



FISCAL YEAR 2014

CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT



The men and women of Best Buy are proud of our efforts to be good corporate citizens and positively impact our world as we continue our Renew Blue transformation. This includes being a good steward of the environment and a partner with the communities we serve. We do this while delivering on our promise to customers, to provide unparalleled advice, service and convenience—all at competitive prices.

Our work in this area includes our electronics recycling and Trade-In programs, our Teen Tech Centers and our carbon reduction activities. This year, we will meet a historic environmental goal—the collection of 1 billion pounds of electronics and appliances for recycling. As proud as we are of this accomplishment, we look forward to setting more goals regarding our positive social and environmental impact.

Throughout Best Buy, we are driven by the belief that the destiny of this company does not rely on chance but on choice, and we choose to win—the right way.

A handwritten signature in blue ink, reading "Hubert Joly". The signature is fluid and cursive, with the first name "Hubert" written in a larger, more prominent script than the last name "Joly".

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

At Best Buy, we promise our customers unparalleled advice, service and convenience—all at competitive prices



**RICHFIELD
MINNESOTA, USA**

Our world headquarters

\$ 42 BILLION
in total revenue¹ for fiscal 2014
NYSE symbol: **BBY**

	EMPLOYEE COUNT		STORE COUNT			
	PART-TIME	FULL-TIME				
UNITED STATES	62,000	56,000	BEST BUY 1,055	BEST BUY mobile 406	PACIFIC SALES 30 <small>CUSTOMER BATH & ELECTRONICS</small>	MAGNOLIA 4
CANADA	7,200	6,200	BEST BUY 72	BEST BUY mobile 56	FUTURE SHOP 137	
MEXICO	900	600	BEST BUY 19			
CHINA	N/A	7,500	五福星 189			

approximately
140,000
total employees



nearly
2,000
total stores



BEST BUY Awards & Recognition in Fiscal 2014

Carbon Performance Leadership Index
Carbon Disclosure Project

Carbon Disclosure Leadership Index
Carbon Disclosure Project

Dow Jones Sustainability Index
Dow Jones

Outstanding Training Initiative Award
Training Magazine

Best Places to Work
Human Rights Campaign

Corporate Governance Team of the Year
Corporate Secretary Magazine

Canada's Top Socially Responsible Companies
Maclean's

Best Companies for Hourly Workers
Working Mother

¹ Revenue reported is for fiscal 2014. Revenue provided is presented for continuing operations only. See our Annual Report on Form 10-K for full financial disclosure.



About This Report

Report Scope

This report covers our current business operations, including all Best Buy-branded stores globally and our major subsidiaries, including Five Star Appliance stores in China and Future Shop stores in Canada.

Store Development

During fiscal year 2014, the number of stores we operated in our Domestic segment remained relatively flat. Most notably, we rolled out Ship From Store to more than 1,400 locations, opened 1,400 Samsung and 600 Windows stores-within-a-store and completed the first phase of our store space optimization. In fiscal year 2015, we expect to continue to review our Domestic and International portfolio of stores.

Global Reporting Initiative

We continue to follow the Global Reporting Initiative (GRI) process in our sustainability report. In preparing our report, we have included GRI metrics relevant to our business. For the third year in a row, we are self-declaring GRI Application Level B. Additional information on GRI standards and application levels can be found at www.globalreporting.org.

Stakeholder Engagement

At Best Buy, we form relationships with the many people and organizations that have a stake in what we do. We interact daily with our employees, customers and our communities in a variety of ways. Every employee has a part in this dialogue, in which we ask for feedback and ideas, as well as share challenges, opportunities and successes. We also actively engage in dialogue with external organizations that align with our goals, provide valuable insights and challenge us to grow. External stakeholders bring unique points of view that are essential to a forward-looking company.

Materiality Assessment

In partnership with Ceres, a nonprofit organization advocating for sustainability leadership, we conducted a materiality assessment in fiscal year 2014. Through internal and external surveys and interviews, we prioritized our key social and environmental issues, looking at the intersection of where stakeholders want Best Buy to lead and which issues significantly affect our business. We found that many of the issues that we focused on in fiscal year 2014, such as e-waste, human rights and carbon emission reduction, remain a priority. However, we heard from our stakeholders that they want to see more focused attention to sustainable products. We will address this and share our progress in our next report.

WE WANT YOUR FEEDBACK

Contact us with questions, concerns or feedback at
CorporateResponsibility@BestBuy.com



Key Partnerships

We are a member of, or collaborate with, the following organizations (partial list):

- Business for Social Responsibility (BSR)
- Retail Industry Leaders Association (RILA)–Board of Directors
- Consumer Electronics Association (CEA)–co-chair Green Standards & Disclosure Working Group and Energy Efficiency Working Group; Board of Industry Leaders
- Ceres
- Electronics Industry Citizenship Coalition (EICC)–Board of Directors
- Global Social Compliance Program (GSCP)
- Carbon Disclosure Project (CDP)
- Environmental Protection Agency (EPA) SmartWay and Green Power Partnership
- National Association of Environmental Managers (NAEM)
- World Resources Institute’s Customer Consultative Group
- U.S. Department of Energy’s Better Building Challenge
- Boys & Girls Clubs of America
- MOUSE–nonprofit with mission to empower underserved youth through technology

Connecting with Customers

At Best Buy, we believe our ability to interact with consumers face-to-face is our differentiator. Our Blue Shirts (store employees) and Geek Squad Agents engage with customers every day, which is critical to building trust and finding the devices that match their exact needs. We are able to get immediate customer feedback, which enables us to develop technology solutions that matter to them, including solutions that help them live more sustainably.



