

TM

**BEST BUY**™

Corporate Responsibility 2009  
Best Buy Co., Inc.

# OPEN SOURCE



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# CEO insight

This is Best Buy's fourth Corporate Responsibility report, and we've learned much since we began measuring and reporting our performance on issues of paramount importance for every human being, especially those involving the sustainability of our environment and the workplace. One of the most important things we've learned is what to measure in the first place, and how to measure it. We believe this report reflects our commitment to continue to measure, learn and most importantly improve across the landscape of Corporate Responsibility.

2008 and 2009 have brought into sharp focus the broad set of challenges we all face; economic, societal and environmental. Finding solutions for these challenges will not be easy. But, at the risk of cliché, I believe to my core that challenging times create a catalyst for greatness, in countries, communities and in companies. Challenging times force every human organization to become very clear and very articulate about why it exists — and then to redouble its efforts in service of that mission.

Best Buy is a company that believes technology can help people connect with what's most important in their lives — the people they love and the content they want and need. But we also believe that technology only really fulfills its promise to people if it is made to live in service of people. In fact, the only thing we believe in more than the power of technology is the transformative power of people. And we believe that if technology is made to live in service of people, it will lead to tremendous growth for our industry and our enterprise. That's why we take very seriously the influential role we play in the consumer technology industry, and that's why we take just as seriously our responsibility to the people we serve and the planet we live on, to hold ourselves and our industry to high ethical and environmental standards.

As a retail company, we are in a wonderful position to really listen to all of our stakeholders — our customers, our employees, our partners, our shareholders and the communities where we do business around

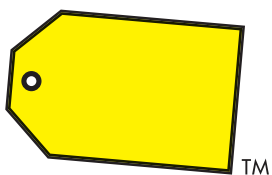
the world — and to take direct, meaningful action based on what we hear. In the report you're about to read, you may be surprised by what we've done over the last year — from launching a new social change platform for teens called @15 to offering consumer electronics recycling in our U.S. stores. But for us, this kind of work is a natural extension of the responsibility we feel, to make sure Best Buy and the industry we represent live up to their promise.

I hope the fact that Best Buy is engaged seriously in this kind of work is not at all surprising, but what you've come to expect of us. Best Buy is a company made up of ordinary people who wake up every day expecting to face challenges, to see opportunity in those challenges, to innovate, to succeed, to change, and to grow — a group of ordinary people who, together, accomplish extraordinary things.

And, along the way, prove that there is no such thing as an ordinary person.

Brian Dunn  
Chief Executive Officer





**BEST BUY**™

As the world's largest consumer electronics retailer with more than 160,000 employees worldwide, Best Buy has the opportunity to make an impact on the communities we serve. We take the responsibility of choosing what impact we make seriously. That is why corporate responsibility has become an increasingly important priority for our company. Not only is it the right thing to do, but it affects our business on many levels, including providing financial benefits and growth opportunities as well as strengthening our stakeholder relationships.

In our Fiscal 2008 Corporate Responsibility Report, we introduced our corporate responsibility aspirations. This is our vision for how we hope to see Best Buy perceived:

- As a global champion for human ingenuity and opportunity — our employees providing leadership for our industry, our customers and communities worldwide;
- As an advocate for consumers in a world of technology — delivering consumer electronics products and services to more people than any other company in the world; and
- As financially, environmentally and socially accountable for our brands and business operations worldwide.

Much has changed since we introduced these aspirations. Calendar 2008 was a watershed year in the global economy and the long-term ramifications for most industries, including retail, have yet to be fully understood. Many believe the behavior and attitude of consumers has been altered and that those companies that understand the evolving economic climate and have the foresight to proactively meet the new expectations of consumers will survive. At Best Buy, we believe our Corporate Responsibility aspirations will guide us in meeting those expectations. Our corporate responsibility program is structured to help Best Buy navigate the new world, from current needs

to emerging issues, so we will not just survive, but thrive as consumer confidence returns.

Best Buy is firmly focused on a customer-centric business model — an approach that puts the customer at the center of every business decision. All of our stakeholders are customers of our business model — our employees, end customers, vendors, investors and communities where we do business worldwide. They all expect Best Buy to be a responsible company — now more than ever. All of the efforts outlined in this report are central to our business and reflect our desire to live up to our aspirations.

### What is Open Source?

Employees are critical to the success of our corporate responsibility program. The relationships they build with stakeholders feed our understanding of changing needs. Open Source is our company's way of opening the door for employees to modify or enhance a program or initiative based on their first-hand experience or innovative nature.

Throughout this report, we will present many examples of open source corporate responsibility which improved our sustainability initiatives. In a world where we need to understand a diverse set of consumers and stakeholders across borders, languages and cultures, we believe a decentralized, "open source" approach is exactly what is required to realize our corporate responsibility aspirations as well as our overall business goals.

In the past year, we have taken many steps to live up to our aspirations. While we have made great progress, we are on a journey and look forward to making further strides toward our aspirations each year.

### Organizational Profile

With operations in the United States, Canada, China, Europe, and Mexico, Best Buy is a multinational retailer of technology and entertainment products and services with a commitment to growth and innovation. The Best Buy family of brands and partnerships collectively generates more than \$45 billion in annual revenue and includes brands such as Best Buy,

# OPENING statement

#### Our Company Values:

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

## SCOPE OF OPERATIONS: FISCAL 2009

| Country       | # of Employees | # of Stores |                 |               |                   |                      |             |                   |                        |                 |
|---------------|----------------|-------------|-----------------|---------------|-------------------|----------------------|-------------|-------------------|------------------------|-----------------|
|               |                | Best Buy    | Best Buy Mobile | Pacific Sales | Geek Squad Stores | Magnolia Audio Video | Future Shop | Jiangsu Five Star | The Carphone Warehouse | The Phone House |
| North America | 137,216        | 1,082       | 41              | 34            | 6                 | 6                    | 139         |                   |                        |                 |
| Europe        | 16,707         |             |                 |               |                   |                      |             |                   | 897                    | 1,568           |
| Asia          | 8,995          | 5           |                 |               |                   |                      |             | 164               |                        |                 |



## TOTAL WORKFORCE BY REGION

|               |                           | Fiscal '09 | Fiscal '08 |
|---------------|---------------------------|------------|------------|
| North America | Total full-time employees | 66,405     | 65,022     |
|               | Total part-time employees | 70,811     | 73,003     |
| Europe        | Total full-time employees | 12,774     | 139        |
|               | Total part-time employees | 3,933      | 0          |
| Asia          | Total full-time employees | 8,941      | 9,177      |
|               | Total part-time employees | 54         | 52         |

Audiovisions, The Carphone Warehouse, Future Shop, Geek Squad, Jiansu Five Star, Magnolia Audio Video, Napster, Pacific Sales Kitchen and Bath Centers, The Phone House and Speakeasy. Approximately 160,000 employees apply their talents to help bring the benefits of these brands to life for customers through retail locations, multiple call centers and web sites, in-home solutions, product delivery and activities in our communities.

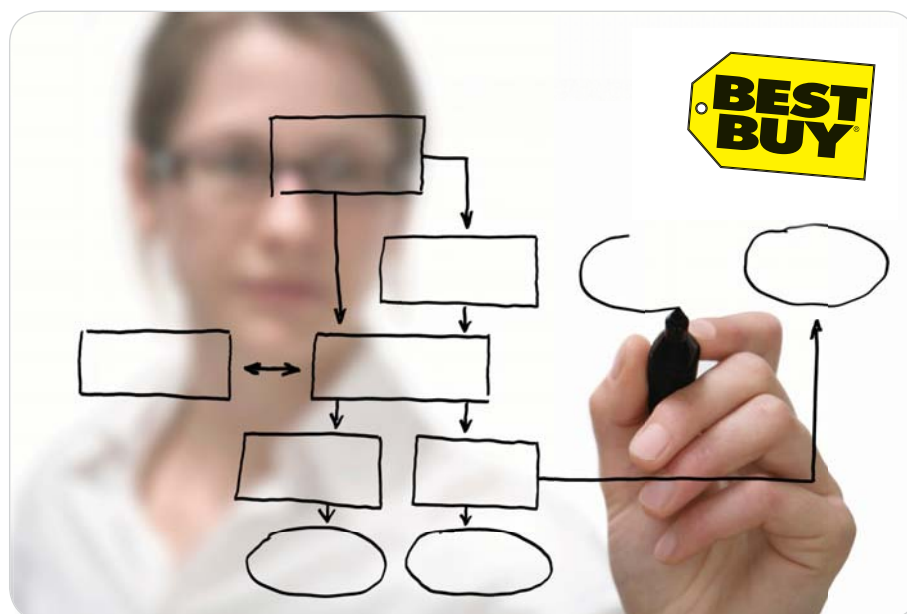
## Global Expansion

In fiscal 2009, we continued to expand our global presence and product offerings. On June 28, 2008, we acquired a 50 percent stake in The Carphone Warehouse (CPW) for \$2.2 billion. Now called Best Buy Europe, it is Europe's largest independent mobile phone retailer. We made this investment to further our international growth plans and obtain an immediate retail presence in Europe. Best Buy Europe includes CPW's retail and distribution business comprised of more than 2,400 stores, its online and direct business, insurance operations and mobile telecommunication businesses. The transaction also included CPW's economic interests in Best Buy Mobile in the U.S.

Additionally, we opened our first store in Mexico and plan to open another five stores in fiscal 2010.

Finally, our online presence was further enhanced by the acquisition of Napster which offers interactive music experiences and new ways to discover, share, acquire and enjoy music — anytime, anywhere.

**\$45 billion**  
in annual revenue



## Corporate Responsibility Governance

We have made several investments in our organizational structure to support our corporate responsibility goals. We added two key positions: Senior Manager, Corporate Responsibility (in fiscal 2008) and Senior Director, Corporate Responsibility (in fiscal 2009), reporting to the Senior Vice President of Public Affairs, Communications and Corporate Responsibility. These two dedicated personnel work across the organization on stakeholder engagement, CR strategy, communication, reporting and measurement.

