent of our Scope 1, 2 and 3 carbon emissions using the ISO14064-3 standard.

Boundaries.

This report includes 99 percent of our operations in the U.S., Canada and Mexico.

The Responsible Sourcing section of this report includes our non-U.S. Exclusive Brands contracted suppliers.

On October 1, 2018, we acquired all of the outstanding shares of GreatCall, Inc. ("GreatCall"), a leading connected health services provider for aging consumers that offers easy-to-use mobile products and connected devices.

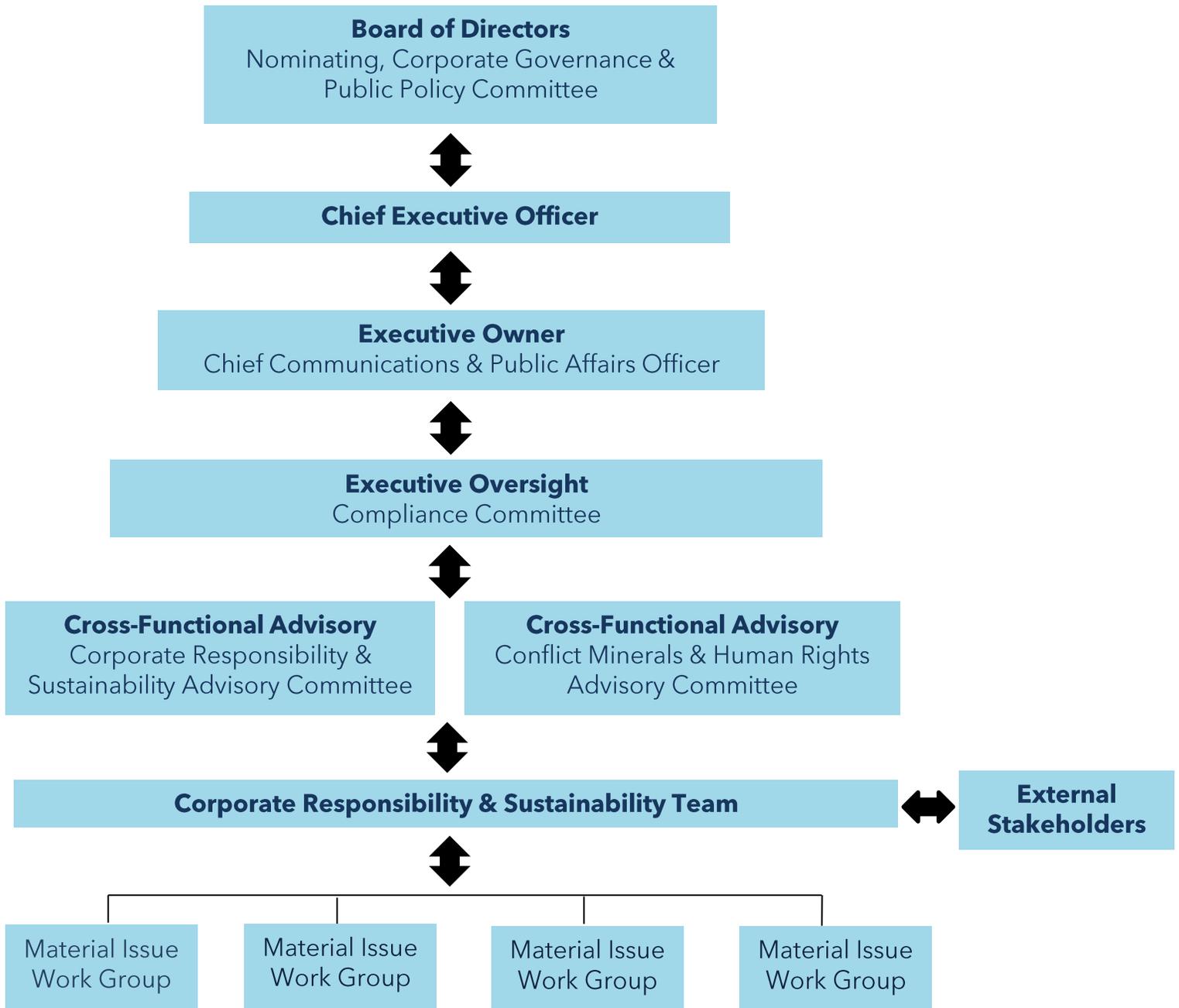
For more information and full financial disclosures, please see the Best Buy FY19 Annual Report on Form 10-K at **Investors.BestBuy.com**.

This report has been prepared in accordance with the GRI Standards: Core option. Feedback about this report is welcome at CorporateResponsibility@BestBuy.com.



Corporate Responsibility & Sustainability governance.

Strong governance practices are critical enablers of a company's success. Our corporate responsibility governance structure starts at the highest levels of our company. The independent Nominating, Corporate Governance & 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 any relevant strategies and risks. In addition, we have leaders from across the company who advise our CR&S programs and initiatives, support integration and assist in setting goals and measuring results.



Ethics.

We know that each of our stakeholders expect that we operate in an entirely ethical manner. Ethics is a critical foundation for every company. It is about doing the right thing.

Our Code of Ethics (located at [BestBuyEthics.com](https://www.bestbuy.com/BestBuyEthics.com)) is a resource, which details the fundamental beliefs, principles and expectations of all of us at Best Buy. We also expect our suppliers, vendors and third-party business partners to uphold the same high standards of business conduct as we do. The specific requirements that they must meet are outlined in our Supplier Code of Conduct located on our partner portal ([Partners.BestBuy.com](https://www.bestbuy.com/Partners.BestBuy.com)).

We expect everyone, at every level of the company to:

- *Live Best Buy's purpose, guiding behaviors and values.* It all begins with that.
- *Use good judgement and act with integrity and honesty.* We cannot – and will not – emphasize performance at the expense of our integrity.
- *Follow all policies and laws.* Complete all trainings assigned – that's the best way to learn.
- *Speak up if misconduct or unethical behavior is suspected.* It's always the right thing to do.

We do well by doing good. In every decision. Every day.

Purpose: Enrich lives through technology.

Rallying Cry: Let's talk about what's possible.™

Guiding Behaviors:

- **Be human.** Put people before all else.
- **Make it real.** Bring the extraordinary into the everyday.
- **Think about tomorrow.** Account for what comes next, it makes all the difference.

Values:

- Unleash the power of our people.
- Learn from challenge and change.
- Show respect, humility and integrity.
- Have fun while being the best.

Political activity.

Best Buy engages in the political process by developing and advocating public policy positions that directly impact our business, employees, customers, shareholders and communities. In line with its commitment to transparency, Best Buy discloses our efforts, priorities and any use of corporate funds for political purposes.

In 2018, public policy priorities for Best Buy included:

Trade: Support trade policies that address trade barriers disproportionately challenging to businesses but responses to those unfair trade barriers should seek to minimize impacts to American consumers so as not to increase costs of tech products.

State E-fairness: Support passage of state e-fairness legislation, which would allow retailers to compete on a level playing field while serving customers across all selling channels.

Workforce Issues: Support policies that provide employers the flexibility to attract and retain talent by offering competitive wages, benefits and flexible scheduling.

Financial Services: Protect critical credit offerings and continue to reform debit and credit interchange system to reduce expenses and increase competition in payments market.

Cybersecurity, Data Privacy & Internet of Things: Committed to safeguarding customer data and ensuring a relationship with customers that better understands and serves their needs and interests.

Supply Chain & Infrastructure: Support investments to the nation's multi-modal infrastructure and the free flow of commerce while promoting a safe and secure supply chain.

Energy & Environment: Promote the responsible recycling of electronic waste and policies that encourage energy efficient design and innovation.

Emerging Technologies & Innovation: Support policies that allow for the emergence of new, innovative technologies and products that improve consumers' lives.

Political contributions.

Best Buy did not make any political contributions directly to candidates in 2018. The organizations below received funding totaling \$180,000. All contributions of more than \$5,000 are reviewed and approved by the Best Buy Contributions Steering Committee.

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

Best Buy maintains an employee-funded political action committee (“Best Buy Employee Political Forum”), and its activity can be viewed at www.fec.gov. Please see the Best Buy Political Activity & Government Affairs Policy and the Best Buy 2018 Political Activity Report on Corporate.BestBuy.com/Advocacy for additional information.

COMMUNITY

We are unleashing the limitless possibilities of technology, ensuring young people have an opportunity to pursue their dreams.



Addressing key issues: tech education gap.

Technology know-how is crucial for young people preparing to enter the job market. However, 50 percent of public school students are living in underserved communities where there is little access to technology. In addition, only 23 percent of low-income students starting high school are prepared adequately for college by graduation.

Together with our partners, we are preparing youth from underserved communities for the careers of the future, and helping to unlock their potential. Because talent is equally distributed, but opportunity is not.

Driving collective impact.

To address these challenges, we take a collective impact approach, working with key stakeholders and like-minded companies, philanthropies, nonprofits and leaders in communities nationwide. Together, we are working to ensure youth have the opportunity to thrive.

Thank you to our partners for their support!



Signature programs.

Our pathway of programs connects young people with resources to realize their potential and channel their talent, energy and ideas into bright futures.



Geek Squad Academy

Ages 12-14

Introduction to tech through a series of high-energy, interactive classes run by Best Buy employees.



Teen Tech Centers

Ages 13-21

Engagement with professional-level tech training and mentorship in a creative, supported out-of-school-time environment.



Career Pathways

Ages 17-21

Year-long technical training program focused on high-demand fields such as cyber security, programming and digital media.

Program hallmarks.



Tech tools, education and training that ignite curiosity and broaden horizons



Career programs that provide a bridge to opportunity and future success



Employee engagement channeled toward tech education



A collective impact coalition dedicated to building brighter futures for young people around the country

Geek Squad Academy.

Geek Squad Academy (GSA) is an immersive education experience that introduces students from underserved communities to the latest technology through fun, interactive workshops. Best Buy partners with local nonprofits and other organizations to provide these experiences to students ages 12 to 14 through two-day camps and one-day experiences. Classes include robotics, circuits and logic, 3D design, HTML and web design and internet security.