Because we are a multi-channel retailer, customers can contact us in many ways, in stores, online via email and social media or by calling 1-888-BEST-BUY.

U.S. Customer Experience Surveys

In early fiscal year 2014, we implemented a holistic customer experience survey methodology that incorporates feedback from all of our channels, including purchasers as well as non-purchasers. These surveys are used to gather a Net Promoter Score^{®1}, which allows employees to better understand the differentiation between exceptional and marginal experiences. Our Net Promoter Score[®] has improved by 300 basis points since the new methodology began. Our goal is continuous customer experience improvement.

¹Net Promoter Score is a trademark of Satmetrix Systems, Inc., Bain & Company, and Fred Reichheld.

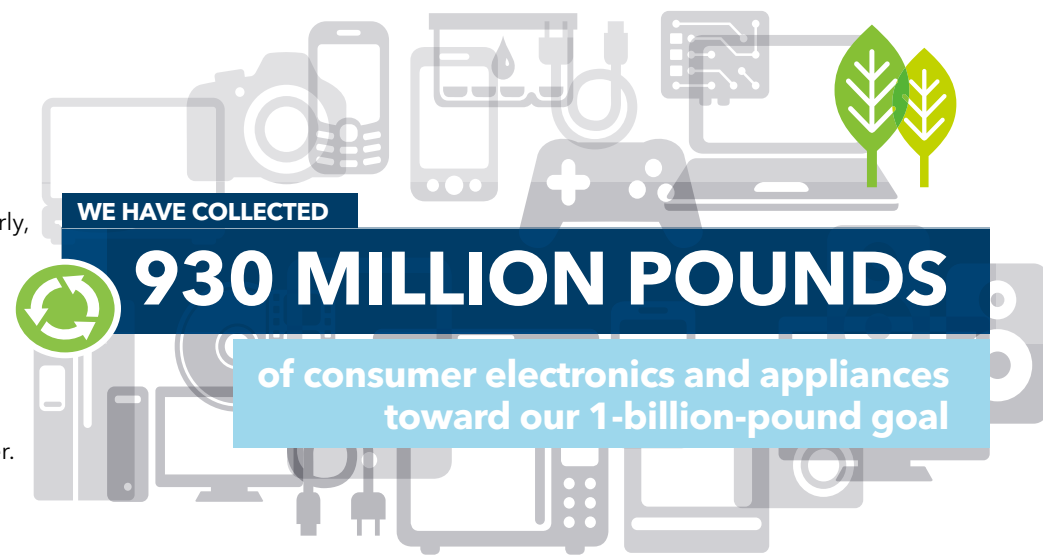
OUR ENVIRONMENT

Challenge: E-Waste

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

One Billion Pounds

To address this issue, in 2008 we established our recycling program. Today, in the U.S., consumers recycle more electronics and appliances through Best Buy than any other retailer. We set a U.S. goal to collect one billion pounds of consumer electronics and appliances for recycling by the end of December 2014. As of the end of fiscal year 2014, we are on target to meet this goal, having collected more than 930 million pounds of consumer electronics and appliances. In fiscal 2014 alone, we collected about 118 million pounds of consumer electronics and 112 million pounds of appliances.



Ensuring Responsible Recycling

Challenge: Exporting

Unfortunately, some e-waste continues to be exported to developing countries, where it may be processed in unhealthy and often dangerous conditions. It is more expensive to properly recycle electronics in ways that protect human health and the environment. Even so, at Best Buy, we provide a responsible way for our customers to recycle their old electronics.

Our Recycling Standards

To address this issue, at Best Buy we promote environmental stewardship by requiring all of our recycling partners to comply with the highest industry standards regarding the reuse, refurbishment or recycling of products collected through our programs and the disposal of waste generated from the recycling process. In addition to our own standards, we require all electronics recycling partners to maintain an ISO 14001-certified (or equivalent) environmental management system, R2® and eStewards® certifications.

Customer Data Privacy and Recycling

Another concern when recycling electronics is ensuring that any customer data left stored on such products is handled appropriately. To ensure our customers' data is protected, we have strict data privacy protection requirements for our employees and our partners. We partner with only pre-qualified companies in our secondary markets and we regularly audit our recycling partners to ensure compliance with our data privacy standards. See page 16 for a further discussion of customer data privacy.

Visit BestBuy.com/Recycling for more information about how to recycle electronics at Best Buy stores.

Helping Customers Choose Sustainable Products

Energy-Efficient Products

At Best Buy, we offer a large selection of energy-efficient products to help our customers around the world save money by using less energy. In the U.S. and Canada, we partner with the EPA's ENERGY STAR® program. Our U.S. customers purchased more than 20 million ENERGY STAR certified products in fiscal year 2014 and realized utility bill savings of more than \$76 million¹. This energy savings equates to just over 1 billion pounds of CO₂ emissions avoidance², or the equivalent of removing more than 98,000 cars from the road³. Learn more about U.S. ENERGY STAR certified products at BestBuy.com/ENERGYSTAR.