Best Buy's corporate responsibility governance structure is supported by a cross-functional committee of several directors and vice presidents who oversee our corporate responsibility programs and initiatives, including Environmental Affairs, Supplier Diversity, Human Resources, Ethics, and Transportation, among others. This group is instrumental to driving integration, determining performance metrics, setting goals and measuring results.

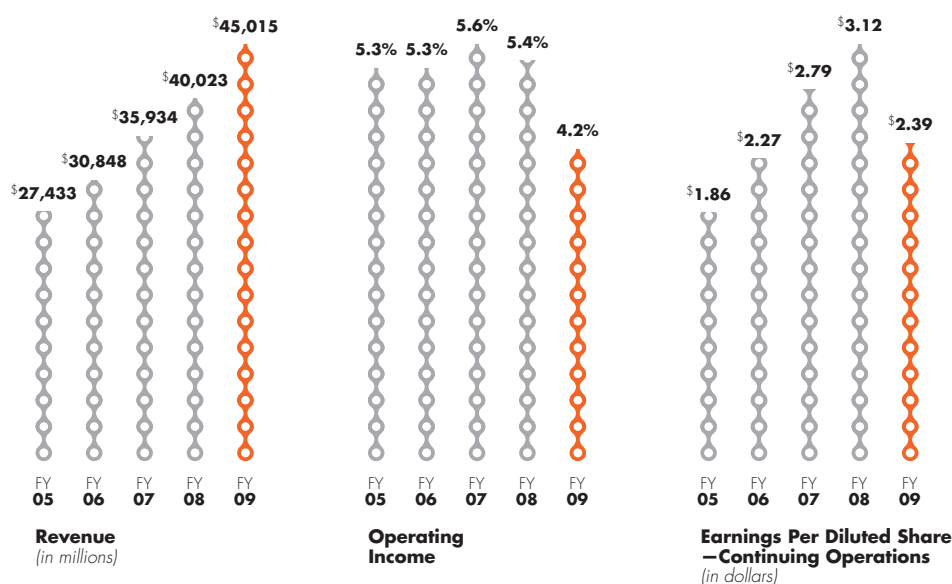
The CR team is collaborating with CEO Brian Dunn to provide quarterly corporate responsibility updates when he meets with his team. This leadership team will also discuss corporate responsibility strategy and, when appropriate, help determine a business response to emerging social and environmental topics.

The Board of Directors' Nominating, Corporate Governance and Public Policy Committee oversees management's direction regarding social, political and environmental trends and public policy issues that could affect our company's business activities, performance and public image. The committee offers advice and counsel to management regarding the effectiveness of Best Buy's social responsibility programs and corporate citizenship.

In keeping with our Open Source CR approach, our corporate responsibility organizational structure also includes the Best Buy Social Responsibility (BBSR) network. BBSR is a group of employees who formed the grassroots network to promote socially and environmentally responsible business practices to improve people's lives, minimize our impact on the environment and drive enterprise growth. One of the group's initiatives in fiscal 2009 was to hold a corporate responsibility expo at company headquarters, featuring more than 25 teams and projects that demonstrate Best Buy's commitment to sustainable business practices.

Beyond our internal structure, we actively participate in corporate responsibility within the broader business community. Best Buy is a member of Boston College's Center for Corporate Citizenship, and next year, we intend to join additional organizations such as Business for Social Responsibility and Ceres — a coalition of businesses, investors and environmental

## Direct Economic Value Generated



organizations. We believe we will benefit from their expertise in stakeholder engagement and sustainability reporting.

### What Matters Most

As the world's largest consumer electronics retailer and a private label manufacturer of consumer electronics, we have numerous social and environmental impacts. In order to maximize the positive benefits and minimize the negative, our corporate responsibility program (and this year's report) is structured around the following key themes:

**CONSUMER ADVOCACY:** Putting the customer at the center of business decisions

**EMPLOYEE ENGAGEMENT:** Creating an environment in which employees can do their best every day

**COMMUNITY RELATIONS:** Making a difference in the communities where we operate

**ENVIRONMENTAL SUSTAINABILITY:** Best Buy "going green" along with our employees, customers and suppliers

**ETHICAL SUPPLY CHAIN:** Driving efficiencies by protecting the environment and worker rights

Each section of this report outlines our programs, actions and measures, as well as our plans and perspective as we look forward. We have included examples that help tell the story of how our corporate responsibility actions have increased the value and growth potential of our company. Many people across the organization participated in the development of this report, but more importantly, they are living our corporate responsibility story every day.

In the current technology products market, many consumers are concerned about customer support, data privacy and product safety. As we aspire to be an advocate for consumers in the world of technology, Best Buy listens to our customers' concerns, takes steps to help protect their privacy and works with organizations and governments to promote safe and enjoyable experiences with the services and products we offer. At Best Buy, we are passionate about technology and we put that passion and knowledge to work on behalf of consumers in many ways.

## Listening to Customers

We want to be the number one choice for consumers' technology and entertainment needs, and we believe that our employees are in a unique position to help meet those needs with creative and exciting solutions. We are not interested in just pushing boxes out the door. We want to create the best shopping experience possible for our customers, whether in the store, online or on the phone, and that means building relationships with customers to understand their needs and preferences. For example, we are embracing new technology channels for dialogue, feedback and interaction. Best Buy employees, including our chief marketing officer, now engage in Twitter conversations and many Best Buy teams participate in Facebook groups and blogs.

We continually seek ways to have a dialogue with customers to help us understand what they need and expect from us. To that end, we measure customer satisfaction with their experience across every channel. Not only do we seek feedback about store experiences, but also about experiences with our web sites, call centers and in-home services. We invite consumers to rate and review products on [www.BestBuy.com](http://www.BestBuy.com). At the

same time, we keep an eye on our brand position and consumers' intent to come back and shop with us again.

Customer satisfaction surveys are an important part of the feedback process. We revise our surveys based on input from consumer focus groups and our employees. Best Buy stores can even customize their local survey to better understand what their specific customers want. Survey results are available on the Best Buy U.S. intranet for teams to learn from and use in their local growth plans.

## CUSTOMER SUPPORT AT SPEAKEASY

Speakeasy ([www.speakeasy.net](http://www.speakeasy.net)), a Best Buy brand, is a provider of broadband voice, data and IT services to small- and medium-sized businesses in the U.S. Speakeasy Customer Support is available 24 hours a day, 365 days a year. Speakeasy staff do not use tiers or scripts to solve customer issues, instead they are highly trained technical experts that can easily adjust to meet the knowledge level of each customer and solve problems quickly. The first staff person a customer talks to will work with that customer until their issue is resolved.

## BEST BUY U.S. RETAIL – CUSTOMER SATISFACTION SURVEY RESULTS

|                               | Fiscal '09 | Fiscal '08 | Fiscal '07 |
|-------------------------------|------------|------------|------------|
| Overall Customer Satisfaction | 80.2%      | 79.2%      | 77.4%      |
| Store Atmosphere              | 86.8%      | 85.7%      | 84.0%      |
| Merchandise                   | 80.8%      | 82.9%      | 80.9%      |
| Associates                    | 82.3%      | 79.9%      | 77.2%      |
| Problem Resolution            | 50.7%      | 48.3%      | 48.9%      |
| Customer Service Desk         | 83.6%      | 82.1%      | 79.0%      |
| Checkout                      | 87.2%      | 85.1%      | 82.9%      |

# CONSUMER advocacy



# CONSUMER advocacy

This approach earned Speakeasy an 81 percent customer satisfaction rating, with more than 70 percent of customers stating they would refer a friend or colleague to Speakeasy. The expectations for excellent customer service in the telecommunications industry has traditionally been quite average. Other providers recorded customer satisfaction scores in the 70 percent range (Michigan American Customer Satisfaction Index).

Hear what customers have to say at



[www.speakeasy.net/advantage/customers/video.php](http://www.speakeasy.net/advantage/customers/video.php)

## REPUTATION TRACKER

One of our external measurement partners is the Reputation Institute ([www.reputationinstitute.com](http://www.reputationinstitute.com)), a private advisory and research firm specializing in corporate reputation management. Through the 2008 Global Pulse measurement process, we learned about the critical factors that drive reputation in our industry and how we are perceived based on the Institute's extensive repository of detailed industry and stakeholder insights. We also partner with the Institute to do our own Best Buy-sponsored reputation tracker several times a year with both internal and external stakeholders to measure specific aspects we believe are important to our reputation. For example, we ask the public to rate Best Buy on ethical behavior, protecting the environment and offering products that are responsibly made and sourced.

As Best Buy grows globally, we share our measurement tools and what we have learned across countries to ensure a respectful focus on the customer in every culture. Our strategy is to listen and learn whenever we enter a new market.

## Digital TV (DTV) Transition

In 2006, the U.S. Congress passed a law requiring all television signals to change to digital. The final day for analog broadcasts was scheduled for June 12, 2009. Digital broadcasting allows stations to offer improved picture and sound quality, more programming choices for viewers, and possibilities for interactive video and data services that are not possible with analog technology. The switch to all-digital broadcasting also frees up the broadcast spectrum to provide new consumer benefits, such as advanced wireless services (including mobile broadband) and public safety services provided by police, fire departments and rescue squads.

We believe the successful transition to digital broadcasting was a combination of efforts by the federal government, broadcasters, manufacturers, retailers and nonprofits. Each of these groups reached different audiences in different ways. Best Buy was the first retailer to voluntarily discontinue the sale of analog television equipment. To prepare consumers for the transition, we continued the public education and outreach efforts that we began in 2007.

Best Buy participated in the Commerce Department's National Telecommunications and Information Administration's (NTIA) \$40 Coupon-Eligible Converter Box

**Talk to a DTV Expert**



Call us at **1-877-BBY-DTV9** and get it straight from a real live human being.



## Working Through Community Partnerships

Since 2006, Best Buy has been educating consumers on the nation's transition to digital television and helping consumers prepare for the historic change in broadcasting. One of the highest percentages of households which receive "over-the-air" signals in the country is located in the Twin Cities area of Minnesota. Households that were most at risk for losing their television signal included low-income, disadvantaged individuals, families and seniors. In addition to providing DTV consumer information in our stores, web sites and via the phone, we knew there were households that we could not reach directly.