Since its inception in 2007, GSA has inspired more than 40,000 youth from underserved communities to become the next generation of engineers, entrepreneurs, designers and leaders. In FY19, we held GSA events in 50 cities across the country.

All of our GSA classes are taught by the true tech experts — our local Blue Shirts and Geek Squad Agents. Each year, more than 1,000 employees engage with GSA. It's their passion and energy that makes GSA such a unique experience.



Best Buy Teen Tech Centers.

Teen Tech Centers are safe, after-school learning environments equipped with cutting-edge technology where youth learn new skills, stay on-track with school, benefit from positive adult and peer relationships, and explore career interests. Our local employees are engaged with our Teen Tech Centers as volunteer mentors and tech educators.

Access



Inspiration



Opportunity



In collaboration with a national nonprofit, The Clubhouse Network, and modeled after MIT's Media Lab, our proven learning approach bridges the gap between the classroom and the real world. We meet youth where they are and put them in the driver's seat of their learning journey.

Encouraging makers and doers.

Youth are actively engaged in designing, creating and innovating.

Fostering collaboration.

Our Teen Tech Centers foster a collaborative environment across cultures and backgrounds to facilitate peer-to-peer learning.

Supporting self-agency.

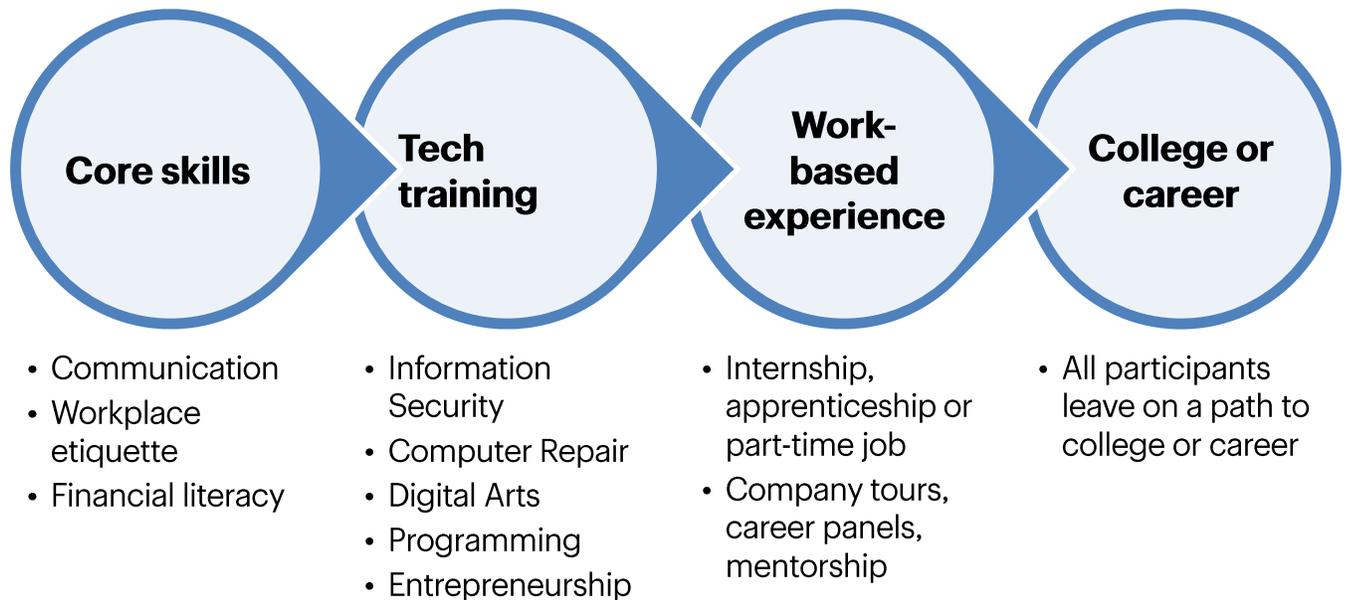
With the guidance of adult mentors, youth are encouraged to experiment, take risks and make mistakes in order to learn and innovate.



Career Pathways.

Within Best Buy Teen Tech Centers, we are not only bridging a tech education gap, but also helping build a talent pipeline for Best Buy and other partner organizations. Our newest program, Career Pathways, is designed to facilitate technology training and skills development in high-demand fields such as cyber security, coding and IT support. The yearlong program combines core technical skill development with work-based experience resulting in a path to college or a career. We partner with businesses to design curriculum and create meaningful placements so teens are prepared for successful careers.

New to the Career Pathways program is a career track specific to building a Best Buy retail employee pipeline.



We work with several organizations to bring the Career Pathways program to life, including:

- [Cyber Seniors](#)
- [The GRAMMY Museum](#)
- [Hispanic Heritage Foundation](#)
- [Mouse](#)
- [Per Scholas](#)
- [Youth Radio](#)

Best Buy Teen Tech Center locations (as of May 1, 2019):

ARIZONA

Boys & Girls Clubs of Metro Phoenix, Jerry Colangelo Branch

CALIFORNIA

P.F. Bresee Foundation – Los Angeles
Alternatives In Action – Oakland
Boys & Girls Clubs – San Marcos

COLORADO

Gold Crown Enrichment – Lakewood

CONNECTICUT

YMCA – Wilson-Gray Branch – Hartford

FLORIDA

HANDY (Helping Advance and Nurture the Development of Youth) – Fort Lauderdale

ILLINOIS

Little Black Pearl – Chicago

INDIANA

Martin Luther King Community Center – Indianapolis

LOUISIANA

New Orleans Public Library

MASSACHUSETTS

The Clubhouse Network – Boston

MICHIGAN

Detroit Hispanic Development Corporation

MINNESOTA

Brian Coyle Center – Minneapolis
Hennepin County Library – Minneapolis
Hope Community – Minneapolis
Keystone Community – St. Paul
St. Paul Downtown YMCA

MISSOURI

Boys & Girls Clubs of Greater St. Louis – Herbert Hoover Club

NEVADA

Clark County Library – Las Vegas

NEW JERSEY

Boys & Girls Clubs of Hudson County – Jersey City

NEW YORK

Brooklyn Public Library – Kings Highway Branch

OHIO

Cleveland Public Library – Rockport Branch

PENNSYLVANIA

Phase 4 Learning Center, Inc. – Pittsburgh

TEXAS

Juanita J. Craft Recreation Center – Dallas
Family Services Association, The Neighborhood Place – San Antonio
Boys & Girls Clubs of Greater Houston – Morefield Club

WASHINGTON

Boys & Girls Clubs – Bellevue

WASHINGTON, D.C.

FBR Club @THEARC – Boys & Girls Clubs of Greater Washington

WISCONSIN

Boys & Girls Clubs of Greater Milwaukee – Mary Ryan Branch

We are almost halfway to our goal of 60 Teen Tech Centers by 2020!

Defining success.

Measuring results is key to ensuring we are making a difference. After participating in our programs, teens will achieve: a degree or credential with real value in the current labor market; obtain employment with self-supporting wages; and/or have opportunities for further education and career advancement.

We are measuring the long-term impact of our programs. We will specifically track the youth who have participated in our programs by first measuring their interest and tech skills, and then their future education and career successes.

Impact on youth.

More than 500 members of our Teen Tech Centers shared their experiences by participating in an impact survey through The Clubhouse Network. We are thrilled with the results:

96%

Committed to post-secondary education or training.

50%

Attend their Teen Tech Center every day.

70%

Increased interest in studying STEM fields.

95%

Feel accepted by adult mentors.

Partnering in local communities.

Our philanthropy aligns with our commitment to help teens build their tech skills and prepare for college and future careers. Since 1999, Best Buy and the Best Buy Foundation have donated more than \$366 million to our communities. The Best Buy Foundation is governed by a Board of Directors consisting of leaders from across the company who make all funding decisions.

Community Grants.

Our Community Grants program supports local organizations with programs focused on teens and technology. Our store employees review the applications from their own communities and choose awards based on their knowledge of local needs.

As we serve customers in more than 1,000 stores across North America, it's important that we play a key role in helping these communities thrive. In FY19, the average Community Grant amount was \$5,000, with a total of more than \$2 million awarded.

Twin Cities Fund.

The Best Buy Foundation funds nonprofit organizations that add to the vibrancy and increase the vitality of our home town. The Twin Cities Fund provides support for teens and technology, arts and culture, and career pathway programs, in addition to capital grants.

Seattle Fund.

In FY19, the Best Buy Foundation launched the Seattle Fund to support organizations near our Seattle technology development center. The Seattle Fund was formed to provide grants to nonprofits in the King County metro area that offer career pathways in technology for teens from underserved communities.

Disaster Relief.

Several devastating natural disasters struck in FY19, including hurricanes and wildfires. Best Buy employs thousands of people in the areas affected, and our first concern was the safety of our employees. Emergency aid was distributed to employees and their families through the Richard M. Schulze Family Foundation Employee Disaster Relief Fund. We also partnered with nonprofits, such as The Salvation Army, to distribute phone chargers and batteries, as well as set up internet cafes and entertainment rooms in temporary shelters.

Employees spent 100,000 hours volunteering.

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 for youth to responding in times of disaster. Employees are encouraged to support causes that are personally rewarding, and we recognize their involvement through the TagTeam Award program, which awards monetary donations to nonprofit organizations where groups of employees volunteer their time.



Our employees in Asia participate in two mentoring programs, Youth for Environmental Sustainability (YES) and Organic Garden, both of which educate students on the importance of being environmentally aware and, in turn, being responsible citizens. YES and Organic Garden are initiatives created by Shanghai Roots & Shoots, a nonprofit organization that was founded by primatologist Dr. Jane Goodall in 1991 to teach young people about environmental issues and humanitarian values through group interactions. Best Buy employees conduct “eco action” projects at local schools, where they shed new light on environmental issues through drawings, poetry, music and drama.

Best Buy customers and employees raised more than \$20 million for St. Jude.

Thanks to our generous customers, Best Buy is proud to have presented \$20.8 million to St. Jude Children's Research Hospital® in 2018, and we finished as the largest St. Jude *Thanks and Giving*® campaign donor for the third-consecutive holiday season. To date, Best Buy has raised more than \$80 million for St. Jude, becoming one of the largest sponsors in the hospital's history.