FISCAL YEAR 2014 ENERGY STAR PURCHASES

**PREVENTED 1 BILLION
POUNDS OF CO₂**

from entering the environment



EPEAT® Rating System

We offer customers access to a valuable tool called EPEAT®, a green electronics rating system that combines more than 50 environmental-performance criteria regarding design, production, energy use, product longevity and recycling—with ongoing, independent verification of manufacturer claims. Materials used in TVs, computers and printers contain reduced amounts of hazardous materials, such as mercury and lead. Best Buy customers purchased more than 7 million EPEAT-registered products, which collectively helped prevent the generation of more than 3,700 tons of these hazardous materials⁴. We collaborated with the Consumer Electronics Association (CEA) to pilot customer-facing EPEAT messaging that began in the fourth quarter. This is another step toward providing customers with the most reliable information possible to make sustainable choices.

Partner of the Year

The U.S. Environmental Protection Agency (EPA) has named Best Buy as a 2014 Partner of the Year for our outstanding marketing and customer education of energy-efficient products. We use the strong ENERGY STAR brand to effectively communicate the benefits of energy-efficient products.



¹Savings based on Best Buy's fiscal year 2014 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Electricity rate is \$0.1128/kWh.

²Savings based on Best Buy's fiscal year 2014 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR Program data regarding annual unit energy consumption

³Savings based on Best Buy's fiscal year 2014 sales and the difference in U.S. Environmental Protection Agency's ENERGY STAR Program data regarding annual unit energy consumption between non-ENERGY STAR certified products and ENERGY STAR certified products. Emissions factors are 1.54 pounds CO₂/kWh, 117.29 pounds CO₂/MBtu, and 10,582 pounds CO₂/car/year.

⁴Savings based on Best Buy's fiscal year 2014 sales of EPEAT-registered desktop computers, computer displays, and notebook computers compared to non-EPEAT-registered equipment, calculated using the U.S. EPA Electronics Environmental Benefits Calculator, v 3.1. Savings result from avoiding the use of toxic materials such as lead in printed circuit boards and mercury in light sources, which require special handling and treatment at the end of the product life.



Challenge: Climate Change

Increased levels of greenhouse gas in the Earth's atmosphere lead to climate change risks such as climbing temperatures, rising sea levels, shifting seasons and changes to the intensity, frequency and duration of weather extremes. Recognizing the energy dependency of many of the products we sell, we have an interest in fostering a transition to a low-carbon economy.

20 by 20 Goal

We are committed to finding cost-effective solutions to save energy, and directly reduce emissions of carbon into our atmosphere. In 2010, we set a goal of reducing absolute carbon emissions in North America by 20 percent by the year 2020 (over our 2009 baseline). Four years into our effort, we have made significant progress and are on track to meet our goal in 2014. We were recognized by the Carbon Disclosure Project (CDP) in both the Carbon Disclosure Leadership Index (CDLI), scoring a 98 out of 100 for disclosure, and the Carbon Performance Leadership Index (CPLI), scoring an "A" for performance.

Calendar Year 2013 Energy Consumption:

Direct energy consumption by primary energy source¹: 216,634 MT CO₂e

Indirect energy consumption by primary energy source¹: 628,907 MT CO₂e

Over 2009 baseline:

Absolute carbon reduction since goal was set²: 17.5%

Energy saved by conservation and efficiency improvements²: 219 M kWh

Project Highlights

Our industry-leading centralized Energy Management System drives the bulk of our carbon reduction. Other highlights include:

- Began an 800-store ceiling fixture lighting retrofit program, resulting in a significant reduction of energy usage
- Reduced carbon emissions by 10 percent in the Geek Squad fleet of nearly 3,800 vehicles by using smaller vehicles when possible and the most efficient routes



¹Calendar year 2013 North American operations

²Calendar year 2013 North American operations over 2009 baseline



Renewable Energy Credits

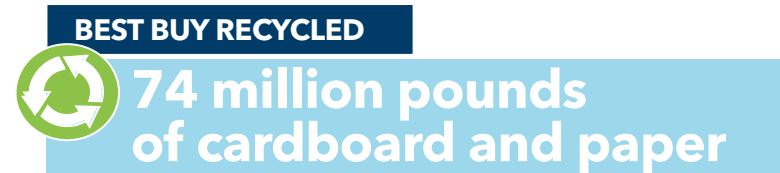
The purchase of Renewable Energy Credits (RECs) helps us offset the impact of our emissions. In calendar year 2013, we offset approximately 12.5 percent of our U.S. electricity through RECs. In January 2014, through the EPA's Green Power Partnership, we ranked No. 39 overall and No. 9 among retailers. Our REC program is an independent emission reduction effort, which we do not count toward our 20 by 20 reduction goal.

ISO 14001 Certification

To help manage progress toward our environmental goals and ensure compliance, we utilize an ISO 14001-certified Environmental Management System (EMS). The certification, awarded in June 2012, covers all U.S. operations and made us the first U.S. large-format retailer to earn this certification. For more information, see our Environmental Policy at BBY.com/CompanyPolicies.

Responsible Recycling in Our Operations

At Best Buy, we not only help our customers recycle their electronics, but we also recycle waste created in our own operations. Our stores and logistic centers capture, sort and recycle, packaging materials such as cardboard, paper, plastic shrink film, bubble wrap and expanded polystyrene. Additionally, our stores and logistics centers either find a second use for, or recycle outdated display fixtures, equipment and scrap metal. Instead of those materials entering the waste stream, we ensure the proper recycling through our approved partners.



Waste Diversion

We are working with our waste management partners to increase our landfill diversion rate for U.S. operations. These are the initiatives driving our progress:

- Expanding our recycling capabilities at our retail locations through contract renegotiation
- Collaborating with our vendor partners to further expand capabilities of recyclable materials
- Developing in-house solutions to move current retail waste streams to logistics facilities where they are processed as recyclable commodities

Water Reduction

In calendar year 2013, we used about 1.4 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.