To extend our reach, Best Buy partnered with a local nonprofit that helped us conduct a comprehensive door-to-door community outreach campaign to educate these households about the digital transition with the goal of preventing disruption in their television service. We provided information about their options to prepare, including details about the federal government's \$40 TV Converter Box Coupon Program. Approximately 20,000 households were reached through this campaign.

# CONSUMER advocacy

program. The packaging in which we shipped, displayed and sold our private label coupon-eligible TV Converter boxes were clearly marked "Coupon Eligible Converter Box" on the outside with the FCC web site ([www.dtv.gov](http://www.dtv.gov)) for more information. Our inventory was voluntarily adjusted to add two new converter box models that contain the analog pass-through feature to address the needs of low-power community broadcast viewers.

Best Buy partnered with the Federal Communications Commission (FCC) to provide demonstrations to consumers at select stores. We also partnered with the National Association of Broadcasters to give in-store workshops in the 25 largest cities across the U.S.

## EDUCATING CONSUMERS

We used a multifaceted approach to communicate with consumers about DTV:

- Employees received training about the DTV transition, the options available and how to recommend the best solution
- We developed materials (both online and in stores) that explained the change to consumers in English and Spanish
- We included information about DTV on our cash register receipts and in our weekly advertising inserts
- Geek Squad filmed short videos to explain the DTV transition, the government's converter box program and the installation of a converter box that were distributed via their own web site and in stores

- We created a microsite ([www.askablueshirt.com](http://www.askablueshirt.com)) that gave consumers access to DTV-related educational information for Best Buy home theater products with access to home theater professionals
- We also promoted the transition on the popular social networking site Facebook

Through our efforts, we were able to reach hundreds of thousands of consumers. Best Buy's dedicated DTV phone line (1-877-BBY-DTV9) served more than 275,000 consumers, and our online DTV page received more than 800,000 visits since its launch in May 2007 ([www.bestbuy.com/dtv](http://www.bestbuy.com/dtv)).

Going forward, Geek Squad has been contracted by the FCC to conduct free in-home converter box installations in 30 states and the District of Columbia — with a focus on assisting vulnerable populations. And, Best Buy Canada, through the Best Buy and Future Shop brands, is currently involved in helping consumers with the Digital TV (DTV) transition scheduled for 2011 in Canada.



## Local Growth and Voice of Urban Customer

Best Buy is focused on growth. As we work to create new growth opportunities in markets that are racially and ethnically diverse, we have formed strategic partnerships to help us create shopping experiences that are relevant and in tune with the local community.

One partnership is with Magic Johnson and his company, Magic Johnson Enterprises (MJE), whose own motto is "We Are the Communities We Serve." MJE has successfully opened numerous retail stores in urban settings by learning about the community and developing strong relationships within it. Best Buy and MJE have partnered on opening stores in the Los Angeles and New York markets. Through our focus on the needs of these customers and our knowledge sharing with MJE, we have increased relationships with civic leaders, provided employment opportunities for the neighborhood and offered a more tailored experience for customers in these communities.

## Family Gaming

In recent years we have seen strong growth in gaming among a broader audience. The gaming market was once dominated by teens, but has grown to include interest from entire families. Many new gamers are entering the market not sure how to choose age-appropriate games. Best Buy has partnered with manufacturers and third parties like the Entertainment Software Ratings Board (ESRB) ([www.esrb.org](http://www.esrb.org)) to assist these consumers.

### SUPPORTING ESRB

An active member of the ESRB, Best Buy maintains strict policies regarding the sale of M-rated games within our stores. (M-rated games are for mature audiences only.) Policies include:

- Point-of-sale prompts for age verification when M-rated video games are purchased. Audits of this policy are ongoing internally through our mystery-shopper program. We are also audited by outside organizations including the National Institute on Media and the Family (NIMF). As reported by NIMF, in calendar 2008, Best Buy had one of the best records of preventing underage gamers from purchasing M-rated games, achieving a compliance rate between 80 and 100 percent (NIMF does not disclose the actual percentage).
- We do not demo M-rated games in our interactive store displays
- We do not advertise M-rated games in our television advertisements
- We do not carry any Adults Only-rated video games

To assist customers, we have posters explaining the ESRB ratings and a Video Game Ratings Guide available in all of our stores. A few other ways we educate consumers:

- Best Buy's Holiday 2008 Gaming Guide explained the ESRB ratings and clearly labeled all games in the magazine
- We introduced a Gaming Customization and Setup service with Geek Squad that included setting parental controls
- Our family gaming web site, [www.bestbuy.com/familygaming](http://www.bestbuy.com/familygaming), provides information about ESRB ratings. The site features a public service announcement about the ESRB and Best Buy's M-rated game policies by Best Buy CEO Brian Dunn

### GET GAME SMART PUBLIC SERVICE CAMPAIGN

Best Buy is proud to be the sole retail partner in Microsoft's recent public service campaign, *Get Game Smart*. Microsoft, in collaboration with Best Buy and more than a dozen of the nation's most prominent children's media advocates, is challenging families to *Get Game Smart*. *Get Game Smart* takes a first-of-its-kind approach to educating and engaging families by getting parents and their kids on the same page about media use — and video games in particular — in their homes.

One component of the campaign is a new *Get Game Smart* web site that Microsoft and Best Buy launched at [www.GetGameSmart.com](http://www.GetGameSmart.com), where families can find all of the information they need to make educated decisions about video game and media use. Families can complete fun, meaningful online and offline tasks related to managing interactive and digital media consumption for a chance to win prizes as part of the Family Challenge Sweepstakes.



The other major component of the campaign is the *Get Game Smart* Ambassadors search. Best Buy and Microsoft identified passionate parents and teens to collaborate with Microsoft and other influential voices as *Get Game Smart* Ambassadors, contributing to a new forum for a dialogue about gaming safety.

## Consumer Insights Fuel BLUE LABEL Laptop Design

In October 2008, Best Buy introduced Blue Label, a series of consumer electronic products that reflect our commitment to consumers and the environment. Blue Label is a collaboration between Best Buy and technology manufacturing companies in which Best Buy gathers insights from customers and works with manufacturers to design products that address those needs.

The first products to emerge from the Blue Label process were laptops. Best Buy talked to its customers about their "ideal laptop" and learned that they wished for longer battery life, a thin and lightweight design, an illuminated keyboard, more optimal screen size and superior warranty support.

In response, Best Buy worked with HP and Toshiba to create exclusive laptops that are less than 1.5 inches thick, weigh less than 5 pounds, feature an exclusive exterior design, a backlit keyboard and come with a two-year warranty at no extra charge. The laptops feature 30 days of support from Geek Squad.

Both of these new laptops are also ENERGY STAR® qualified. According to the Environmental Protection Agency (EPA), "If all computers sold in the United States meet the ENERGY STAR requirements, the savings in energy costs would grow to about \$2 billion each year and greenhouse gas emissions would be reduced by the equivalent of 2 million cars." The Blue Label products reflect Best Buy's commitment to consumers and to the environment. For more information about our sustainability efforts, please see the Environmental Sustainability section.



More than 170,000 unique visitors have come to the site since it launched. The site also received over 1,800 Family Spotlight submissions from families sharing tips and stories around what they are doing to manage safe gaming in their homes.

## Customer and Employee Privacy

Best Buy wants to be a trusted advisor for consumers and employees. To strengthen those relationships, we have plans and programs in place to ensure that customer and employee privacy is protected. We are working to be known as a leader in the area of privacy and a company that consumers can trust to protect their valuable information.

We are leading the industry in establishing standards and policies for the appropriate treatment of private information. The Valuable Information Protection (VIP) Program, an ongoing enterprise-wide educational campaign, equips employees with the knowledge and tools to ensure customer and employee information, as well as company data, is handled in accordance with our internal policies and global privacy and security standards.

A link to our customer-facing privacy policy can be found on our web site, [www.bestbuy.com](http://www.bestbuy.com). A few key points:

- We do not sell or rent personal information to third parties. We only use personal information collected to help us better serve our customers.
- We provide customers notice, choice and security regarding the information we collect about them.
- Our policy is to protect and respect all customer information — both the information we collect from customers and the information customers entrust to us when they ask us to service their computers, digital cameras, mobile phones or similar devices.

In addition to our own policies and standards, Best Buy meets commercial, state, federal and international regulations. Our Global Information Security team monitors our information technology systems and conducts regular audits of our information technology vendors and partners. Our U.S. team works closely with Best Buy Canada and our Global Information Policy Counsel monitors

## MULTILINGUAL Signage

In response to customer needs and employee insight, over 550 Best Buy stores in the U.S. have some in-store signage in English and Spanish. We provide name tags in 32 languages and many stores have a sign in the front identifying employees with language skills other than English. Respecting and honoring the unique needs of our customers is a core value and the more we integrate it into the way we do business, the more successful we will be in serving the community and meeting its expectations.



international compliance in our operations in China, Europe and Mexico. All of our policies are available to employees on our intranet.

In fiscal 2009, we responded to two incidents related to protecting customer privacy. The first involved an employee at a store location who stole credit card information using an unauthorized personal device. While the credit card companies moved slowly to address customer needs in this situation, and the number of individuals affected was very limited, we acted quickly to protect our customers' privacy by providing prompt notification of the incident and information about how to protect themselves, including appropriate credit protection services. In a second incident, one of our online partners' web sites became infected with unauthorized malicious software ("malware") that may have led to some of our customers' computers becoming infected. While this was caused by a third-party, we took responsibility for notifying our customers and providing them with information on how to address the issue.

In the future, Best Buy will continue our focus on integrating best practices, technology solutions and emerging changes in state, federal and international regulations into our policies and processes. To that end, we are a member of several organizations that help us stay informed and alert:

- Center for Information Policy Leadership (CIPL)
- Retail Industry Leaders Association (RILA) — member of Privacy Leaders group

- International Association of Privacy Professionals (IAPP)
- PCI (Payment Card Industry) Council

## Engaging In Public Policy

Best Buy is actively engaged in public policy on behalf of consumers and our business. Our Government Relations team works closely with congress, state governors, state legislatures and state attorneys general through direct lobbying and active memberships in a variety of trade organizations.