We have participated in the *Thanks and Giving* campaign since 2013. The funds donated support the life-saving work of St. Jude, which freely shares breakthroughs and treatments with doctors around the world, and ensures families never receive a bill for treatment, travel, housing or food.



PEOPLE

Best Buy aims to treat people with respect — whether they are our employees, customers or workers in factories that produce our Exclusive Brands products.



Employee engagement.

Maintaining a highly engaged workforce.

Each year, we invite all employees from across the organization to share their feedback on their employee experience 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 survey provides insight not only into employee engagement, but also 11 other dimensions of the workplace environment.

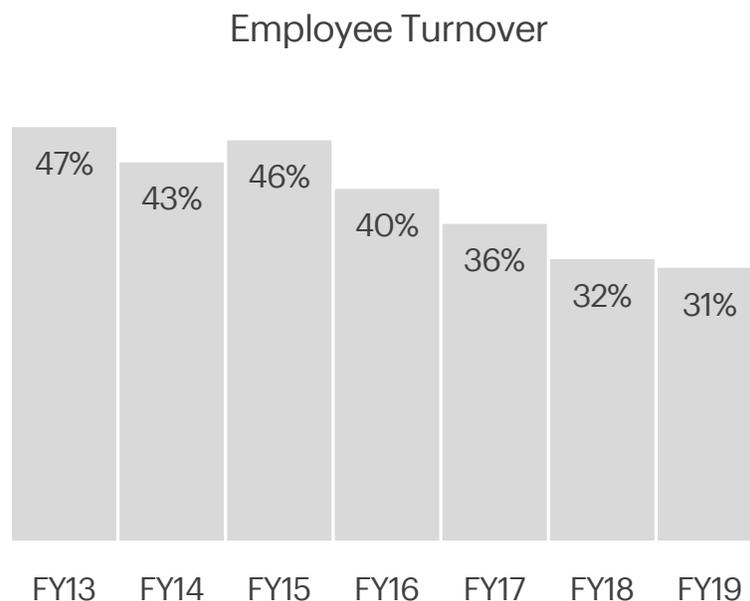
We know that a higher level of employee engagement correlates to better customer experiences, stronger financial performance and higher levels of retention, which is why we strive for a highly engaged workforce.

We continue to experience a world-class level of employee engagement, with an overall engagement score of 86 for FY19.

Recognition is an important component leading to an engaged workforce. We recently rolled out a new recognition program called True Blue, which recognizes employees who put their heart and soul into their work every day.

Turnover number improves.

As a measure of a highly engaged workforce, we are pleased to report a lower turnover rate for the fourth year in a row. We have reduced our turnover from 40 percent in FY16 to 31 percent in FY19.



Training & development.

Continued excellence in training programs.

In the U.S., we deliver product and service training to our employees through a digital platform called The Learning Network. The site provides training content in the form of eLearnings, videos, virtual environments and documents. In addition, our employees use The Learning Network to register for instructor-led training. Instructors deliver skills and training in physical and virtual classrooms.

Our employees completed more than 20 million training courses in FY19. That demonstrates our commitment to a highly trained workforce, which creates exceptional customer experiences. Not only do our store employees learn via online trainings, but they receive daily mentoring and coaching from store managers.

Our employees can also participate in formal development programs including:

- Careers in Motion – We launched a self-driven solution that allows employees to learn about different roles and departments around the company, in addition to expectations and skills needed for each role;
- Blueprint – We created a development program for corporate and field employees who desire to move into leadership positions in the future; and
- Harvard ManageMentor® Spark – We offer an online learning solution that enables employees to build and develop skills.

In FY19, *Training Magazine* ranked Best Buy No. 3 in the world for employee training, learning and development.



Diversity & Inclusion.

The vision of Diversity & Inclusion at Best Buy:

Best Buy's culture is inclusive. We reflect our customer base and the population of the communities we serve. At Best Buy, we include people from all backgrounds and identities, and we maintain open communication about our goals, opportunities and challenges.

We believe an inclusive environment allows our employees to bring their best selves forward in service of our customers. Our guiding behaviors: Be Human, Make it Real, and Think About Tomorrow, set the tone for our culture and guide us in defining **inclusive leadership**:

- **Vulnerability** – Willingness to show weaknesses today in order to be stronger tomorrow;
- **Empathy** – Being purposeful about understanding the unique experience of everyone;
- **Courage** – Empowering everyone to speak up and take action for what is right; and
- **Grace** – Creating an environment where people can take calculated risks and learn from mistakes.

Inclusive Leadership is embedded within how we lead at Best Buy.

We believe when we show up this way, employees will feel they truly belong, allowing them to fully invest in our mission at Best Buy.



We have made progress toward building a more diverse and inclusive environment. Our FY19 accomplishments include:

- Introducing our first organization-wide Diversity & Inclusion strategy;
- Creating an Executive Diversity & Inclusion Council to accelerate the execution of the Diversity & Inclusion strategy;
- Creating opportunities for authentic and vulnerable dialogue, along with building skills around conscious inclusion;
- Expanding our Diversity and Inclusion Steering Committees to include retail, services and supply chain employees in the field, as well as all teams at Corporate;
- Launching external diversity and inclusion marketing campaigns during Black History Month, Women’s History Month and Pride Month;
- Establishing a marketing review council led by marketing and Employee Resource Group leadership;
- Partnering with Cristo Rey High School in Minneapolis to host a corporate work-study program for students that gives them workforce experience. This program traditionally supports students of color;
- Achieving a perfect rating of 100 on the Human Rights Campaign Corporate Equality Index, earning the designation as a “Best Place to Work for LGBTQ Equality” for the 14th year;
- The Board of Directors electing Corie Barry as the company’s first female CEO; and
- Increasing our Board of Directors gender ratio to greater than 50 percent.

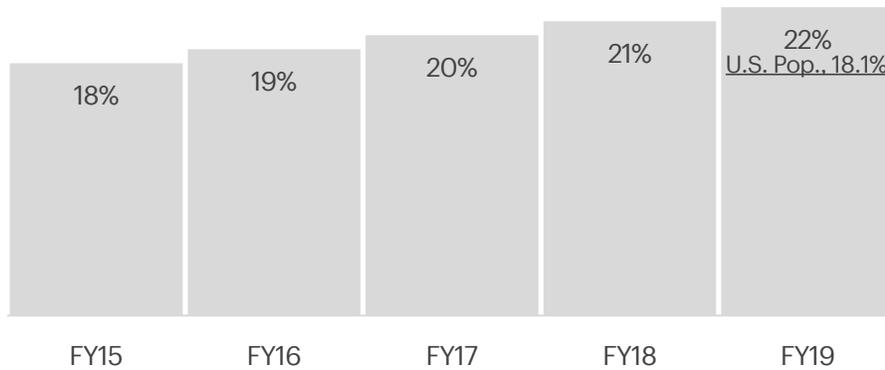
Additionally, Best Buy promotes participation in our Employee Resource Groups (ERGs) and Diversity & Inclusion Steering Committees (DISCs), which are groups of employees who share a dimension of diversity, such as age, race, ethnicity, gender, disability, military status, sexual orientation or gender identity, or an interest in the development and growth of the various aspects of diversity.

ERGs and DISCs are inclusive and open to all employees. They support organizational goals such as recruitment, retention, engagement and inclusion.

Employee diversity.

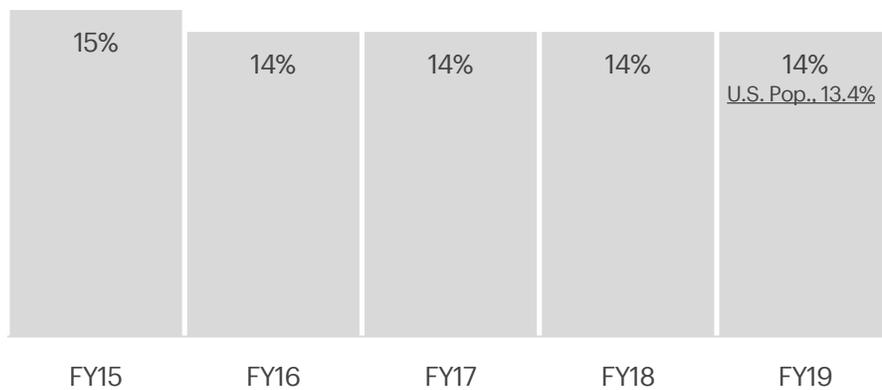
Hispanic Employees (U.S.)

Percentage of U.S. Best Buy Employees



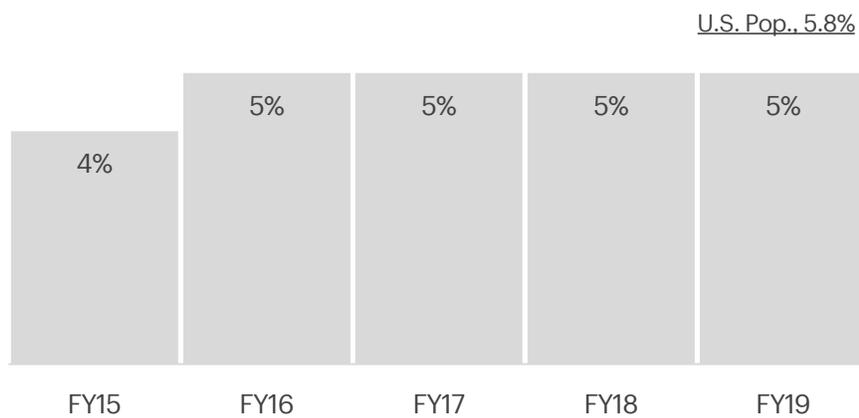
African-American Employees (U.S.)

Percentage of U.S. Best Buy Employees



Asian-American Employees (U.S.)

Percentage of U.S. Best Buy Employees



Employee diversity.

Gender Diversity	FY15	FY16	FY17	FY18	FY19
Female Employees (Enterprise)	28%	26%	27%	26%	26%

Board of Directors Diversity (as of 6/11/19)	Members
Total Number of Directors	13
Hispanic Board Directors	0
African-American Board Directors	3
Asian-American Board Directors	1
Female Board Directors	7

Best Buy does 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.