OUR COMMUNITIES

Challenge: Digital Divide

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



Helping Teens Develop 21st-Century Skills

We provide teens with access to the opportunities that technology can provide, helping build their technology skills and inspire their future education and career choices. Best Buy Teen Tech Centers provide a safe place where teens can develop technology skills through hands-on activities such as filmmaking, music production, graphic design, robotics, mobile applications and game development. We partner with the Intel Computer Clubhouse Network (ICCN) to assist with program development, support the centers' staff and monitor results. Our four existing centers are located in Chicago, Miami, San Antonio and Minneapolis and in fiscal year 2015 we look forward to opening four more centers, which will be located in Denver, New York, Seattle and Washington, D.C.



Geek Squad Academy

Geek Squad Academy is an interactive learning program for young people ages 10-18 to develop technology skills and consider technology-based career paths. We partner with local nonprofit organizations to host Academies where Geek Squad Agents lead classes such as computer programming, digital photography, digital video and digital music. In fiscal 2014, we held academies in 20 cities across the U.S. We also host Geek Squad Academies on military bases as part of our commitment to the White House's Joining Forces initiative.



EveryoneOn

We also partner with EveryoneOn, a national nonprofit that aims to eliminate the digital divide. Last year, through this partnership we provided free basic technology training for residents in public housing facilities in Cincinnati, Detroit, Philadelphia and Washington, D.C. These training sessions help underserved populations gain a better understanding of how to use a computer and the Internet, thereby increasing their access to the opportunities that come with it, such as jobs, education and convenience that can enhance a person's quality of life. EveryoneOn is working with the Federal Communications Commission (FCC) and the U.S. Department of Housing and Urban Development (HUD) to target populations that do not currently have access to the Internet or the skills to use technology.

Canada's Future Generation Tech Lab

After five successful years of helping nearly 50 high schools across Canada transform their classrooms into modern learning centers, Future Shop's Future Generation Tech Lab program expanded in fiscal year 2014 to open grant opportunities to elementary schools. The response was overwhelming, with 145 schools applying in this first offering. After careful review, 15 elementary schools were awarded Future Generation Tech Lab grants valued at a total of \$190,000.



Giving

Giving back to the community is core to how we do business at Best Buy. Every year through the Best Buy Foundation and our corporate giving programs, we help strengthen the communities where our employees and customers live and work. Since 1999, we have donated more than \$300 million. Our philanthropic mission is to provide teens opportunities to develop technology skills and inspire future choices for their education and careers.

TOTAL GIVING

\$300 million since 1999

Five Star Donations

In fiscal year 2014, a magnitude seven earthquake hit Ya'an, Sichuan, damaging nearly 400 schools and forcing thousands of children to study in temporary buildings. Through our China retail brand, Five Star, we partnered with Project Warm-Hearted, a relief effort operated by the Chinese Social Welfare Foundation, and donated more than \$16,000 worth of school supplies.



Employee Giving Campaign

We are proud of the generosity of our employees who plan and participate in our annual Employee Giving Campaign. Employees choose to donate to any 501(c)(3) organization and Best Buy matches each donation at 40 percent. Our employee-led campaign kickoff event, The Wheely Big Show, is a highlight of the year at our corporate campus.



Employee Volunteerism

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



Read employee volunteer stories at BBY.com

St. Jude Thanks and Giving Campaign®

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



OUR EMPLOYEES

Learning, Development & Rewards

Preparing Employees for Success

Comprehensive training is key to inspiring confidence in our employees to deliver exceptional customer experiences. Through our broad training programs and emphasis on development, employees are motivated to share ideas and collaborate on business goals, resulting in an environment where Blue Shirts are leading innovation. In fiscal 2014, we were named to the list of Top 125 companies as compiled by Training Magazine, for the 10th year.

Learning Lounge

We are committed as an organization to ensuring that no employee goes untrained. In the U.S., we deliver product and service training to our employees through our award-winning platform called Learning Lounge. The site provides training content in the form of eLearnings, videos, virtual environments and documents. In addition, our employees use Learning Lounge to register for Instructor-Led training. Learning Lounge is accessible anywhere with an Internet connection, so our employees can learn where they like, when they like—and they are paid for their time. Our employees completed more than 14 million courses during fiscal year 2014.

Path to Excellence

Path to Excellence is our performance recognition platform, which integrates training execution, measurement and leadership into a holistic learning and development culture. Employees earn “virtual badges” by completing learning levels that correlate to where they are on their career journeys and by demonstrating behaviors that support the strategic priorities of the Enterprise. Throughout the learning levels, points earned can be redeemed for items such as event tickets, merchandise, gift cards and travel. Similarly, as employees complete Knowledge Zone status levels (Bronze, Silver, Gold and Platinum) on their personalized learning paths through Learning Lounge, they are recognized with pins to wear that designate their levels of proficiency. We have found a definite correlation between stores with the highest number of platinum- and gold-level employees and sales performance.



Rewarding Employees

Part-Time Benefits

For part-time employees, Best Buy offers competitive pay and many of the same benefits and rewards that we offer to full-time employees. U.S. part-time benefits include a 401(k) retirement fund, an employee discount at Best Buy stores and an Employee Assistance Program (where employees can go for help with personal issues). Our part-time health offerings include free flu shots, access to a nurse line and prescription drug discounts. All store employees are also eligible for our Short Term Incentive (STI) program, which provides incentive-based bonuses.