Best Buy's *Turn Up the Vote* campaign is designed to encourage our employees to get involved in the electoral process and vote. As we have done in past years, we provided employees with information, tools and resources, such as local polling locations and voter registration materials.

Through our public policy work, we support strong federal standards for recycling and increasing federal research into recycling technologies, manufacturing innovations and consumer behavior. Supporting and advocating for these efforts directly aligns with our aspiration to be environmentally and socially accountable for our brands and business operations worldwide.



Geek Squad

**CONSUMER** advocacy

## Geek Squad and the **TECH TAX REPEAL**

Our work on the Maryland Tech Tax repeal put Best Buy and Geek Squad in the position of being a true advocate for Maryland residents and the business community. The Information Technology industry is critical to the Maryland economy. An additional tax would have cost businesses more for needed IT-related products and services in a difficult economic climate, potentially forcing them to relocate outside the state. By partnering with the Maryland Retail Council and Tech Council of Maryland, we were able to give our customers a voice in this important issue.

The most inspiring part of the Geek Squad's work around the Maryland Tech Tax repeal was the pride our employees took in representing their customers, businesses and communities. The impact that this direct involvement made, compared with a third party lobbyist, was significant. The delegates and state senators were eager to learn about the work Geek Squad did and how this tax could impact their constituents. Throughout the process, our employees were engaged, determined and enthusiastic about representing their communities. We are extremely proud of the work we did to better our communities and businesses in Maryland.

by Nathan Evans, District Manager, Baltimore, MD

### **GEEK SQUAD EMPLOYEE INVOLVEMENT HELPS REPEAL MARYLAND TECH TAX**

In November 2007, the Maryland legislature enacted, with little public debate, a six percent tax exclusive to computer services. The law was scheduled to go into effect on July 1, 2008. Maryland would have been the only state to tax computer services at this level, as other states had repealed similar laws given the complexity and potential harm to the technology industry.

In an Open Source CR approach, a small group of Maryland Geek Squad agents visited state senators and delegates at the Maryland State Capitol to express their concerns about the impact of a newly enacted sales tax on computer services, specifically the consequences of the tax on consumers and small businesses. The agents also engaged employees and customers in their effort to repeal the tax.

On March 12, 2008, two Geek Squad agents testified before a House and Senate Committee on this issue with a group of 15 additional agents in attendance. The Geek Squad agents were some of the only witnesses (out of over 60) who expressed concern about the impact of the tax on their customers. Many media outlets picked up the story and The Washington Business Journal highlighted Geek Squad's efforts. After the hearing, the Governor indicated his interest in repealing the law.

On April 8, 2008, the Governor signed into law the bill that would repeal the Maryland Tech Tax. Without the efforts of the Geek Squad agents at the grassroots level, this law would have likely gone into effect, its impact felt by all customers in Maryland and potentially spread to other states.

### **BEST BUY CANADA**

As a member of the Retail Council of Canada, Best Buy Canada works to advocate for consumers on a variety of issues. Best Buy Canada actively lobbied against a proposed levy of up to \$75 (CDN) on private copying of digital music by showing how this could negatively affect customers. Because iPods and MP3 players have significantly changed how music is consumed, any tax likely to impact, and potentially burden, a consumer's ability to enjoy the benefits of technological advancements needs to be carefully considered and evaluated.

While the Federal Court of Appeal decided against the proposed digital music levy, there is still no clarity on whether Canadians who copy music to their MP3 Players are infringing copyright. That issue was left open in the last round of hearings. Industry Minister Jim Prentice must now decide whether to amend the law by creating a clear exception for the copying of music to

## DVD WARS: Best Buy Stands Behind Customers

In March 2008, when Blu-ray emerged as the victor in the high definition movie format war, Best Buy U.S. announced a program giving \$50 gift cards to customers who purchased an HD-DVD player or HD-DVD attachment before February 23, 2008. Best Buy proactively distributed more than \$10 million in gift cards to customers across the country.

"The DVD format war divided our customers in a way we had not seen since Betamax took on VHS more than 20 years ago," said Best Buy CEO Brian Dunn. "At Best Buy, we shared our customers' frustrations as they were being asked to choose one format or the other. We hope the gift cards have reassured our customers that Best Buy is here to help them make a smooth transition into the right technology for their needs."

Best Buy Canada also took a lead role in educating consumers about the move from HD to Blu-ray, holding a national trade-in event at Future Shop stores with a cause marketing element; HD-DVD players were donated to Boys and Girls Clubs of Canada, where few clubs had functioning or available DVD players, and customers received a price reduction on their new Blu-ray player.



MP3 players. Best Buy Canada will continue our efforts to achieve this goal so that Canadian consumers may enjoy their technology products to the fullest.

## looking AHEAD

Improving the ways we listen to and protect our customers is a priority for our company. We will continue to look for more and better ways to engage them, especially through new channels in the social media space. We will also be investing in new technology and processes to protect customer and employee data privacy.

We also know that through our employees' interactions with customers and communities new information is being learned every day. We intend to expand our capability to use their insights to meet the specific, local needs of customers — through local marketing, events and outreach that speaks directly to these communities.

In addition, we will continue to work with our vendor, government and non-government organization (NGO) partners to find ways to develop solutions that meet customer's needs in an environmentally sustainable and socially responsible way.

# EMPLOYEE engagement

Best Buy values the power of our people and that value helps shape the way we run our business. We believe our company's growth is driven by our employees. That is why we invite them to bring their unique talents and skills to work every day to make contributions that fulfill our customers' technology and entertainment dreams. As we aspire to be a global champion for human ingenuity and opportunity, we think our employees are at the head of the class, providing leadership for our industry, our customers and our communities. These are the ways we encourage our employees to be their best.

## Listening to Employees

Picture a work environment where employees feel energized and valued, and you will see what Best Buy is working to accomplish. We want to be a great place to work. Why? Because passionate and engaged employees result in greater productivity and better customer experiences.

Listening to our employees to learn what engages them is a regular part of our culture. We provide several opportunities for employees to voice their opinions. Informal channels like our internal online forum for employees, the Watercooler, or our Geek Squad Forums, offer employees places to share insights and ideas with each other, and sometimes just "sound off" about something that they would like to change. We also have an internal news site where employees can comment and rate news stories, similar to how our customers can review and rate products and services at BestBuy.com. These forums help us address issues, promote innovation and constructively improve our employees' experience.

## MEASURING EMPLOYEE ENGAGEMENT

Each year, Best Buy administers an employee engagement survey we call Viewpoint to all U.S. employees and employees in Canada, China and Mexico. In fiscal 2009, 85 percent of employees chose to voice their opinions through Viewpoint — one of the highest participation rates to date.

We made several improvements to the survey in fiscal 2009. Reporting tools were modified to make the Viewpoint data easier to interpret, and employees and managers were encouraged to create action plans around the results using updated planning resources and tools.

Listening to the insights of our knowledgeable and innovative employees has helped us reach our growth and financial performance goals. Keeping these engaged employees at Best Buy is important for our future success. As a result, we track both turnover and retention and have experienced improvement in both of these measures in fiscal 2009. Because the turnover metric takes into account the number of employees who leave the company, we can also determine the cost to replace those employees and the impact on our business. The retention metric helps provide a more holistic picture of our workforce engagement by measuring the number of employees who remain with the company after one year.

## Diversity & Inclusion

Best Buy believes a diverse and inclusive environment is critical to finding and keeping the right talent to meet the needs of our employees and customers.





## EMPLOYEE BUSINESS NETWORKS

We sponsor what we call Employee Business Networks (EBN), which are groups based on an interest in and support for a common dimension of diversity such as age, race, gender or sexual orientation. These groups are common at many corporate headquarters, but few major retailers sponsor them in their field organizations; we currently have 76 EBN chapters across U.S. stores.

Employee Business Networks are inclusive and open for participation to all employees who meet or exceed their job performance expectations and who identify with and/or support the group's goals. The EBNs provide opportunities for education, networking and personal development for employees. For our company, they have become a valuable resource for recruitment, retention, and marketing to consumers.

Our active networks include:

- AEN: Asian Employee Network
- BEN: Black Employee Network
- INCLUDE: Focus on Abilities, Not Disabilities
- LatIN: Latino Employee Network
- Military Employee Business Network
- PRIDE: Gay, Lesbian, Bisexual and Transgender (GLBT) Employee Network
- SaGE: The Wisdom of Experience
- WOLF @ Best Buy: Women's Leadership Forum

## Women's Leadership Forum — WOLF @ Best Buy

In the U.S. market alone, women spend more than \$90 billion annually on consumer electronics and technology. Best Buy helps

consumers use technology and entertainment in ways that enrich their lives, but more often than not, the shopping experience in technology stores for female customers is not hitting the mark. We recognize that if we want Best Buy to be a place where women want to shop, we first need to be a great place for women to work, lead and pursue career opportunities.

That is why we founded the Women's Leadership Forum in 2004, referred to as WOLF @ Best Buy. WOLF @ Best Buy is a vast network of Best Buy employees and female consumers who work tirelessly to help Best Buy build strong women leaders and capture a greater share of the female consumer electronics market.

Employees in the WOLF @ Best Buy network approach their work with a commitment to the business, customers and one another. Employees work together in teams that focus on recruitment, retention and market share for a single store or several within a geographic area. The network includes the insight and talents of professional women not employed by Best Buy to explore innovative ways to attract female consumers. The overall direction for WOLF @ Best Buy is provided by two female executives, one in the field and the other in our corporate office. Both additionally oversee major functions of the Best Buy business.