Supplier diversity.

Our commitment to diversity and inclusion extends to the suppliers we partner with. Supplier diversity is both an expectation of our stakeholders and good for our business. Our Supplier Diversity program within our Goods Not For Resale (GNFR) business promotes strength in our supply chain, economic enablement in our communities and is a reflection of the markets and customers we serve.

In FY19, our accomplishment included:

- Continued utilization of our current diverse suppliers and increasing our supply base of diverse suppliers in our bidding process;
- Increased year-over-year spend with certified diverse suppliers in GNFR by more than 5 percent;
- Continued hosting of annual local diverse supplier events to connect with our local diverse communities; and
- Further building a supplier network that mirrors the diversity of our customers by implementing an online supplier portal, giving suppliers the opportunity to register their capabilities and certifications.

Human rights.

Doing business the right way means we understand how our operations, our products and services, and even our business relationships could affect employees, our customers and people in the communities where we operate. We are committed to addressing any adverse impacts we might encounter. To that end, we have taken steps to align with the *United Nations Guiding Principles on Business and Human Rights* (UNGP), which is widely accepted as the global standard for how businesses should respect human rights.

In FY16, in partnership with Business for Social Responsibility (BSR), we completed a Human Rights Impact Assessment to identify actual and potential risks, and to better understand which rights are most salient for our business. The results of the assessment concluded that Best Buy operates in a relatively low-risk industry regarding human rights and that we have effective management systems in place. We still recognize that there are always opportunities to strengthen practices, and we are actively working to make improvements on the findings that were identified.

Our Human Rights Policy is the basis of our management system and focuses on the following stakeholders:

- Respecting the rights of **workers** by improving labor conditions and environmental practices at facilities that manufacture private-label products or recycle electronics for Best Buy;
- Respecting the rights of **Best Buy employees** and striving for a diverse, inclusive and respectful workplace free of harassment and discrimination;
- Respecting the rights of our **customers**, including their right to privacy; and
- Seeking to advance the right to education in the **communities** where we operate by sharing our knowledge of technology with underserved teens.

Best Buy's commitment to human rights was deepened even further when we were the first Minnesota-based company to publicly commit to align with the recently released UN Standards of Conduct for Business: Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People (UN LGBTI Standards).

In FY19, our accomplishments included:

- Launching a gap analysis between the UN's LGBTI Standards and Best Buy's practices;
- Maintaining a Privacy Task Force supporting an Internet of Things project team; and
- Initiating an expansion of our responsible sourcing program into our Goods Not for Resale sourcing department.

Product safety.

As a responsible retailer, it is essential 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 Committee, the Consumer Technology Association (CTA) Product Safety Working Group and the International Consumer Product Health and Safety Organization (ICPHSO). We also actively participate in Underwriters Laboratories (UL) standards and technical panels for standards relating to consumer products to provide our voice in protecting our customers.

For our direct import and private-label products, we focus our product safety in four areas:

- General product safety compliance with various voluntary and mandatory standards;
- Hazardous substances (such as ROHS, TSCA and others) through our Chemicals Management Program based on the IECQC 080000 standards;
- Energy efficiency programs; and
- Radio-frequency interference compliances (FCC rules for radio noise and communications).

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

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 FY19 there were no safety recalls on our private-label products.

Data privacy.

We are committed to protecting the privacy of our customers' information by using a variety of information security measures to protect their transactions and valuable data. Whether customers are shopping online, on our app, in their home or in our stores, we use security best practices to work to protect the confidentiality of personal information under our control, and we appropriately limit access to it. Our digital properties use encryption technology to protect customers' personal information including names, addresses and credit card numbers.

Industry partnership.

Best Buy is a corporate member of the International Association of Privacy Professionals, the world's largest privacy community. Best Buy is also a corporate member of the Association of Corporate Counsel (ACC), a global association of more than 40,000 in-house attorneys, and an active participant in ACC's Information Technology, Privacy and eCommerce Committee. In addition, we participate in the RILA Privacy Leaders Council. These memberships help us understand industry shifts, benchmark our peers to help maintain appropriate privacy and security standards, and provide input as a retail industry on privacy legislation or other regulatory requirements that will impact our business. As of 2018, Best Buy joined the Future of Privacy Forum (FPF) Advisory Board. The mission of FPF is to advance principled data practices in support of emerging technologies by bringing together industry, academics, consumer advocates, and other thought leaders to develop privacy protections, ethical norms and workable business practices.

Policy and process.

Our employees, including Blue Shirts and Geek Squad Agents, as well as third-parties who provide services on Best Buy's behalf, are required by policy and process, as well as by contract, if applicable, to treat customer information with care. We have administrative, technical and physical safeguards that reflect this obligation. We regularly work to review and enhance Standard Operating Procedures (SOP), policies and standards. Additionally, we have expanded our information security and privacy processes in reviewing third-party vendors in order to reduce the occurrence and degree of third-party data privacy incidents.

Best Buy processes are designed to preclude unnecessary access to confidential information. Our Geek Squad Agents are trained to never access data on a customer's device except in limited circumstances, and only to the extent necessary to perform the service, such as when a customer asks us to recover data. When information is still on a device that a customer trades in or gives to Best Buy for recycling, the device is protected until it is sent to the appropriate location for data wipe or disposal.

In FY19, Best Buy reported one incident regarding a breach of customer privacy, due to a cyberattack on one of Best Buy's third party vendors. Best Buy worked with the vendor to investigate and appropriately remediate the issues, and Best Buy provided credit monitoring services to the affected customers.

Internet of Things (IoT).

As smart home growth continues to expand in the products and services that we offer to new and existing customers, we strive to address privacy concerns directly and give consumers control over their personal data. We are achieving this through partnering with industry work groups to help explore standards in the IoT space. We are working to establish a customer baseline of expectations in the area of security and privacy with respect to IoT devices. Numerous public and private entities are developing testable standards in this space that we believe could be adapted for scalable deployment. This will enable us to make credible assortment decisions and to enable manufacturers, retailers, and service providers to make consistent representations to customers regarding the security and privacy attributes of the IoT devices they offer.

Health Insurance Portability and Accountability Act (HIPAA).

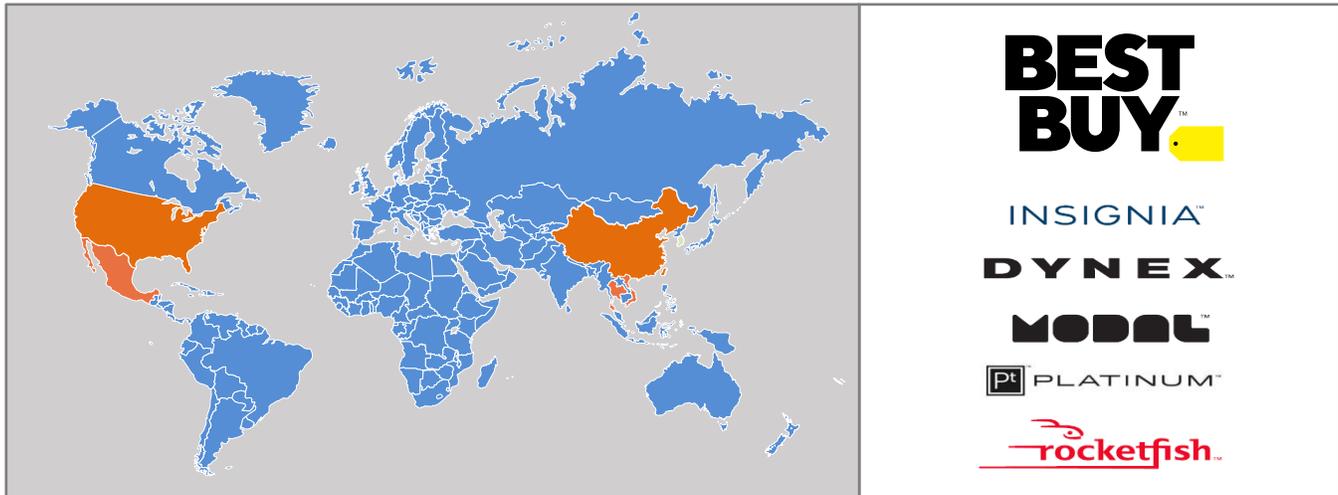
As Best Buy looks toward the health and wellness needs of consumers, we seek to expand what we sell and evolve how we sell. With a focus on consumers taking charge of their health and those they care for, Best Buy's Assured Living provides a non-intrusive, sensor-based notification service that allows an aging parent or loved one the freedom to live independently in their home. By enabling aging customers to stay at home longer and thrive in their independence, we recognize partnerships with health care providers may allow us to provide that experience for our customers and peace of mind for their loved ones. This means Best Buy is exploring what it means to be HIPAA compliant on a large scale. HIPAA provides us guidance for appropriately handling protected health information and helps us to prevent wrongful access to and disclosure of that information. Best Buy takes the privacy, confidentiality and security of Protected Health Information (PHI) seriously. We require all persons who access, use, or disclose protected health information to be properly trained about HIPAA in order to comply with all state and federal laws for safeguarding individually identifiable health information.

Training and awareness.

Best Buy has a privacy, security, and confidentiality training and awareness program called Valuable Information Protection (VIP). VIP serves to shape employees' perceptions about information protection to help create a responsible, compliance-minded workforce that is knowledgeable about privacy and information security policies, SOPs and best practices to keep Best Buy's information safe as well as that of our customers. The VIP program uses a variety of training tools and communication approaches to create effective and engaging privacy and security awareness learning opportunities, with an emphasis on making security and privacy training simple to understand and relevant to employees' job functions. Customers are able to read about our privacy practices and learn how they can control and protect their personal information online.

Supply Chain Sustainability Program.

Best Buy partners with approximately 170 factories, mainly in China, to produce our private-label (or Exclusive Brands) products. We work with these suppliers on the design, production and testing of these products, and we also partner with them to ensure they meet our expectations for safe workplaces where workers are treated fairly and safely.