Rewarding Globally

Five Star rewards its employees through a similar program called Learning Passport. Employees take courses, earn points and exchange the points for gifts.

Best Buy Mexico employees who have made a significant contribution to our business are recognized through a quarterly award called “La Pieza Clave.” Employees are recognized during their store “Chalk Talk,” the daily meeting prior to store opening where leaders share the latest news and highlight wins.



A Culture of Diversity and Inclusion

One of the five pillars of Best Buy's Renew Blue transformation effort is our focus on attracting and inspiring our employees. Central to that effort is the work we do every day to ensure that our employee base is increasingly more diverse, not just because it is the right thing to do, but because the greater our diversity the stronger we become as a company.

Our goal is simple: Unleash the power of our people and utilize their unique talents, experiences, beliefs and background to create an engaging work environment and a world-class retailing operation. We do this by working to attract and invest in top talent and fostering an inclusive culture. We are proud to have scored 100 percent for the ninth time by the Human Rights Campaign (HRC)—a rating based on policies and practices that pertain to lesbian, gay, bisexual and transgender (LGBT) employees.

Employee Business Networks

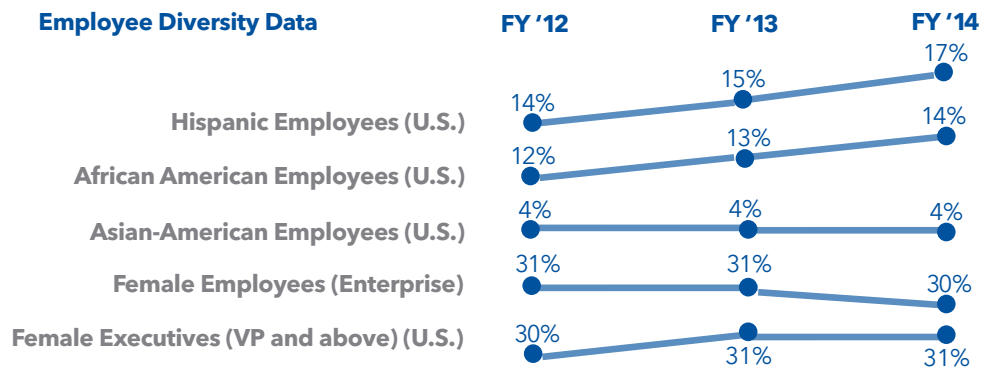
Our Employee Business Networks (EBN) and Focused Involvement Networks (FIN), made up of employees who use their common interest or passions to make a positive impact on the community, are key components to creating an inclusive environment.



Global Programs

In Mexico, we partner with the National Institute for the Elderly (INAPAM) in their efforts to promote the equality of Mexico's aging community and integrate older employees into the workforce. INAPAM is an organization dedicated to promoting integral human development for senior citizens by providing employment, assistance and the necessary opportunities to reach a well-being and high quality of life while reducing inequity and insecurity.

Employee Diversity Data



Listening to Employees

We ask employees from across the organization what they think about working at Best Buy. And we believe that a continuous conversation is key to gaining feedback. We also believe that practicing authentic listening means taking action on what employees say. At Best Buy, all leaders are expected to build action plans with their teams to address their engagement levels as collected from an employee survey.

eVoice Survey

We use a formal survey called eVoice to establish a baseline of employee satisfaction and identify areas to improve the employee experience. The eVoice survey collects feedback from employees across the enterprise in Canada, Mexico, the U.S. and China. The survey provides insight into not only employee engagement, but 11 other dimensions of the workplace environment. We surveyed our employees twice during fiscal year 2014 and saw the percent of engaged employees reach 84 percent in the second half of the year.

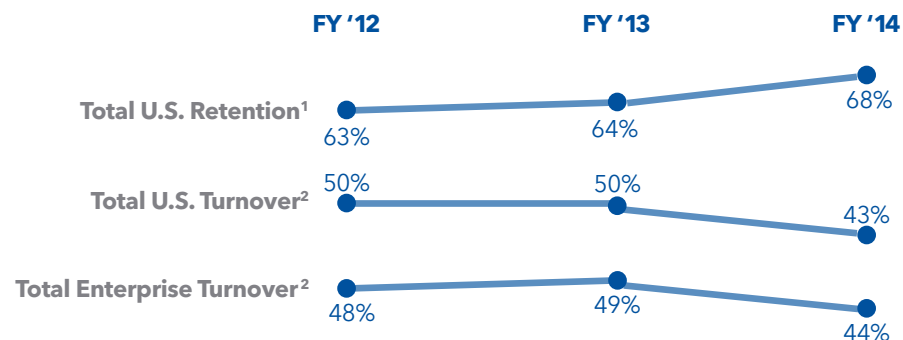


Global Town Halls

Senior leaders hold quarterly meetings where they share a state-of-the-business update and progress on critical initiatives. Employees across the globe can participate and ask questions via the webcast.

Employee Retention

We know that higher levels of employee engagement correlates to stronger store performance and lower levels of turnover, which is why we strive for a highly engaged workforce. We are encouraged to see our turnover rate decreasing and our retention rate increasing.



¹Retention represents the percent of employees who remained employed at Best Buy for the entire fiscal year.

²Turnover represents the percent of employees who voluntarily ended employment at Best Buy during the fiscal year.

OUR SUPPLY CHAIN

Exclusive Brands Supply Chain Management

At Best Buy, we partner with more than 140 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 ensure they meet our expectations for safe workplaces where workers are treated with dignity and respect.