The WOLF @ Best Buy network, both in the U.S. and emerging markets, helps our company address the following objectives:

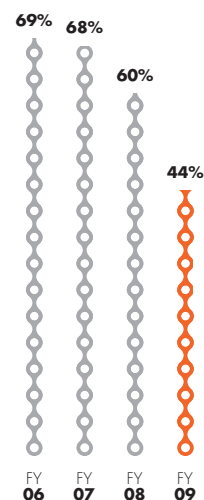
**ENGAGEMENT** — Increase the connection between engaged female associates in our stores and business performance

- Over five years, more than 30,000 employees have engaged with WOLF @ Best Buy and its programs

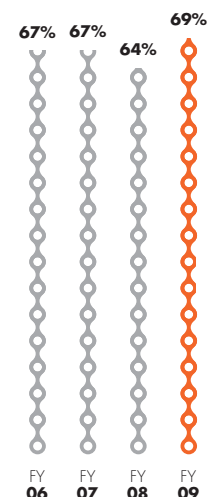
**RETENTION** — provide development and leadership opportunities to help decrease voluntary turnover of female employees across the business

- From fiscal 2007 to fiscal 2009, recruitment and hiring of female employees in U.S. stores increased from 31 percent to 35 percent
- From fiscal 2008 to fiscal 2009, company-wide turnover in U.S. stores reduced by 16 percent — while female turnover reduced by 18 percent

## RATES OF EMPLOYEE TURNOVER AND RETENTION



Total U.S. Turnover



Total U.S. Retention

**MARKET SHARE** — through female consumers, increase Best Buy's market share in consumer electronics, technology, and related services

- Best Buy's share of the female market compared to other retailers has increased 1.4 percent from 2007 to 2008, increasing from 14.3 percent of the market to 15.7 percent of the market.

In fiscal 2010, Best Buy plans to accelerate results in the following areas:

- Improve and build out strategic product categories



## Home Theater Shopping Innovation

One example of improvement sparked by WOLF @ Best Buy is an innovation project developed by a WOLF @ Best Buy team in Texas. After observing how women shop for home theater products and services, the team noticed that the menu of home theater services and prices was very detailed, but it did not arrange the options in a clear and inviting context. Team members gathered insights from employees and customers and developed a new menu board using images of rooms to explain the options. They tested their concept in stores across the district.

From May through July 2008, the stores testing the concept sold an average of 3.72 units per week more than the company average, well exceeding the test goal of outperforming the company average by one unit. The Geek Squad has since embraced the concept and refined it, and the new menu board will be used in every U.S. store — multiplying the benefits across the chain.



- Continue advancement of women in leadership roles, store recruitment and retention of female employees
- Continue growing local female market share
- Collaborate, listen, solve problems, and find new opportunities to help female consumers discover what technology can do for them

**LINK:** Visit [www.bestbuy.com/WOLF](http://www.bestbuy.com/WOLF) for more information or to get involved.

### SUPPORTING COMMUNITY ORGANIZATIONS

In the spirit of developing women leaders, WOLF @ Best Buy supports several community organizations, including the Girl Scouts of America and the Grameen Foundation. The Grameen Foundation's goal is to empower people, mainly women, to lift themselves and their families out of poverty. Our partnership with the Grameen Foundation helps us expand our global knowledge and perspective, empower women, establish relationships in new markets and build employee leadership skills. Through this and our other partnerships, Best Buy and the organizations we support share a culture of leveraging the passions of people, tapping into local roots and trying out new ideas.

In fiscal 2009, a group of highly engaged Best Buy volunteers with specialized knowledge and training provided time and expertise to the Grameen Foundation

in four key areas: operations, technology, International and Human Resources. Geek Squad agents, Lean Six Sigma Black Belts and Human Resources managers also provided training and participated in various projects.

### MEMPHIS CULTURAL IMMERSION PROGRAM

The Cultural Immersion program was developed by Best Buy employees to continue the transformational journey of creating an inclusive environment for all employees, customers and the communities we serve.

The program, launched in 2005, helps leaders develop a greater awareness of the diversity issues present in the U.S. and the ability to extend this knowledge into an appreciation for the differences in all people. The goal is to see the change in leadership behaviors result in:

- An improved employee experience
- A positive shopping experience
- Strong community partnerships
- Improved business performance

As part of the program, groups of employees visit the National Civil Rights Museum in Memphis, Tennessee. The site was an excellent source for conversation on diversity and inclusion. A leader who completed the program said: "This was one of the strongest diversity trainings that I have ever attended. The focus was much deeper than



*the usual legal repercussions. I appreciate the opportunity to participate in this experience and it will change the way that I lead, forever."*

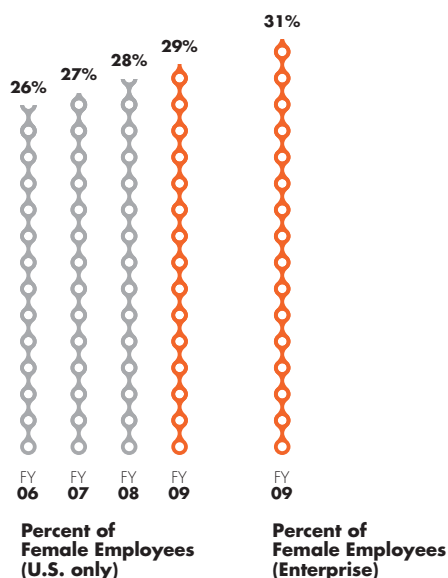
The immersions were conducted with entire district teams, including general managers, territory and district staff, and individual leaders and departments from the corporate office.



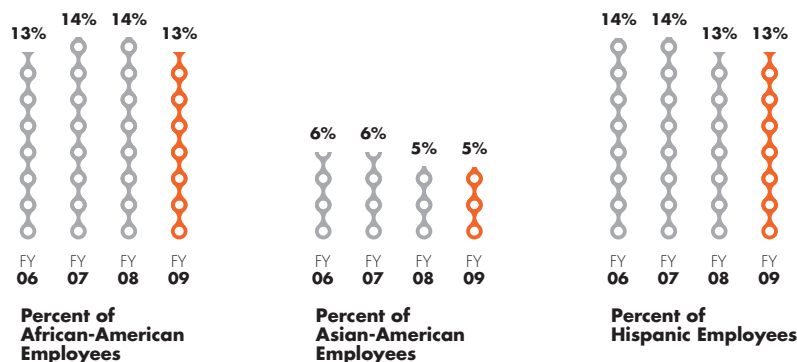
**NBC Nightly News feature on immersion program at Civil Rights museum**

# EMPLOYEE engagement

## FEMALE EMPLOYEES



## MINORITY GROUP MEMBERSHIP EMPLOYEES (U.S. ONLY)



## EMBRACING LANGUAGE DIFFERENCES

To enhance employee-customer communication, we instituted a process and technology to gather the language-speaking capabilities of our employees and ensure that store employee name badges can be ordered in multiple languages, including American Sign Language (ASL), to indicate the languages our employees can speak.

We also focused on serving our Hispanic customers by providing Spanish language and Hispanic culture training for store employees, as well as strengthening our recruiting sources and practices through partnerships.

## PARTNERS AND SPONSORSHIPS

Through partnerships, we provide employment opportunities, financial support and volunteer assistance within our diverse communities. We support nonprofit organizations that work to improve the quality of life in the communities we serve, including:

- National Association of Asian American Professionals (NAAAP)
- National Urban League
- National Council of La Raza (NCLR)
- Out & Equal
- RACE: Are We So Different? National touring exhibit ([Click here for a list of exhibit tour dates](#))
- Twin Cities Cinco de Mayo



- Twin Cities PRIDE Celebration
- U.S. Business Leadership Network (USBLN)
- National Business & Disability Council (NBDC)

We sponsored the following organizations and events in fiscal 2009:

- Multicultural Forum national conference
- Multi-Cultural Development Center (MCDC)
- National Black MBA (NB MBA)
- National Society of Hispanic MBAs (NSHMBA)
- National Council of La Raza national conference (NCLR)
- NAACP Image Awards
- Disability Mentoring Day: Career Development for the 21st Century

We also share best practices and benchmark with Fortune 500 companies and other local companies on topics of diversity and employee development.

## AWARDS AND RECOGNITION

- Hispanic 360 — Hispanic Specialty Retailer of the Year
- Human Rights Campaign — For the fourth year in a row, Best Buy scored 100% on the Corporate Equality Index, indicating inclusive workplace policies for gay, lesbian, bisexual and transgender employees.

## Employee Benefits & Rewards

Because we rely so heavily on our employees to help us innovate and stay ahead of the market, Best Buy offers a variety of rewards and benefits to our employees beyond competitive pay.

## HEALTH

Medical benefits are available to full time U.S. employees and approximately 74 percent of eligible employees participate. All of the plans we offer include 100 percent coverage for preventive care to help keep employees healthy and productive.

Best Buy encourages employees to become more involved in managing their health benefits through various communications and activities. During our annual health plan enrollment period in fiscal 2009, we focused on education. We developed cost models and pricing scenarios to appeal to our workforce and gave employees access to a tool called My Enrollment Guide



# EMPLOYEE engagement

## My Sabbatical with the Grameen Foundation

When I heard about the opportunity to step out of my day job and step into the world of the Grameen Foundation and its Human Capital Center for three months, I immediately knew this was for me. I wanted to give. I wanted to learn. I wanted to stretch myself. It was humbling to be a part of a strong, mission-driven organization in an industry rooted in human potential.

Working with the Grameen Foundation on the "inside" of the microfinance industry completely opened up my perspective on how organizations and individuals can actually make a sustainable global impact by investing in the poor. The more I learned, the more I realized the similarities between our organizations in what we aspire to and the challenges we face. On that front, I was able to apply my leadership skills and knowledge to advance the offerings of the Human Capital Center and infuse the best of what we do at Best Buy to an entirely new network.

I'm back in my day job at Best Buy now with a belief in the mutual benefits of partnerships, a renewed appreciation of the power of our people and a deeper sense of responsibility for the impact I have on the world. I am extremely grateful for the opportunity.

by Jess Watje, Human Capital Manager

(MEG) to help them decide on the plan that would give them the best coverage for the optimal cost. Approximately 13,000 employees used MEG; we learned that 89 percent of employees would recommend MEG to a friend and four out of five employees said the advice was useful.

In May 2008, we received the United Health Care APEX Award for offering affordable health care insurance to our employees.

### WEALTH

Our 401(k) savings plan helps our U.S. employees plan for the future. We have invested in training and education to give employees the knowledge to understand the principals of personal finance. We led the development of Financially Fit Minnesota, a group of employers committed to helping their employees close education gaps in two key areas of personal finance — retirement savings and the use of direct deposit for pay.