Through our Supply Chain Sustainability (SCS) program, we seek to mitigate risk, enhance the partnership with our suppliers by helping build their capacity for responsible business practices, and create value for all stakeholders. We hold a Full membership (the highest membership level) in the Responsible Business Alliance (RBA). Further, we hold a leadership role in RBA by participating on its Board of Directors, which allows us to partner with many of the 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.

The supplier code of conduct, which is updated every three years by RBA, takes into account multiple stakeholder perspectives. The full document is publicly available for current and potential suppliers via our partner portal: **Partners.BestBuy.com**. In addition, RBA enables us to partner with our peers and vendor partners on key labor issues through the Responsible Labor Initiative and Conflict Minerals through the Responsible Minerals Initiative.



Part 1 – Code introduction and adoption.

Before working with new private-label suppliers, we provide an in-depth training on our code and program. We also conduct a third-party audit of their facilities, which includes environmental and human rights screening criteria. We screened our new factories using environmental and human rights criteria and provided these suppliers with on-site training focused on the RBA code (version 6.0). When conducting pre-contract screenings, we identify non-conformance and require the supplier to take corrective action. If there is a priority non-conformance, it must be addressed immediately. Suppliers that are unwilling or unable to address priority violations are rejected.

Beyond our suppliers, we train relevant internal functions on our code and critical risks such as human trafficking and forced labor.

Part 2 – Self-reporting.

Existing suppliers assess their performance against the RBA code by completing an annual self-assessment questionnaire (SAQ) and submitting quarterly key performance indicator (KPI) reports. The SAQs help us better understand our suppliers' policies and management systems, while KPI reports provide insight into their sustainability practices and performance. In FY19, we achieved a 92 percent completion rate for SAQs and an 90 percent completion rate for KPIs. Any supplier that does not provide either an SAQ or KPI report is automatically considered a high-risk supplier and will be audited.

Part 3 – Risk assessment.

We evaluate our suppliers' ability to meet the RBA code, which guides how we monitor their performance and build their capacity. Our evaluation, using a recently optimized risk assessment tool, takes into consideration several dimensions of business and social risk, specifically priority non-conformances such as forced labor, as well as the factories' willingness to be transparent. Based on the results of our assessments, suppliers are classified by risk level. We focus our audits and capacity-building on those suppliers identified as medium or high risk. Within the scope of the risk assessment, we include Tier 2 suppliers, in which we designate their use. 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, a third party conducts an audit, and for medium-risk suppliers, Best Buy conducts an audit to identify any gaps between the suppliers' performance and the RBA 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 RBA code compliance, which is known as "**management compliance**."

Audit steps.

Our audits are conducted by audit firms qualified by RBA. The steps to our audits include:



FY19 Audits	Amount
Factory Count (non-U.S.)	169
Number of Third Party-led Audits	105
Number of Best Buy-led Audits	39
Total Number of Audits	144

When non-conformance is discovered, we classify it into the following categories:

- **Priority Non-conformance** is the highest-severity audit finding requiring escalation by the auditor and immediate attention by the vendor. Priority Non-conformance consists of findings that represent: 1) a serious non-conformance of the RBA code or applicable legal requirements; 2) an immediate threat to life or health; or 3) risk of serious and immediate harm to the community or environment. The identification of any Priority Non-conformance automatically results in a failed audit. Vendors must take immediate action to remedy all Priority Non-conformances through the Priority Non-conformance Remediation Process. If the factory is unable or unwilling to close the Priority Non-conformance, we will terminate the relationship.
- **High Risk Major Non-conformance** is a significant failure in the management system that affects the ability of the system to produce the desired results and/or satisfy legally mandated requirements. The identification of High Risk Major Non-Conformances will result in a High Risk Warning. Two High Risk Warnings for the same non-conformance finding within a single year is considered the equivalent of a Priority Non-conformance.
- **Major Non-conformance** is a significant failure in the management system that affects the ability of the system to produce the desired results.
- **Minor Non-conformance** is an isolated or random incident which, by itself, does not indicate an inherent problem with the management system.

For all types of non-conformance, we conduct follow-up audits to determine if violations — whether priority, high risk major, major or minor — are resolved. All instances of non-conformance require a corrective action plan, which we approve and monitor.

Part 5 – Capacity building.

We build our suppliers' knowledge so they can close any gap between their performance and the RBA code. We conduct annual trainings on the RBA code to ensure our suppliers have the tools to meet the code, fully understand our expectations and move beyond compliance. We held a two-day RBA training for our suppliers in FY19. Our suppliers rate their satisfaction of our training to help us continuously improve. The satisfaction rate for our FY19 training was 4.88 out of 5.

Also in FY19, we launched a new online training tool for our vendors – the Exclusive Brands Supplier Online Learning Academy. The tool allows the factories to take training courses at a time that is convenient to them. Additionally, we can monitor the types and number of courses taken by vendors and administer tests to demonstrate knowledge gained, increasing efficiency for both Best Buy and our suppliers.



Part 6 – Reporting.

Each year we publicly disclose our suppliers' rates of compliance against the RBA code. The below chart aggregates the performance of all suppliers across numerous checkpoints within the categories listed.

FY19 Audit Category	Practices Compliance	Management Compliance
Labor	73%	80%
Health and Safety	66%	91%
Environment	91%	93%
Ethics	100%	90%
Management System	100%	84%

In FY19, we did not find child labor, forced labor or freedom of association violations in the factories we audited. If such a violation were to be found, it would be considered a priority 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.

Addressing key issues: chemicals.

Chemicals have become a topic of concern in many industry supply chains, including electronics. We are working with several multi-stakeholder organizations on this issue. In FY18, we released a Chemicals Management Statement ([Corporate.BestBuy.com/Sustainability](https://www.bestbuy.com/sustainability)), which includes a Restricted Substance List for our products and for the use of chemicals in the manufacturing process.

To pilot our Chemicals Management Program, in FY18, we administered a survey and training to 22 private-label suppliers in various product categories. As a result, we moved forward with launching the program with all nine of our TV suppliers. In FY19, we expanded this program to all other private label product categories and continue to provide support to our suppliers on their chemicals management.

Looking for opportunities to enhance worker morale and factory conditions.

Factories in China face a difficult labor market and often struggle to retain employees. This can have a detrimental effect on the quality of products produced at a factory and the ability for a factory to be a reliable supplier to Best Buy. In the past few years, leading brands have addressed these challenges by conducting worker surveys to drive improvements in factory conditions. Worker surveys not only allow companies to assess labor conditions at a factory, but also gain invaluable insights that can help factory management better engage workers and strengthen overall business performance through higher retention rates. Through a worker survey program, we are seeking to gain a deeper partnership with key factories and to drive increased efficiency. At the same time, we are seeking to empower our suppliers, increasing their ownership of sustainable business practices.

In FY16, Best Buy piloted a worker survey program with three factories. In FY17, we partnered with ELEVATE, a supply chain consultant, to implement the program with six factories. The program included three phases: baseline survey, training and improvement plan, and impact measurement.

Worker empowerment program.

Based on the results of the worker survey program, in FY19, we launched a new worker empowerment program, moving beyond auditing to engage more deeply with workers. The program, in collaboration with Verite, was designed to help our vendors improve their management practices and workers' well-being. We provided a series of training courses and worker engagement activities to build positive relationships between management and workers as well as improve the efficiency of production. We chose two strategic factories, engaging 45 supervisors and more than 200 workers.

- **Level 1: Reaction** – The degree to which participants find the training favorable, engaging and relevant to their jobs.
- **Level 2: Learning** – The degree to which participants acquire the intended knowledge, skills, attitude, confidence and commitment based on their participation in the training.
- **Level 3: Behavior** – The degree to which participants apply what they learned during training when they are back on the job.
- **Level 4: Results** – The degree to which targeted outcomes occur as a result of the training and the support and accountability package.

Pre-training activities.

Along with Verite, we analyzed the root causes of conflicts between the frontline supervisors and the new generation of workers. It was found that the best way to empower workers is for the supervisors to improve communications, master leadership skills, and implement stress management techniques for themselves and the workers. The participants of the program completed a survey and interviews to evaluate their supervisors and establish a baseline of leadership performance.

Training programs.

Using real-life scenarios, we conducted four in-person training sessions focusing on the following topics:

- Conflict Management and Effective Communication;
- Situational Leadership;
- Stress Management; and
- Self-awareness and Leadership.

Impact evaluation.

After completion of the trainings, we went through a comprehensive process to evaluate the success of the program. This included:

- Conducting a participant feedback survey of the training sessions, resulting in 90 percent strongly agreeing the training fully met objectives;
- Administering a written test to assess supervisor knowledge gained, resulting in 31 percent increase in test scores on average;
- Conducting a follow-up survey for workers to assess changes in supervisor behavior, resulting in a nine percent increase in supervisor rating; and
- Interviewing supervisors to assess changes in their own behavior as well as management's assessment of their behavior, resulting in overall positive feedback.



Conflict minerals.

The Democratic Republic of the Congo (DRC) and its neighboring 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 2010, 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 (i.e., those suppliers with which we have a contractual agreement) in our private-label supply chain. Consequently, it is a significant challenge to identify, with certainty, the smelters, refiners and recyclers and the source of the materials they process. 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, and encouraging smelters to be validated as conflict-free through third-party audits to 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 Organisation for Economic Cooperation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (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 Responsible Mining Initiative’s (RMI) Responsible Minerals Assurance Process (RMAP), or an equivalent program, including the London Bullion Market Association’s (LBMA) Good Delivery program and the Responsible Jewellery Council’s (RJC) Chain of Custody program.

We have a Conflict Minerals Policy that establishes our Exclusive Brands’ commitment 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

Conflict Minerals Reporting Template, and specifically requires our suppliers to utilize smelters and refiners who have successfully completed a third-party audit of their due diligence practices. Our policy can be found at [Corporate.BestBuy.com/Sustainability](https://www.bestbuy.com/sustainability).

FY19 Conflict Mineral Program Key Performance Indicator	Percentage
Exclusive Brands factories that attended training	90%
3TG products that have had their supply chains surveyed	100%
Exclusive Brands factories that 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 processed the 3TG used in our products.