Traditionally, the consumer electronics industry has been inconsistent in the way social and environmental practices in supply chains are managed. Many companies survey, audit and drive corrective actions for their suppliers differently, often creating confusion and recurring non-conformance. We are helping lead the industry in identifying opportunities for increased efficiency and greater industry influence by collaborating with peers to develop a common approach to managing social and environmental performance in the supply chain.

Working with Vendor Partners

Through our leadership in the Electronic Industry Citizenship Coalition (EICC), including participating on their Board of Directors, we partner with many of the national brands we sell, including Apple, 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.

In fiscal year 2013, we launched the Supply Chain Sustainability program (SCS), a redesigned approach to more effectively work with our Exclusive Brands suppliers to increase supply chain transparency, reduce non-compliance and drive continuous improvement. In the first year of our SCS program, we have seen deeper engagement with strategic suppliers and increased attention to improvements in social and environmental performance.

Exclusive Brands SCS Program Six-Phase Approach

1 Code Introduction & Adoption

Before working with new suppliers, we provide in-depth training on our code and program and conduct a full audit of their facilities. In fiscal 2014, we provided 32 suppliers with an on-site training focused on the EICC code. Since the launch of the program, we trained more than 99 percent of our suppliers. When conducting pre-contract screenings, we identify non-conformance and help the supplier take action to correct—or we reject suppliers that are unwilling or unable to address critical violations. In the past fiscal year, we rejected 13 potential new suppliers based on our initial screening.

2 Self-Reporting

Existing suppliers assess their performance against the code by completing an annual self-assessment questionnaire (SAQ) and submitting quarterly key performance indicator (KPI) reports. The SAQ help us better understand our suppliers' policies and management systems, while KPI reports provide insight into their sustainability practices and performance. In fiscal 2014, we achieved a 97 percent completion rate for SAQs and a 98 percent completion rate for KPIs. Any supplier that does not provide either an SAQ or a KPI report is automatically considered a higher-risk supplier and will be audited.



Read more about our suppliers at BBY.com

3 Risk Assessment

We evaluate our suppliers' abilities to meet the code, which guides how we monitor their performances and build their capacities. Our evaluation of each supplier takes into consideration several dimensions of social risk. Based on the results of our assessment, suppliers are classified by risk level¹. We focus our audits and capacity building on those suppliers identified as higher risk. By focusing our efforts, we believe we can more effectively improve environmental practices, better protect worker rights and ensure a more reliable supply chain.

¹Our risk assessment did not include suppliers being phased out of our supply base, new suppliers and those suppliers who will be subject to a follow-up audit in fiscal year 2015. Data represents the end of fiscal year 2014.

4 Monitoring

For suppliers identified as higher-risk, we perform full audits and for medium-risk suppliers we perform validation audits, which are used to confirm SAQ and KPI results, to identify gaps between suppliers' performance and the code. Where we not only assess their social and environmental performance, referred to as "practices compliance," we also review their policies and the management system they have in place to drive code compliance, which is known as "management compliance."

Factory Count	142
Number of Full Audits	49
Number of Follow-up Audits	13
Number of Validation Audits	27

Addressing Violations

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

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

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

5 Capacity Building

We build our suppliers' capacity so they can close the gap between their performance and the code. We periodically conduct trainings on the EICC code to ensure our suppliers have the tools to meet the code and fully understand our expectations. In addition to code training, we provide key suppliers with specialized training focused on the unique challenges and risks of employing student workers.

6 Reporting

Each year we publicly disclose our suppliers' rates of compliance against the code.

Labor and Human Rights

Category	Practices Compliance	Management Systems Compliance
Freely Chosen Employment	82%	27%
Child Labor Avoidance	71%	49%
Working Hours	2%	2%
Wages & Benefits	20%	100%
Humane Treatment	98%	63%
Non-Discrimination	98%	88%
Freedom of Association	98%	80%

Health and Safety

Category	Practices Compliance	Management Systems Compliance
Occupational Safety	37%	82%
Emergency Preparedness	20%	63%
Occupational Injury & Illness	43%	67%
Industrial Hygiene	18%	92%
Physically Demanding Work	100%	41%
Machine Safeguarding	86%	94%
Food, Sanitation & Housing	33%	92%

Ethics

Category	Practices Compliance	Management Systems Compliance
Business Integrity	100%	55%
No Improper Advantage	100%	55%
Disclosure of Information	100%	67%
Intellectual Property	100%	61%
Fair Business, Advertising & Competition	100%	31%
Protection of Identity	100%	61%
Responsible Sourcing of Minerals	100%	55%
Privacy	100%	51%
Non-Retaliation	100%	55%

Environment

Category	Practices Compliance	Management Systems Compliance
Environmental Permits & Reporting	53%	94%
Pollution Prevention & Resource Reduction	98%	69%
Hazardous Substances	41%	24%
Waste Water & Solid Waste	82%	92%
Air Emissions	59%	96%
Product Content Restrictions	100%	94%

Management System

Category	Practices Compliance	Management Systems Compliance
Company Commitment	100%	63%
Management Accountability & Responsibility	100%	24%
Legal and Customer Requirements	100%	61%
Risk Assessment & Risk Management	100%	29%
Improvement Objectives	100%	27%
Training	100%	51%
Communication	100%	37%
Worker Feedback & Participation	100%	80%
Audits & Assessments	100%	39%
Corrective Action Process	100%	57%
Documentation & Records	100%	69%
Supplier Responsibility	100%	20%

Discussion of Audit Results

- The majority of audits were conducted at higher-risk suppliers, which increases the likelihood that we will find violations
- The results reflect a much more rigorous code and a significantly more thorough audit methodology
- Many of our audits were conducted at smaller factories that have less experience in developing management systems

We are committed to working with our suppliers to build their capacity to resolve these shortcomings and through the EICC, we are reinforcing consistent expectations for supplier performance and increasing focus on developing stronger management systems, setting the foundation for long-term compliance.