In fiscal 2009, Best Buy focused on increasing 401(k) participation through a company-wide communications campaign called "Don't Be a BIFF (Babbling, Irresponsible Financial Failure)." Best Buy's 401(k) program is available to full time employees after 60 days of service and part-time employees after 12 months of service,

### TUITION REIMBURSEMENT (BEST BUY U.S.)

|  | Fiscal '09 | Fiscal '08 |
|--|------------|------------|
| Number of employees in the Tuition Reimbursement program | 4,880      | 2,846      |
| Tuition reimbursement spend                              | \$7.8M     | \$7.8M     |

provided they are at least 18 years of age. For every dollar an employee contributes on a before-tax basis, up to five percent of eligible pay is matched as follows:

- The company matches 100 percent of the first three percent of eligible pay contributed by the employee
- For the next two percent of eligible pay contributed, the company matches 50 percent
- Employees are immediately 100 percent vested in their before-tax contributions, any rollover contributions, company contributions made after January 1, 2007 and investment earnings on these contributions

Additionally, all U.S. employees may participate in the Employee Stock Purchase Plan, which allows enrolled employees to purchase company stock at a discount. We also offer a profit-sharing plan for all hourly full time and part-time in-store employees, called BlueCrewBucks. In fiscal 2009, a total of \$6.27 million was awarded to eligible employees.

### OTHER REWARDS

- Full time employees receive financial protection for themselves and their families through company-paid life insurance, short-term disability and long-term disability coverage.
- In fiscal 2009, over 4,800 employees received nearly \$7.8 million from Best Buy's Tuition Assistance program. The program offer employees enrolled in a degree seeking program to receive tuition reimbursement.

### FOSTERING A RESULTS-ONLY WORK ENVIRONMENT

At our U.S. corporate headquarters, employees can participate in a Results-Only Work Environment (ROWE), with the dual goals of increasing employee engagement and enhancing productivity. ROWE was an idea developed by two Best Buy employees and shaped within the company, another example of Open Source Corporate Responsibility at work.

## Best Buy Receives 2008 New Freedom Initiative Award

In October 2008, Best Buy received the Secretary of Labor's New Freedom Initiative Award from the U.S. Department of Labor in honor of outstanding efforts and commitment to improving the workplace for Best Buy employees and customers with disabilities. Led by the INCLUDE Employee Business Network, Best Buy is the first corporation in the state of Minnesota to receive the award.

"The best thing about this recognition is that the great ideas came from our own employees who intimately understand the opportunities. They are improving employee productivity and customer experiences by addressing everything from adding subtitles to our training DVDs to covering hearing aids in our company health insurance plans to collaborating with organizations to develop new relationships," said John Pershing, executive vice president of human capital for Best Buy.

Brendon Cunningham, a Best Buy district business manager in the Washington, D.C. area, sustained a spinal cord injury. "During my recovery Best Buy asked what they could do to help, and I mentioned how I wanted to eventually return to work," he said. "They outfitted me with a laptop, software so I could work from home, and modified my store with keyless entry locks and doors for my return. I think it's amazing how a big company is willing to make accommodations for a single individual."

The New Freedom Initiative Award was introduced as a government-wide effort to expand on the Americans with Disabilities Act and fight the false perceptions that prevent people living with disabilities from joining the workforce.



A Results-Only Work Environment is about trusting employees to manage their life and their work without questions, micro-management or judgment. This sounds simple, but it required a *mental shift* from valuing face-time and physical presence to valuing results, setting goals and expectations and trusting employees to meet them. Both employees and managers have reported increased productivity and engagement in the Results-Only Work Environment.

### New Approach to Restructuring

During recessions, companies often have to face the unfortunate reality of downsizing staff. In 2008, Best Buy was no exception.

#### U.S. CORPORATE VOLUNTARY SEPARATION

In the U.S. we tried a new approach to the need for restructuring. We believe the method we used to reduce corporate staff is an example of how our focus on corporate responsibility influences our operations. First, we conducted the restructuring with transparency and extensive communication. Best Buy offered nearly all corporate employees a generous severance package

if they choose to voluntarily leave.

Employees were given several weeks to make a decision. Throughout this process, employees had access to career planning seminars, social networking and interview training and daily support from Human Resources staff.

While the decision to leave was difficult, many who accepted the package viewed it as an opportunity to fulfill their dreams. Whether it was to start a new business, return to school, move into the nonprofit sector or spend more time with family, Best Buy was viewed as a supportive partner along the way.

Those who did not accept the package faced a round of involuntary lay-offs. Once again, Best Buy leadership, including both the CEO and COO, provided periodic updates to all corporate employees. Any employee whose position was eliminated would remain employed for 30 days and receive a severance package similar in scope to the voluntary severance package. As a result of the staff reductions, the company reorganized and new positions were created specifically to support business plans for fiscal 2010 and beyond, which began in March 2009. Both impacted and non-impacted employees were eligible to apply.

Throughout the entire restructuring process, Best Buy has closely examined our business model to ensure we are best positioned for success in this economic environment. By living company values and being forthcoming and transparent, Best Buy created an environment in which many employees felt supported and appreciated. These actions further demonstrate how we are fulfilling our corporate responsibility aspirations to be a champion of human ingenuity and opportunity.

In comparison to other workforce reductions in the U.S., Best Buy's approach was unique. A regional magazine, *Minnesota Monthly*, offers a comparison of Minnesota companies' plans:

**LINK: May 2009 Minnesota Monthly magazine article, Talk – Package Delivery:**

Operations in Canada and the United Kingdom also reduced staff in fiscal 2009. These reductions were approached in a more traditional manner. We continue to learn from these experiences and the approach used in the U.S. as we move forward.

## Learning, Development and Innovation

At Best Buy, we want to ensure that we have confident, competent and knowledgeable employees. In fiscal 2009, we changed the way we deliver learning experiences to our employees using a new platform and philosophy focused on results and based on trust. The goal was to help employees learn wherever and whenever works best for them.

In September 2008, we launched the Learning Lounge, a one-stop training resource that employees can access from any Internet browser. Retail employees partner monthly with their managers to schedule self-initiated training which can be completed in the store or at a location convenient to them, and they are paid for the time. Additionally, they have the opportunity to shape the site by adding their own content, making comments, and flagging and recommending materials to others. With the launch of Learning Lounge, we are making great strides in support of our training goals.

The reduction in average hours of training per employee in fiscal 2009 was due, in part, to budget adjustments made following the significant drop in consumer spending that began in the third quarter of the fiscal year. Our goal is to restore the training budget and increase average hours of training per employee in fiscal 2010

### EMPLOYEE TRAINING

|   | Fiscal '09 | Fiscal '08 |
|---|------------|------------|
| Average hours of training per employee per year | 50         | 62         |



### INNOVATION

Consistent with our company value of “unleashing the power of our people,” Best Buy strives to build a company-wide culture of innovation where every employee has the opportunity to participate. One way we recognize employees for their innovation projects is the Chairman’s Innovation Award.

In June 2007, Best Buy Founder and Chairman, Dick Schulze, announced that \$1 million dollars would be offered annually to encourage and reward employee innovation. Since that time, the Chairman’s Innovation Award program was developed and conducts two award cycles per year.

All projects submitted for the Chairman’s Innovation Award go through an objective evaluation conducted by a panel of Best Buy peers and leaders who represent different areas of the company. By the end of the first year, 109 employees in the U.S. and Canada were recognized for their innovation and achievements. The range of projects awarded include initiatives that provide new services in our stores, local projects that increase market share, new systems for greater efficiency and effectiveness, and new communication channels with our employees, customers and partners.

## CULTURAL IMMERSION Leads to Customer Opportunity

Dinesh Ramchandani, general manager of store #456 in Woodbridge, New Jersey, attended the immersion in April 2008. Here's how the experience motivated Dinesh and his team to innovate on his customers' behalf:

"Thinking about innovation and how it occurs had a major impact on me after the Memphis experience. There are many diverse opinions to consider from both our employees and customers. We have created store plans based on the feedback and we have been able to put into place many ideas that are helping the store and community.

"Our community has a high Indian population. On October 25, 2008, Best Buy "International" opened within my store. My main objective in starting this venture was to simply drive more traffic into the store by carrying Bollywood movies and CDs, based on the insights of my customers and associates. Many customers were excited to hear that we would be catering to their Bollywood needs. We were also able to gather insight around customers' needs for 220volt electronics/PAL systems that they will be able to send back to families in India. They clearly stated they would love it if they were able to purchase these products from Best Buy.

"My team and I are confident that the International store will be a success not just for the Woodbridge store but for Best Buy U.S., after all, we do live in the most diverse country in the world!"

by Dinesh Ramchandani, General Manager

## looking AHEAD

Employee engagement is a core value and priority for Best Buy. We will continue to invest in our employees and encourage their participation in the development of our business. We will further develop our model of accountability for diversity practices and programs and expand opportunities for employees to participate in Employee Business Networks. We will consult with business partners across the organization to identify potential barriers to inclusion. We will expand our efforts to make employee innovation a reality through investments in tools, technology, processes and training.

We know our employees are the growth engine of our enterprise and we will continue to engage them in every way we can. As CEO Brian Dunn says, "There is no such thing as an ordinary person." And in Best Buy's case, there is no such thing as an ordinary employee.



# COMMUNITY relations

Best Buy has been a leader in supporting education and technology programs for children and communities for many years. Our investments not only enhance the communities we serve, but also provide us with opportunities to deepen our relationships with consumers and engage our employees. We strongly support employee-driven philanthropy because we believe our employees provide leadership for our industry, customers and communities, and serve as advocates in the world of technology. Together with our employees, Best Buy's community relations programs aim to educate and empower children and teens, provide support for local community charities and aid disaster relief.

## @15™

While we conducted many community programs in fiscal 2009, we have recently sharpened our focus on an important group — teens. We launched @15 in fiscal 2008, a social change platform that creates personal growth opportunities for teens, supporting them at a critical time in their lives.

Teens are important to our business. They are influential consumers of technology, and, as employees, are a major asset to our organization. We also recognize how important they are to their own communities, society and the world. As a retail technology company, Best Buy already has a relationship with many of our teenage consumers. We launched @15 to make the most of this relationship by listening to them, supporting them and helping provide them with unique opportunities. The mission of @15 is to recognize, understand and fuel the power of teens.