Because 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 RMI, which administers them.

The RMI coordinates independent, third-party audits to validate that smelters source conflict-free materials. We support many RMI activities, including serving as the Chair of the RMI Steering Committee and as the Chair of the Smelter Engagement Team (SET) and Co-Chair of the China SET, which conducts coordinated outreach to known smelters to encourage them to be audited.

To date, more than 98 percent of the processing facilities reported by our suppliers have been found conformant to the RMI, LBMA or RJC standard via an independent, third-party audit or have committed to go through an audit. Nevertheless, based on our due diligence process and the subsequent information we gathered, we are unable to determine the origin of all the 3TG used in our products and whether armed DRC groups directly or indirectly benefitted. This is primarily because of the lack of transparency among smelters who have not yet been audited. While there have been improvements in the systems of transparency and control for the sourcing of 3TG necessary to the functionality and/or production of our Exclusive Brands products, these results are not unexpected, especially given our downstream position as a retailer and manufacturer of Exclusive Brands products.

Of the smelters and refiners provided by our suppliers, we identified 40 instances for which we had reason to believe that at least a portion of the 3TG they processed may have originated in the DRC or a neighboring country and may not have been from recycled or scrap sources. All 40 of these processing facilities have been found conformant through RMAP or another third-party audit scheme. Furthermore, we have not identified a supplier, smelter or refiner that we have reason to believe may be sourcing from the DRC or a neighboring country and — directly or indirectly — benefitting armed groups.

ENVIRONMENT

Best Buy aims to be a good steward of the environment through our operations, services and products.



Managing environmental impacts.

Best Buy works hard to be a good steward of the environment. We focus on reducing our environmental impacts, and we aim to help our customers live more sustainably.

The backbone of our environmental programs is our ISO 14001-certified Environmental Management System (EMS) and covers all U.S. operations. Our EMS helps us systematically manage progress toward our environmental goals and commitments and ensure that we are in compliance with all applicable laws and regulations. In June 2012, we were the first U.S. large-format retailer to earn this certification, and in June 2018 we earned certification to the newest standard, ISO 14001:2015.

As part of our Environmental Statement (**[Corporate.BestBuy.com/Sustainability](https://corporate.bestbuy.com/sustainability)**), Best Buy is committed to protecting the environment, conserving natural resources and preventing pollution by systematically managing and continually improving our environmental performance. We positively impact the world through these actions:

- Addressing climate change by reducing carbon emissions and sourcing renewable energy;
- Helping customers live more sustainably by providing an assortment of sustainable products and information to make informed decisions;
- Extending the life of technology, giving products a second life and recycling responsibly; and
- Complying with all applicable environmental legal requirements.

We are pleased to report there were no significant fines or non-monetary sanctions implemented against Best Buy for environmental non-compliance in FY19.

Addressing climate change in our operations.

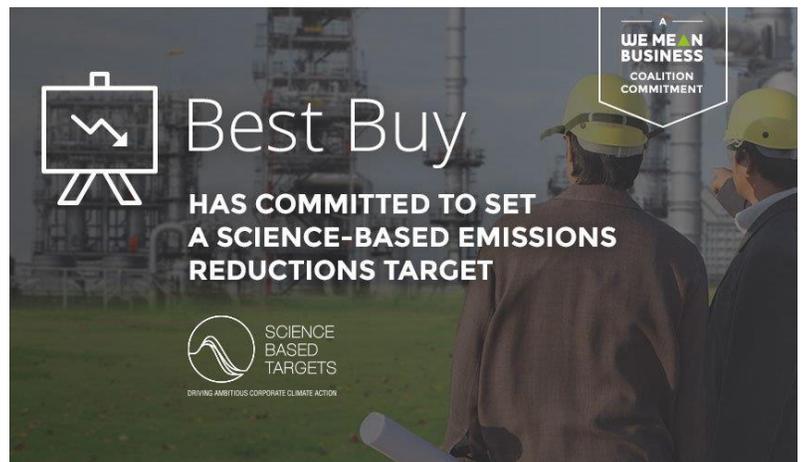
While the issue of climate change is worldwide, the impact is felt by people in the communities where we live and work in the form of severe weather, rising temperatures, flooding and water shortages.

In December 2019, Best Buy attended in the United Nations Climate Change Conference (COP24) in Katowice, Poland as part of Climate Generation's Window into COP24 program. Climate Generation: A Will Steger Legacy is an organization dedicated to climate education, youth leadership and citizen engagement for innovative climate change solutions. Its Window in COP program has brought educators, students, elected officials and community members from Minnesota to COP negotiations. We attended as a member of the business community expressing support for collective action against climate change.

We are committed to addressing climate change by finding cost-effective solutions to save energy and directly reduce carbon emissions through operational improvements and sourcing renewable energy. Carbon reduction is not only the right thing for the planet, but it makes good business sense, driving efficiencies and cost savings.

Setting a Science-based goal.

Carbon reduction has been a priority for Best Buy for more than a decade. In FY18, we announced a goal to reduce carbon emissions by 60 percent by 2020 (over a 2009 baseline) and reach carbon neutrality in our operations by 2050. After achieving a 51-percent reduction, we had the ambition and responsibility to do more, so we re-set our carbon goal to be aligned with Science Based Target Initiative (SBTi). Carbon targets are considered "Science-based" if they are in line with the reduction required to keep the global temperature increase below 2°C as outlined in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).



Our new goal is to **reduce carbon emissions in our operations by 75 percent by 2030** (over a 2009 baseline), which puts on the trajectory to achieve our goal to be carbon neutral by 2050. The second part of our science-based goal includes the use of sold product (scope 3 emissions), discussed on page 52.

New goal:

Reduce carbon emissions in our operations 75% by 2030;
Carbon neutral by 2050.

Energy-efficient operations.

We will continue to embrace technology and process improvements to drive energy-efficient operations.

The energy management system we have been using in our stores since 2012 has been a substantial factor in our past carbon reduction. It allows us to automate the lighting, heating and air conditioning, thereby optimizing store energy usage. In FY19, we made several changes to our stores and distribution centers including:

- Installing overhead LED lighting in more than 500 stores;
- Replacing many HVAC systems with more efficient equipment; and
- Retrofitting parking lot and other outdoor lighting with energy-efficient fixtures.

We also closely manage the carbon emissions of our fleet of more than 5,000 Geek Squad vehicles. We aim to use smaller vehicles as often as possible and map the most efficient routes to our destinations. In FY17, we introduced a new Geekmobile fleet composed of more than 1,200 Toyota Prius c hybrids. Geek Squad selected the Toyota Prius c because of its innovative engineering, low cost to maintain and environmental advantages. We currently operate more than 1,400 hybrid vehicles in our fleet.

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.

In addition to our customer-facing vehicles, we closely manage our fleet of inventory distribution trucks. We continue to reduce "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.

We require our dedicated fleet transportation partners to follow these requirements:

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

A challenge we face as we become a more services-based company, is more customer visits, increasing the miles driven by our fleet of vehicles.



Renewable energy.

We are placing increased focus on securing offsite renewable energy sources and purchasing Renewable Energy Credits (RECs). Our offset target is equal to 20 percent of our 2009 baseline carbon emissions. In calendar year 2018, we offset approximately 35 percent of our U.S. electricity through RECs. Historically, our primary renewable sourcing method has been RECs. As we look forward, we continue to investigate and perhaps deploy onsite and offsite renewables and to opt in to green tariffs from our utility partners.

Carbon reporting.

Since 2008, we have disclosed carbon emissions data to CDP (formerly known as the Carbon Disclosure Project). In FY19, we were recognized as a global leader in addressing climate change by earning a spot on the CDP Climate A List for the third time. This puts Best Buy among the top 5 percent of all companies participating in CDP's climate change program. We are one of only two U.S. big-box retailers named to this year's A List of 126 companies.

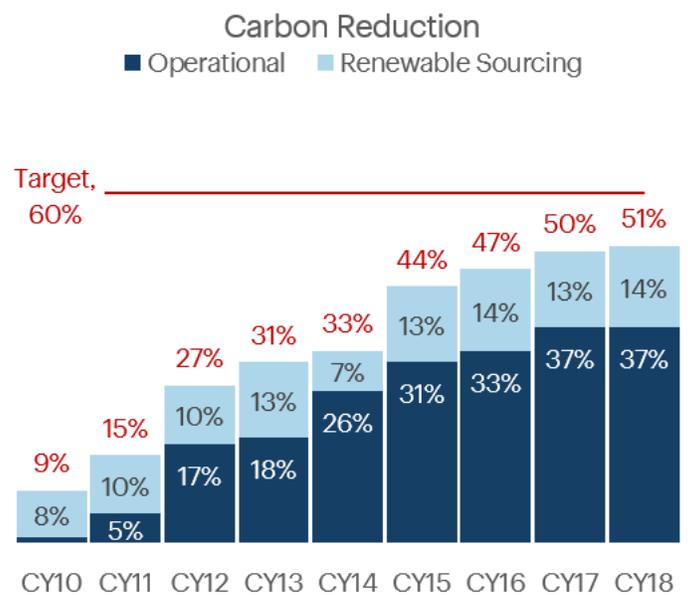
The methodologies used to report our energy consumption include:

- 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; and
- The Climate Registry: General Reporting Protocol.

Key Performance Indicator	DATA
Energy consumption within the organization	Fuel consumption: 3,153,733,200,000,000 joules Electricity consumption: 1,000,159 MWh Total scope 1 and 2: 1,876,196 MWh
Energy intensity	.043 MWh/Sq Ft
Reduction of energy consumption	76,141 MWh or 4.2% increase YOY
Direct GHG emissions (Scope 1)	237,327 MT CO ₂ e
Energy indirect GHG emissions (Scope 2)	263,426 MT CO ₂ e
Other indirect GHG emissions (Scope 3)*	22,821,458 MT CO ₂ e
GHG emissions intensity**	.015 MT CO ₂ e/Sq Ft
Reduction of GHG emissions	17,153 MT CO ₂ e, or 2.7% increase YOY

*We now are reporting the emissions for the lifetime of the product when the product was purchased. Previous calculations were one year of emissions only.