Discussion of Audit Categories

Child Labor—At no point in fiscal year 2014 did we identify an under-aged worker in our factories. Instead, the non-conformances in this category are primarily related to factories hiring practices and whether they are effectively designed to ensure that those under the age of 16 are not employed. We work with the factories to improve these practices

Working Hours—Working hours continues to be a highly pervasive and persistent issue for the entire consumer electronics industry. It is a complex issue compounded by numerous interrelated issues, such as lack of eligible workers, poor production planning and compressed order cycles, to name a few. We are working closely with EICC member companies and other stakeholders to seek solutions to this issue.

Wages & Benefits—When non-conformances related to wages are identified, we require our suppliers to develop a corrective action plan that not only addresses wage concerns moving forward, but also results in back pay to workers.

Emergency Preparedness—While we did not identify any critical emergency preparedness non-conformances, which represent a serious risk to health and safety, we take all non-conformances very seriously and require our suppliers to come into compliance as quickly as possible. In many cases, the non-conformance can be addressed quickly, such as in the case of clearing a partially blocked emergency exit or by conducting emergency evacuation training and drills.

Product Safety

It is essential as a responsible retailer to ensure the products we sell are safe for customers. To stay apprised of regulatory issues and trends that impact our product safety program, we hold memberships in the Retail Industry Leaders Association (RILA) Product Safety Committee, the Consumer Electronics Association (CEA) Product Safety Working Group and the International Consumer Product Health and Safety Organization (ICPHSO). We utilize 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). One of the safety issues we are actively working on involves TV tip-over incidents. Our solution, in patent-pending status, allows customers to secure their TVs without using tools or putting holes in walls or furniture—yet the solution still allows for adjusting TV viewing angles.

Supply Chain Security

Our supply chain program also includes the Customs-Trade Partnership Against Terrorism (C-TPAT), a safety and security protocol intended to protect ports and secure borders by eliminating tampering, the unlawful use of containers and unauthorized entrance into shipping facilities. This includes extensive audits on the methods used to store containers securely, conducting background checks on employees and the process of earning certification for the supply chain security program. Through our C-TPAT Tier 3 status with U.S. Customs and Border Patrol, we receive the highest benefits, including expedited importing.



Conflict Minerals

Defining Conflict Minerals

The Democratic Republic of the Congo (DRC) and its neighboring countries have reserves of tin, tantalum, tungsten and gold (known collectively 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, regardless of where or the conditions in which they were mined, are known as “conflict minerals.”



photo courtesy of Michael Loch

Legislation

In 2010, the U. S. enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 1502 of the legislation requires companies covered under the Act to disclose whether the 3TG used in their products directly or indirectly benefitted armed groups in the DRC. At Best Buy, we strive to be DRC-conflict free, however, as a retailer, we have very limited engagement with the majority of actors beyond the first-tier suppliers in our private label supply chain. As a result, identifying with certainty the smelters, refiners and recyclers—and the source of the materials they process—is an extraordinary challenge.

Industry Collaboration

One way we seek to address this challenge is through collaborative industry efforts to gather accurate information about the sources of 3TG. We can play a critical role in helping lead both the retail and consumer electronic industries toward more transparent and responsible supply chain practices. Two of the groups in which we participate are the Conflict Free Sourcing Initiative (CFSI) and the Retail Industry Leadership Association's (RILA) Conflict Minerals Working Group. We participate in several CFSI work groups and help to lead the CFSI's Smelter Identification Task Force that seeks to verify alleged smelters and coordinates outreach to known smelters to encourage their participation in a Conflict Free Smelter Program (CFSP) audit. We were also a founding member of the RILA Conflict Minerals Working Group and sit on the Executive Committee. We back up our industry engagement by providing monetary support to the Conflict Free Smelter Fund, which supports smelters and refineries who successfully complete a CFSP audit.

VIEW OUR

Conflict Minerals Report at BBY.com/ConflictMinerals



CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT FISCAL YEAR 2014

Due Diligence

To determine to the best of our ability the source and chain of custody of 3TG necessary to the functionality and/or production of Best Buy Exclusive Brands products, we conducted due diligence on our supply chain. We work with industry peers to ensure that implementation of our due diligence process is aligned with the industry approach.

Our due diligence framework includes:

- Establishment of a strong company management system
- Identification and assessment of risks
- Responding to identified risks
- Auditing smelters in our supply chain
- Reporting our progress toward a conflict-free supply chain

Results

Based on our due diligence process and the information gathered, through surveying and training 100 percent of our suppliers, we are unable at this point to determine the origin of some of the conflict minerals used in our Exclusive Brands products. These results are not unexpected given the under-developed transparency and control systems in the supply chains of the manufacturing, smelting and mining industries. As those systems mature, we anticipate and seek increased clarity as to the source and chain of custody of the conflict minerals used in our Exclusive Brands supply chain.