As part of the program, we created a place online ([www.at15.com](http://www.at15.com)) where teens can develop and share their point of view on the world and how to change it. Through the @15 Fund, we give teens a means to make change. In fiscal 2009, we launched the @15 Challenge to give teens the opportunity to further the social change projects they value most. The 15 winning Youth Venture Teams of young social entrepreneurs each received \$10,000 from the @15 Fund to support their local program.

The @15 Challenge with Youth Venture won silver place in the Halo Cause Marketing Awards for best use of social media.



## TEENS + PHILANTHROPY = @15 CHANGE EXCHANGE

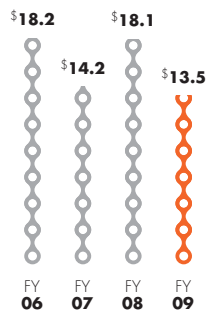
How do we directly involve teens in our philanthropy? In fiscal 2009, we launched the @15 Change Exchange. Teens who register at [www.at15.com](http://www.at15.com) help direct \$1 million from Best Buy to the charitable organizations they believe in most. It works like this: Teens collect points by participating in activities at [www.at15.com](http://www.at15.com) such as registering, completing the latest IMO (In My Opinion) Survey, answering the "Question of the Moment" or writing a blog. Four times each year, they have a chance to



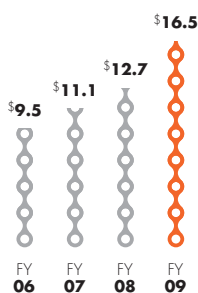
THE @15  
Change  
EXCHANGE



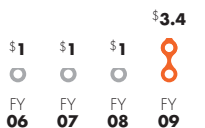
**BEST BUY U.S. DONATIONS AND OTHER COMMUNITY INVESTMENTS**



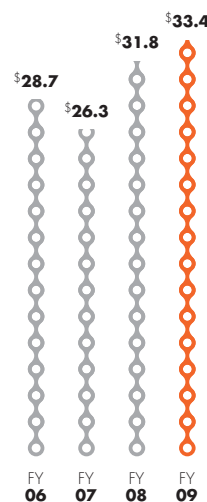
**Direct Cash Donations**  
(in millions)



**Best Buy Children's Foundation Cash Donations**  
(in millions)



**Non-Cash Donations**  
(in millions)



**Total Donations**  
(in millions)



allocate their points to four nonprofit partner organizations that serve teens and focus on social change. The number of points each organization collects determines how much of the quarterly \$250,000 in grant money they receive. For the first quarter of 2009, *Change Exchange* featured nonprofits including Communities in Schools, Genesys Works, Mercy Corps and Project Girl. Visit [www.at15.com](http://www.at15.com) and click on "What is This Points Stuff All About?" to read more about the partner organizations that were awarded Change Exchange dollars in April 2009.

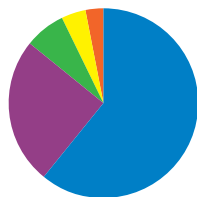
Activating the *Change Exchange* is a huge milestone for @15. Through this program, Best Buy is deepening our relationship with teens by giving them a voice and empowering them to make a difference.



students will receive scholarships of \$1,500 each (paid in August 2009) for a total of \$1.5 million.

**BEST BUY U.S. FISCAL 2009 DONATIONS BY PROGRAM TYPE**

(in millions)



|                                  |               |
|----------------------------------|---------------|
| K-12 Education                   | \$20.3        |
| Community & Economic Development | 8.3           |
| Health & Social Services         | 2.3           |
| Other                            | 1.5           |
| Disaster Relief                  | 1             |
| <b>TOTAL</b>                     | <b>\$33.4</b> |

**@15 SCHOLARSHIP PROGRAM FOR INDIVIDUALS**

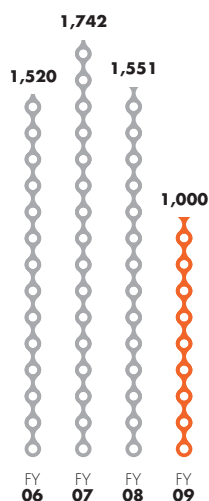
Best Buy's @15 Scholarship Program benefits high school students who are planning to enter an accredited college or university after graduation. Applicants are evaluated based on academic records and community involvement or work experience. The program has awarded close to \$9.5 million in scholarships since its inception in fiscal 2006. It was expanded in fiscal 2009 to include students in grades 9-12 in the U.S. and Puerto Rico.

Nearly 102,000 students submitted applications in fiscal 2009, a significant increase over previous years. One thousand

**TEACH AWARDS FOR SCHOOLS**

The Best Buy Teach Awards were created in 2003 to support K-12 schools in communities where Best Buy does business. Over the past five years, the company has donated more than \$17 million in Teach Awards to 6,000 K-12 schools across the country. Schools selected to receive these awards have proven their willingness to use technology to teach students in interactive and engaging ways. All accredited, public and private nonprofit elementary, middle and secondary schools in the U.S. and Puerto Rico are eligible to apply.

In 2009, Best Buy awarded \$2 million in Teach Awards to 460 schools that engaged students in the classroom and motivated them to stay in school. In particular, 15

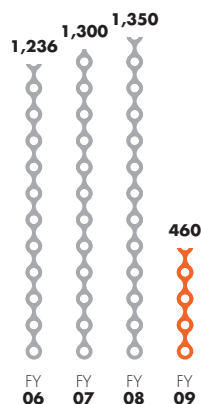
@15 SCHOLARSHIPS<sup>(1)</sup>

**Number of Scholarships Awarded**



**Dollar Amount of Scholarships Awarded (in millions)**

## TEACH AWARDS AND SCHOLARSHIPS



**Number of Teach Awards**



**Dollar Amount of Teach Awards (in millions)**

<sup>(1)</sup>This program is administered on a calendar year basis, which differs from our fiscal year, so both 2008 and 2009 information has been provided. The scholarship program is part of our corporate giving portfolio. In fiscal 2009, we funded several new programs with the launch of @15, allocating money from existing programs as well as incrementally increasing our overall philanthropic giving.

schools with ninth-grade programs that prepared teens for what is next in their lives, in new and innovative ways, were awarded \$10,000. Visit [www.BestBuy.com/Teach](http://www.BestBuy.com/Teach) to search past winners of Teach Awards by type of technology, subject matter and grade level.

Today, in conjunction with Best Buy's @15 social change platform, the Teach Awards seek to help teens prepare for a world where the role of technology is increasing in importance every day.

### INTRODUCING TEACH@15 FOR SCHOOLS

Continuing the momentum of the new Change Exchange ([www.at15.com](http://www.at15.com)), the Teach@15 Awards program went live Feb. 16, 2009. With this exciting new program, teens age 13 to 18 who are registered members on [www.at15.com](http://www.at15.com) can nominate an eligible school (Grades 7 to 12) to win a \$1,500 Teach@15 Award.

The Teach @15 Awards are similar to our existing Teach Awards program. The Teach@15 Awards are for @15 members who nominate their own schools for an award. Then nominations are opened to all @15 members to vote for the school of their choice. This puts the choice in the hands of those who are directly impacted by the award — the teens themselves.

In fiscal 2010, our Teach Awards program will transition to the Teach@15 model. Visit [www.at15.com](http://www.at15.com) for more information.

### THE CARPHONE WAREHOUSE AND GET CONNECTED FOR TEENS

Through its Foundation, The Carphone Warehouse supports Get Connected ([www.getconnected.org.uk](http://www.getconnected.org.uk)) as one of their charity partners. Through this service, young people have access to confidential support to help them decide what to do next when faced with a difficult situation. They may need help finding somewhere safe to stay for the night, a referral to an organization that helps with eating disorders or just someone to talk to for emotional support. They can connect to this service for free via the phone, e-mail or live web chat.

In addition to raising funds for Get Connected, The Carphone Warehouse also covers all overhead costs for the charity including accommodations, equipment, IT support, marketing support and training. The Carphone

Warehouse employees also have the opportunity to earn additional time off if they become a helpline volunteer for Get Connected.



### Best Buy Named #4 Most Generous Company by Forbes Magazine

In October 2008, Best Buy was recognized by *Forbes Magazine* as a leader in corporate philanthropy. Companies on *Forbes*' "Most Generous Corporations" list were ranked on overall cash donations and cash donations as a percentage of operating income. *Forbes* ranked Best Buy as the fourth Most Generous Corporation (As Percent of Income), giving away 1.4 percent of fiscal 2006 operating income in calendar year 2007.

**LINK: Forbes Most Generous List:**  
[www.forbes.com/2008/10/16/most-generous-corporations-corprespons08-lead-cx\\_mk\\_1016charity.html](http://www.forbes.com/2008/10/16/most-generous-corporations-corprespons08-lead-cx_mk_1016charity.html)



## @15 Challenge Winner:

# MY OWN BOOK PROGRAM



My Own Book was started when my brother and I heard that 61 percent of low income children do not have a single book of their own. We both love to read so we decided to take action. With support and an initial seed grant from Ashoka's Youth Venture, we began visiting classrooms, reading and giving out books to less fortunate children.

We also set up "reading buddy" programs at libraries and schools where teenage volunteers are available at set times each week. Our volunteers serve as mentors and role models, making reading fun for the

kids. Community heroes like fire and police officers also came to read aloud to the kids, and we even had the mayor of Fairfield, California participate in our "Share the Joy of Reading" program.

Receiving \$10,000 through the Best Buy @15™ Challenge with Youth Venture helped us purchase approximately 8,000 books, get hundreds more teens involved and read to thousands more children. The funding has also helped us expand to 15 other locations through our innovative chapter program. Our local Best Buy store supported us during the competition and hosted one of our February "Love of Reading" month events. Through competing in the @15 Challenge and receiving over 5,000 votes, we raised our profile in the community and showed that young people can bring about positive social change.

To learn more about My Own Book, visit [www.myownbook.net](http://www.myownbook.net)

By Kyle and Brady Baldwin

Get Connected aligns well with our focus on teens. In the future, we plan to help Get Connected expand an online self-help directory as well as support them with their national awareness campaign.