**Number does not include RECs.



Helping our customers live sustainably.

Carbon emissions from the use of products that Best Buy sells is significantly greater than the carbon emitted in our operations. In fact, in 2017, emissions from customer product use was significantly greater than that of our operational carbon use. Best Buy has been committed to providing customers with a wide assortment of sustainable products for years. However, with the ability to make such an impact, we set a new goal to **help our customers reduce their emissions by 20 percent by 2030** (over a 2017 baseline), saving them \$5 billion in energy costs. This scope 3 emissions target is part of our SBTi carbon goals.

Promoting eco-labels.

Best Buy offers a large selection of ENERGY STAR® certified products to help our customers save money, reduce energy use and protect the environment by meeting strict energy guidelines set by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy. Our U.S. customers purchased nearly 19 million ENERGY STAR certified products in FY19 and realized utility bill savings of more than \$88 million¹. This energy savings equates to more than 1 billion pounds of CO₂ emissions avoidance², or the equivalent of removing approximately 100,000 cars from the road for a year³. Learn more about U.S. ENERGY STAR certified products at [BestBuy.com/ENERGYSTAR](https://www.bestbuy.com/ENERGYSTAR).

In FY19, the EPA named Best Buy an ENERGY STAR Retail Partner of the Year for the sixth consecutive year. This award is based on our outstanding marketing and customer education of the benefits of ENERGY STAR certified products. Over the past 10 years, we trained more than 155,000 Blue Shirts on the benefits of ENERGY STAR certified products. We also educated customers about ENERGY STAR in stores and online. The ENERGY STAR logo is featured on all applicable fact tags in stores and our Best Buy ENERGY STAR video plays on in-store televisions throughout the year.

In addition to ENERGY STAR, which focuses on the customer-use phase, we identify, mark and promote EPEAT® products for our business customers. 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.

New goal:

Reduce carbon emissions for our customers by 20% by 2030;
saving \$5 billion on energy costs.

1. Savings based on Best Buy's FY19 sales and the difference in U.S. EPA's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Electricity rate is \$0.130/kWh.

2. Savings based on Best Buy's FY19 sales and the difference in U.S. EPA's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Emissions factors are 1.56 pounds CO₂/kWh.

3. Savings based on Best Buy's FY19 sales and the difference in U.S. EPA's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Emissions factors are 1.56 pounds CO₂/kWh and 10,383 pounds CO₂/car/year.

Sustainable tech.

A growing category for Best Buy, called smart home, features smart or connected devices that automate functions in a home. These products not only make our customers' lives easier and provide peace of mind, but many also deliver environmental benefits, making a smart home a more sustainable home. Examples include:

Smart thermostats.

Smart thermostats save money and energy while improving the comfort of customers' homes. These devices are "smart" because they can 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. This optimized performance not only reduces utility bills, it extends the lifespan of the home's heating and cooling equipment. The Nest thermostat, for example, can save 12 percent on heating and 15 percent on cooling.

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 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 system can conserve 15 to 40 percent of water usage. 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 and control.

Another energy-saving product that can be found at Best Buy stores is a home energy meter and smart plug, which helps customers monitor electricity consumption real-time from a smartphone. These products can help identify the products in a home that are using an excessive amount of energy and operate the electronics remotely, saving energy.

Chemicals in products.

Over the past several years, there has been heightened awareness about potentially hazardous chemicals in products. We are actively working to protect our consumers and employees through providing safer alternatives or by eliminating potentially harmful chemicals.

In FY18, we released a Chemicals Management Statement, located at

Corporate.BestBuy.com/Sustainability, which outlines how we seek to reduce the use of chemicals, phase out chemicals of concern and improve the general management of chemicals.

Our efforts focus on where we can make the greatest impact:

- Within our corporate, retail, service and distribution operations, we actively look for opportunities to reduce the use of chemicals. Whenever possible, we work to transition to safer alternatives, with a preference for EPA Safer Choice chemicals.
- For our private-label and direct import products, we outline supplier requirements regarding the use of chemicals in products as well as those used in the manufacturing process. Best Buy maintains a detailed Restricted Substance List (RSL), which specifies chemicals restricted based upon regulations or known hazards, and chemicals suppliers are required to report usage to us.
 - Each of our product specification documents include chemical requirements, and increasingly rigorous assurances and testing of products are required based upon the level of risk. Further, we partner with suppliers to identify opportunities to transition to preferred chemicals.
 - As part of our regular audit program, we monitor factories to assure adherence to our RSL as well as our Supplier Code of Conduct, which specifies safe chemical procedures, and we require improvements when we find gaps. Best Buy provides training to help factories improve their chemical management processes, including the understanding of risks and the importance of taking proper precautions.
 - We also ensure 100 percent of our suppliers are audited to the International Electrotechnical Commission Quality Assessment (IECQ) 080000, which is the standard for assessing hazardous substances in electronics.
- We provide our vendor partners easy access to our chemical management documents and tools via our partner portal, **Partners.BestBuy.com**. We recognize the interdependence of the electronics supply chain and, by sharing these resources, we hope to support greater awareness and alignment within the industry on voluntary actions to manage chemicals.
- Through our recycling program, we partner with the most qualified electronics and appliance recyclers and hold them to the highest industry standards to ensure products and components are reused, recycled, or disposed of properly at end of life and that chemical risks are managed properly. Our recycling standards are publicly available on our corporate website.

Collaboration among stakeholders is critical to improving the complex issue of managing chemicals in the electronics industry. To this end, we will continue to participate in chemical management work groups with organizations such as the Responsible Business Alliance and the Green Chemistry and Commerce Council.

Circular economy – reduce, repair, reuse, recycle

At Best Buy, we aspire to drive forward the circular economy — in which we keep resources (or products) in use for as long as possible, extract the maximum value from the products while in use, then recover and regenerate products and materials at the end of life.

Damage reduction.

Reducing damage that occurs before it gets to our customers is the first step for us in this cycle. We have been working on initiatives to reduce damage for more than a decade, keeping products in the “use” phase longer.

FY19 accomplishments include:

- Training employees and customers extensively on correct product handling to avoid damage;
- Rolling out anti-slip boards to assist in the safe installation of flat-screen TVs in stores without causing damage;
- Placing additional safe-handling tips on all TVs 46” and larger to help employees educate customers;
- Providing a dedicated website for customers detailing safe unboxing instructions (**BestBuy.com/HandleWithCare**);
- Creating several new customer-facing videos with step-by-step instructions on correct unboxing to avoid damage (with nearly 2 million views of current unboxing videos); and
- Adding more re-usable packing tools for large items such as flat-screen TVs and appliances in stores – greatly reducing the risk of damage, resulting in waste.

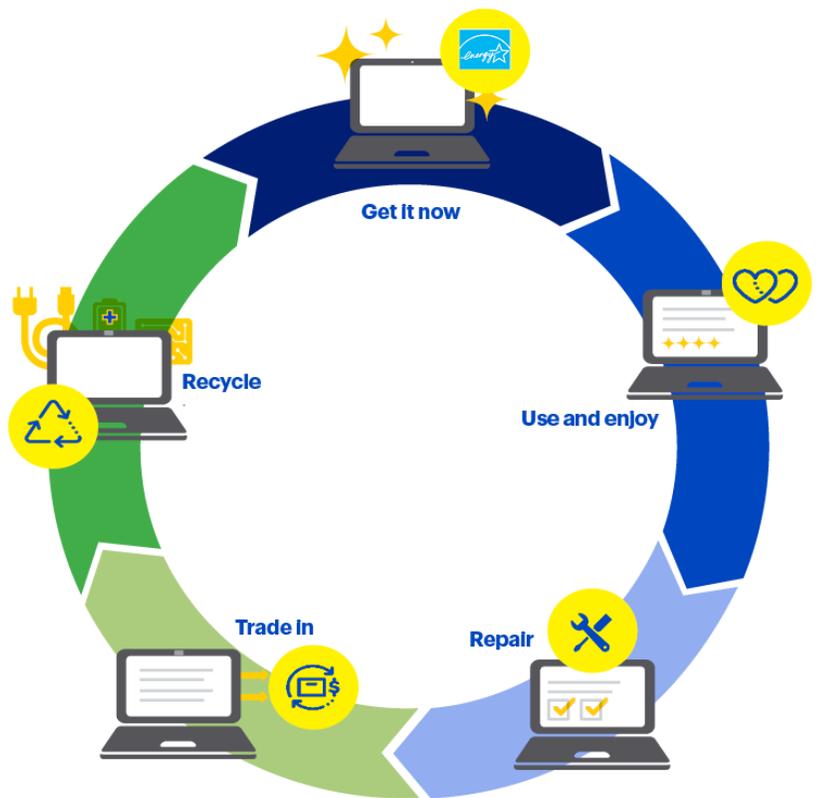
We have taken a leadership role within the consumer electronics industry in creating standardized on- and in-box instructions for correctly unboxing and handling TVs. We worked with our internal and external partners to design these TV package labels, which have been implemented across brands to drive consistent safe handling practices across all brands and visible to employees and customers.



Repair.

We want to help customers extend the life of their products, and we do this using the skills of our more than 20,000 Geek Squad Agents and repair partners. In FY19, Best Buy repaired nearly 5 million devices, keeping electronics in the “use” phase.

Every large-format Best Buy store houses a Geek Squad Precinct, where products — from computers to mobile phones to digital cameras — are repaired. Our repair technicians fix larger items like TVs and appliances in customers’ homes. We also operate repair facilities within our distribution centers including Geek Squad City, a facility near Louisville, Kentucky, that encompasses nearly 4 acres and houses the largest concentration of Agents anywhere.



Trade-In.

The Best Buy Trade-In Program is the core of our “reuse” phase of the product life cycle. In nearly all of our stores, we offer customers a convenient way to get value for products that are still in good, working condition. These products are typically re-sold in secondary markets, bringing a useful second life for products that might otherwise sit idle in someone’s home, get recycled or end up in a landfill. Not only does the Best Buy Trade-In Program enable customers to upgrade sooner, it gives an opportunity to those who might not be able to afford brand-new technology.