Fiscal Year 2015 Optimization

In order to improve our process and reduce the percent of undeterminable sources of 3TG, Best Buy intends to take additional steps in fiscal year 2015, including:

- Providing face-to-face training for relevant first-tier Exclusive Brands suppliers on conflict mineral reporting and the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance, an internationally recognized due diligence framework
- Designing and implementing an improved communication and data gathering process to increase transparency and accuracy
- Adding transparency and conflict mineral reporting expectations to our private label supplier agreements
- Increasing our efforts to validate and engage smelters in the Conflict-Free Smelter Program



photo courtesy of Michael Loch

Governance and Ethics

Our corporate responsibility governance structure starts at the highest levels of our company. The fully independent Nominating, Corporate Governance and Public Policy Committee of our Board of Directors oversees Corporate Responsibility & Sustainability (CR&S). In addition to reviewing this report, the Committee annually reviews our CR&S program and discusses relevant strategies and risks with management. In addition, we have leaders from across the Board and company who advise our CR&S programs and initiatives, support integration, set goals and measure results.

Corporate responsibility begins at the top with a core group of individuals dedicated to monitoring everything from enterprise risk to environmental regulation, but it extends far beyond the confines of the offices of a few. From officer to entry level, every Best Buy employee is held to the same unwavering standards, which are written in our core values, and serve as a reminder of their ever-present importance in our personal and professional conduct. It is a responsibility we all share in order to develop more influential leaders, highly trusted employees and a greater, stronger Best Buy.

Leading our compliance and ethics structure are:

Chief Compliance Officer: Monitors and addresses enterprise risks in the areas of law and public policy, including corporate governance, environmental regulation and product safety, among others.

Chief Risk Officer: Identifies emerging risks, including risks associated with sustainability, and develops the processes to address those risks.

Our Ethics Office: Seeks to help our company conduct business in the most ethical manner by developing business standards, policies and practices that go beyond complying with the law, including such issues as ethical vendor engagement and conflict of interest. Read more about the Best Buy Code of Business Ethics at BestBuyEthics.com.

Customer Data Privacy

At Best Buy, we care about our customers' privacy and we use a variety of information security measures to protect their transactions and valuable data. Whether customers are shopping online or in our stores, we use security best practices to protect the confidentiality of personal information under our control, and we appropriately limit access to it. Our websites use encryption technology, such as Secure Sockets Layer (SSL), to protect customers' personal information including names, addresses and credit card numbers. Information provided to us via our in-store kiosk does not traverse the public Internet. We have also been awarded the TRUSTe Privacy Seal—meaning our privacy policy and practices are in compliance with TRUSTe's program requirements. For more information, see our Privacy Policy at BestBuy.com/Privacy.

WHAT WE STAND FOR

Read our full company policies at BBY.com/CompanyPolicies



Aligning with United Nations Guiding Principles

We are embarking on a journey to develop a more robust and rigorous approach in managing human rights. Our approach to human rights will seek to align with the United Nations' Guiding Principles on Business and Human Rights, an internationally embraced framework for embedding human rights into business operations that is focused on continuous improvement. Key steps we intend to take by the end of fiscal year 2015 include the following:

- Lead the EICC Human Rights task force, which seeks to better align the EICC's code, policies and protocol with the United Nations' Guiding Principles
- Develop an internal governance structure to support our human rights program
- Conduct an impact assessment to identify and prioritize the most relevant human rights for our business operations
- Publicly report on our progress of aligning with the United Nations Guiding Principles

Political Activity

Political Spending

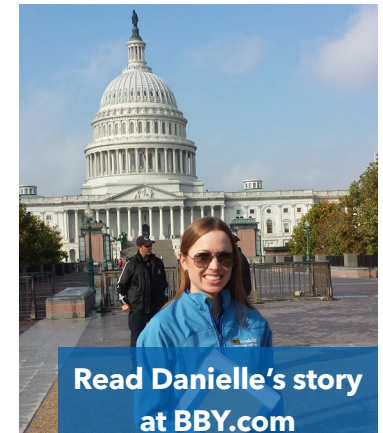
We ensure transparency and oversight of our political spending through our Contributions Steering Committee, composed of five senior executives who review and approve corporate funding for contributions of \$5,000 or more. We publicly disclose corporate political contributions in our Political Activity & Public Policy Report each year. This information is reviewed annually by the Nominating, Corporate Governance and Public Policy Committee of the Board of Directors.

E-Fairness

We support federal e-fairness legislation, which allows states to apply sales tax collection laws fairly to all sellers, regardless of their business model. This legislation does not represent a new tax, rather it simply helps ensure fair competition that ultimately benefits consumers and our communities. The current laws were put in place before the Internet or e-commerce even existed. Just as retail has evolved over the years, the tax code needs to evolve to reflect modern patterns in how consumers shop, not by creating a new tax but by enforcing the laws already on the books. We are encouraged by the bipartisan support e-fairness has received in Congress so far, and we are working with Congress to actively support the passage of federal legislation this year.

Employee Political Engagement

We encourage employees to engage in the political process, both professionally and personally. The BlueGrassroots Network gives employees the opportunity to learn about the issues impacting our company, form relationships with government officials at all levels and promote good citizenship. Collaboration between our employees and elected officials helps bring about change that better serves the communities where we live and work. Our public policy work directly aligns with our aspiration to be environmentally and socially accountable for our business operations worldwide.



Read Danielle's story
at BBY.com

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4.10	Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	Each committee chair conducts an annual, formal evaluation of their committee, and every year the Nominating Committee chair conducts an evaluation of the full Board. Results are compiled, compared to results of the prior four years, and assessed. Goals and opportunities are identified for ongoing focus throughout the year.
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