Many companies offer phone trade-in options, but Best Buy goes beyond phones and includes laptops, tablets, cameras, smart watches and video game consoles. We are constantly evaluating categories where we can offer consumers value for electronics they no longer use.

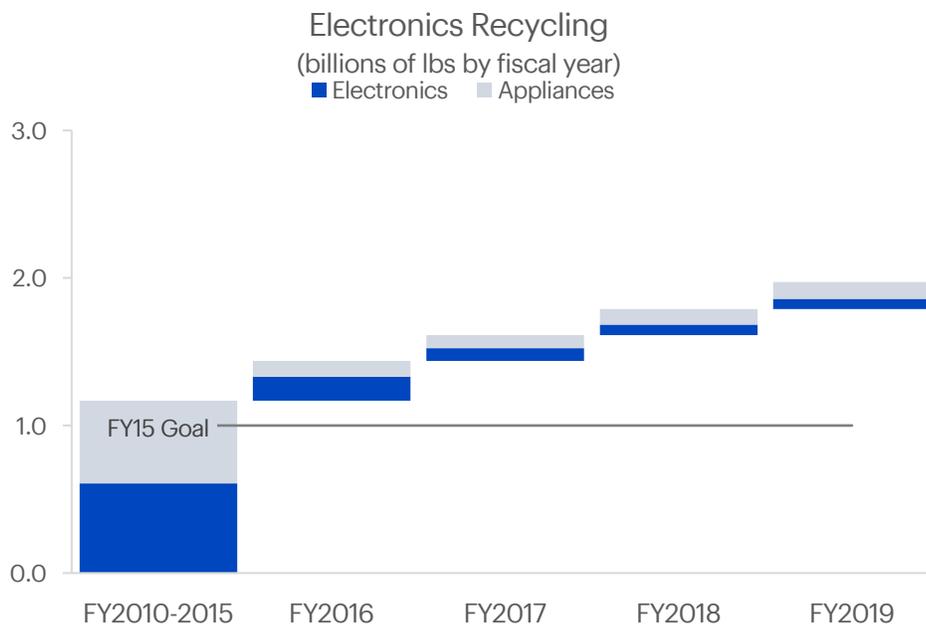
In FY19, we helped customers trade in nearly 1 million devices.

Electronics and appliance recycling: 2 billion pounds collected.

To address the global issue of electronic waste, we established our recycling program in 2009. We continue to operate the most comprehensive consumer electronics takeback program in the U.S. And, with 70 percent of the U.S. population living within 15 minutes of a Best Buy store, we are also the most convenient place for recycling.

We are thrilled to have met a historic **milestone of collecting 2 billion pounds** of e-waste and appliances for recycling as of June 2019. Our recycling program started as sporadic take back events in the parking lots of our stores. With the clear customer need, we transformed the events into a sophisticated reverse logistical program, with nearly 1,000 stores taking customers' electronics every day our stores are open. We are keeping electronics out of landfills, which benefits the environment and human health.

In FY19, the EPA awarded Best Buy a Sustainable Materials Management (SMM) Electronics Award for the fifth straight year. The award commends superior corporate efforts to divert electronics from landfills by working with third-party certified recyclers, as well as being transparent about recycling data and performance.



Milestone:

Collected 2 billion pounds of consumer electronics and appliances for recycling.

Our recycling standards.

We promote environmental stewardship by requiring all of our recycling service providers to adhere to Best Buy standards and contractual obligations. Recyclers must pass a thorough environmental, safety and downstream audit process before contracting with Best Buy, and they are subject to recurring onsite, desktop and downstream assessments. In addition to our own standards, we require all electronics recycling partners to maintain ISO 14001 certification, an OHSAS 18001 safety certification or industry equivalent and be certified to eStewards® or R2® industry certifications.

We are working collaboratively with the industry to minimize the impacts of e-waste through our participation in the following working groups:

- Responsible Business Alliance – E-Waste Taskforce; and
- R2 Technical Advisory Committee.

Customer data privacy and recycling.

Another priority for Best Buy, when recycling electronics, is ensuring that any customer data left stored on such products is handled appropriately. To ensure that 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](https://www.bestbuy.com/Recycling) for more information about how to recycle electronics at Best Buy stores. (See page 37 for further discussion on customer data privacy.)

Sustainable packaging.

Best Buy aims to continuously improve the packaging of our private-label products. We are committed to providing quality packaging with more sustainable attributes.

Our recent efforts include:

- Insignia paperboard packages contain at least 30 percent recycled material (when not corrugate or cardboard); and
- Insignia packages use water-based coatings, which ensure the packages can be easily handled by a recycling facility.

I want to be recycled.

Best Buy continues to partner with Keep America Beautiful and the Ad Council to encourage consumers to recycle their shipping boxes in partnership with the “I Want To Be Recycled” campaign. Best Buy uses these boxes when shipping from eight distribution centers and more than 1,000 store locations.

Already, our efforts to make boxes more appropriately sized have reduced material waste. We also ensure that the cardboard we use is FSC-certified, meaning it comes from responsibly managed forests.

Protecting natural resources.

Waste diversion.

As part of our commitment to lessening our environmental impacts, we are seeking to achieve an 85 percent diversion rate for all U.S. operations by the end of FY20. We call it the Drive to 85.

Cardboard comprises 80% of the waste in our operations, so we focus our efforts in minimizing that stream. We are executing a 3-year roadmap to replace or install new cardboard balers and compactors in the majority of our stores. The new baler equipment has a smaller footprint and is flush against the wall, which will allow us to install them in our stores that have limited warehouse space. We are installing 110 balers and 93 compactors, increasing stores' ability to recycle.

In our distribution centers, we have seen a steady waste diversion rate above 80 percent. We attribute this success to a lower employee turnover rate, dedicated labor and the installation of additional equipment, such as polystyrene densifiers, which break apart and melt polystyrene into condensed cubes, taking up less room on trucks. All of our distribution centers will have densifiers by FY20.

We have continued to face several challenges in FY19 that have affected our waste diversion rate, including:

- Fewer material recovery facilities;
- Regulations limiting waste sent to China; and
- Lower value of cardboard and other commodities.

Looking forward, we are exploring new ways to manage our waste, including:

- Zero waste facilities; and
- New technologies and equipment to reduce hauls, driving down cost and building efficiencies.

Waste Figures (FY19)

Waste Type	Pounds
Hazardous waste volume	47,879 lbs.
Universal waste (lamps, batteries) volume	176,323 lbs.
Non-hazardous waste recycled	
-Paper/cardboard/pallets	99M lbs.
-Plastic	5.4M lbs.
-Metal	927K lbs.
-Single stream	9.1M lbs.
-Other	500K lbs.
Non-hazardous waste landfilled	61.5M lbs.
Non-hazardous waste composted	45K lbs.
Non-hazardous waste diversion rate	65%

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.

Water reduction.

In calendar year 2018, we used about 1.2 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.

Calendar Year	Water Use
2014	1.5 million cubic meters
2015	1.4 million cubic meters
2016	1.4 million cubic meters
2017	1.2 million cubic meters
2018	1.2 million cubic meters

Single use bags.

For retailers, single use bags are a complex operational issue. We are working toward solutions to reduce single use bags in our stores, taking into account environmental impacts, cost and customer experience. In 2016, we reduced the number of plastic bag sizes from seven to two (three during the holiday season), which has reduced the demand for bags. From FY18 to FY19 alone, our plastic bag usage decreased 5 percent. Additionally, the plastic bags we use contain 5-10 percent recycled content. In FY20, we will continue to actively explore opportunities to further reduce the environmental impact of bags we use.

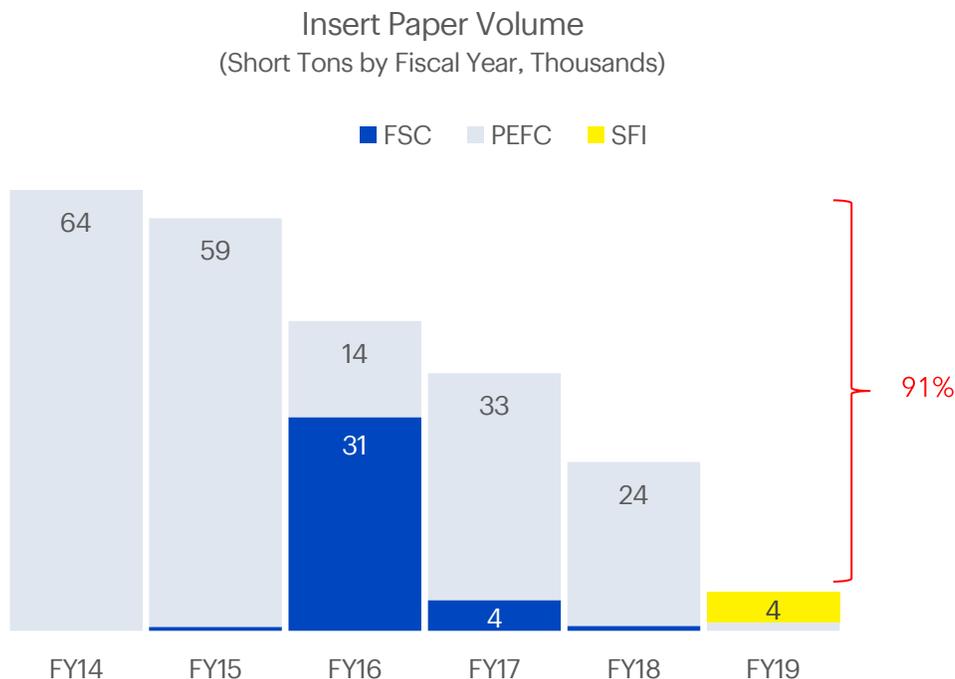
Paper procurement.

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.

As part of our procurement requirements, we:

- Require 100 percent of paper procured to be certified to an internationally-recognized forestry standard;
- Acquire chain of custody statements for all insert paper; and
- Maintain at least 30 percent recycled content in our office paper.

Since FY14, we have reduced our insert paper volume by 91 percent due to our transition to digital marketing. Our full Paper Procurement Corporate Statement can be found at Corporate.BestBuy.com/Sustainability.



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