## Volunteerism and TagTeam Awards for Nonprofit Organizations

The TagTeam Award program supports employees who have a strong desire to make a difference in their communities. When employees volunteer their skills, leadership and time, the Best Buy Children's Foundation provides TagTeam Awards (cash donations) to qualified nonprofit organizations.

In fiscal 2009, 34 percent of our U.S. employees volunteered for a total of more than 165,000 hours and as a result, we contributed almost \$4 million in Best Buy Children's Foundation funds to local nonprofit organizations. Estimating the value of volunteer time at \$18.77 per hour (according to The Independent Sector), Best Buy employees contributed nearly \$7 million to community organizations.

Since fiscal 2007, employees have more than doubled the amount of volunteer hours and more than quadrupled the dollars awarded through the TagTeam program.

## Local Giving

Local Giving is a decentralized grant making program in the U.S. that empowers employees to make decisions about how to use the funding from the Best Buy Children's Foundation to strengthen local communities. In the spirit of Open Source CR, retail employees participate at all levels to ensure that the organizations we give to are helping to meet their communities' most important needs.

The Local Giving program's objectives are to:

- Inspire brand and customer loyalty by strengthening communities
- Support comprehensive local business growth plans with resources to fund nonprofits
- Encourage strategic @15 partnerships with nonprofit organizations that empower teens to excel in school, engage in their communities and develop leadership skills
- Engage employees in local decision making to impact skill development, retention and morale

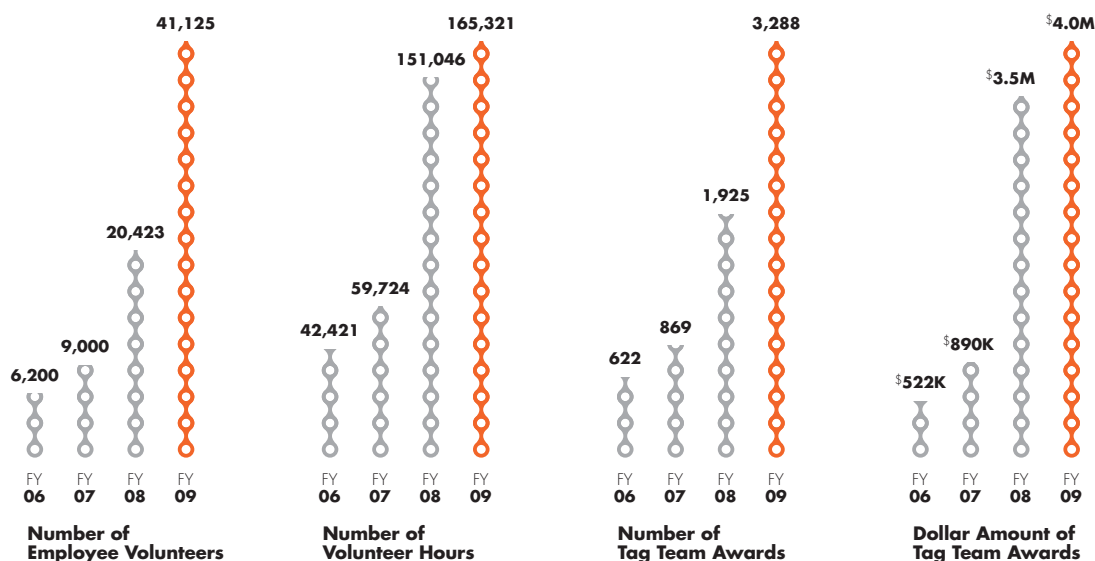
In fiscal 2009, the Local Giving program awarded 197 grants totaling \$1 million, with an average grant amount of \$5,000.

## BEST BUY CANADA

Both of our brands in Canada — Best Buy and Future Shop — have strong ties to the community through funding, special programs and active employees. In fiscal 2009, our Canadian operations provided \$1.79M (CDN) in monetary donations to nonprofit organizations. (This donation amount does not include United Way contributions or local, in-store donations by employees.)

Best Buy Canada provided support to Big Brothers and Big Sisters of Canada, our national partner since 2002, and introduced a program to benefit children and learning through the **Best in Class Fund**, piloted in the fall of 2008. Best Buy Canada formed relationships with well known technology experts from the education, business and social media sectors, and worked with school boards to help them discover how technology could enhance learning in the classroom for grades 8 and 9. Best Buy Canada awarded \$200,000 (CDN) worth of Best Buy gift cards to six schools. Best Buy Canada intends to expand the program in fiscal 2010.

## VOLUNTEERISM AND TAG TEAM AWARDS



Future Shop developed several long term partnerships and a groundswell of community involvement at our 139 stores nationally. The year began with the creation of a cross-functional Community Team of executives and general managers; the objective of the team was to build employee engagement and increase community investment in partnership with the Canadian Business for Social Responsibility (CBSR).

In fiscal 2009, Future Shop expanded our commitment to our national partner of nine years, Boys and Girls Clubs of Canada and increased funding for 55 scholarships from \$3,000 to \$4,000 (CAD) each to meet the increasing costs of tuition at post-secondary schools. We also donated \$100,000 (CAD) for five computer labs in five high-need Boys and Girls Clubs in partnership with Microsoft Canada.

Future Shop cemented its four-year relationship with *Regroupement des Maisons de Jeunes du Quebec (RMJQ)*, teen youth clubs in Quebec, by providing \$20,000 in scholarships and support from local stores. We also transformed a high school classroom to promote innovation in education with an \$85,000 (CAD) donation and provided technology, including computers and Smartboard. The classroom will serve youth in grades 10–12. Future Shop hopes to expand this program in fiscal 2010.



Employees also engaged in Community Partner Awards, a store donations program of \$2,000 (CAD) per location where employees are asked to help direct the funds. The program helps serve the needs of the local community and supports nonprofits that are important to employees.

### BEST BUY MEXICO

When the first Best Buy Mexico store opened in December 2008, the company announced it would donate one percent of profits before taxes from the grand opening to charitable organizations in the community. An employee team is in the process of determining which nonprofit organizations will receive the donation. Best Buy Mexico is also building a strong culture of volunteerism fueled by the energy of its employees.



### Refugio de Restauración A.C.

Best Buy Mexico employees are developing relationships that support the local community and strengthen the reputation of their store and the Best Buy brand. After analyzing several options, employees selected *Refugio de Restauración A.C.*, a nonprofit organization dedicated to serving children in need with food, shelter and opportunities for education. Employees developed a plan to provide meals, gifts and volunteer time to Refugio de Restauración A.C. throughout the year.

## Best Buy Employee Volunteers Honored with

### PRESIDENT'S VOLUNTEER SERVICE AWARD



In April 2008, 156 Best Buy employees received the 2007 President's Volunteer Service Award, a national honor given by the President's Council on Service and Civic Participation in recognition of volunteer service. These 156 individuals contributed on average more than 250 hours of service — a combined total of 38,841 hours.

Established in 2003, the President's Volunteer Service Award is given on an annual basis to individuals, groups and families who have met or exceeded requirements for volunteer service, and have demonstrated exemplary citizenship through volunteering. Best Buy is proud to recognize the outstanding achievements of its employee volunteers through this national program.

#### THE CARPHONE WAREHOUSE FOUNDATION

The Carphone Warehouse Foundation supports employees with their own fundraising initiatives. Small grants are awarded to charities nominated by employees, and on occasion, a large grant may be made on behalf of the entire company where there is company-wide interest. Funds for the Foundation are generated in part by the Carphone Warehouse's mobile phone handset recycling program.

#### LIVE UNITED for United Way

Through the generous support and contributions of employees in the U.S. and Canada, Best Buy raised more than \$5.6 million (USD) for our communities during our LIVE UNITED annual campaign. The Best Buy Children's Foundation matched every dollar our employees contributed with an additional 40 cents, (turning a one dollar pledge into \$1.40). As a result, our total contribution to the United Way was \$7.9 million (USD).

Canadian employees from Best Buy and Future Shop continued their long history of giving by exceeding their campaign goals and contributing over \$1.4 million (CDN) to Best Buy's United Way total. Future Shop surpassed their goal of \$760,000 (CDN) with employee donations exceeding

\$910,000 (CDN). In addition, Future Shop created in-store signage, in-store TV spots and for the first time offered customers the opportunity to donate to the campaign, which increased the total donation by \$45,000 (CDN). In fiscal 2009, a new twist to the campaign focused on employee engagement and featured a United Way representative at all stores for the campaign kick off.

#### Disaster Relief

Best Buy, through contributions, donated materials and employee action, helped support communities in crisis due to natural disasters. Strong communities are a positive factor for business, and we believe that community relationships will help create growth opportunities for Best Buy.

#### BEST BUY AND JIANGSU FIVE STAR DONATE RMB 7 MILLION TO EARTHQUAKE-STRICKEN AREAS

Best Buy donated RMB 7 million (over \$1M USD) through Best Buy (Shanghai) Ltd. and Jiangsu Five Star to help victims of the May 12, 2008 Sichuan Earthquake.

Several other efforts were made to help bring relief to the area. Best Buy and Jiangsu Five Star offered employees the opportunity to donate, raising a total of approximately RMB 2 million (nearly \$300,000 USD). Best Buy also donated walkie-talkies valued at RMB

80,000 (over \$11,000 USD) to help with search and rescue work in the disaster areas, and Jiangsu Five Star donated tents and other materials valued at RMB 100,000 (over \$14,000 USD). Employees in China volunteered to donate blood and organized a charity bazaar for the primary schools in Sichuan provinces. Best Buy Canada also supported the earthquake relief efforts with a donation of \$25,000 (CDN) to the Red Cross.

In calendar 2008, Best Buy received the Best Socially Responsible Company award at the Commonwealth China Award ceremony. The award was in recognition of Best Buy's charity giving and commitment to social responsibility in China and was jointly made by the China National Democratic Construction Association and the China Poverty Alleviation Foundation.

## BEST BUY RESPONDS TO MIDWEST FLOODING AND HURRICANE VICTIMS

In fiscal 2009, Best Buy donated money and products while employee volunteers aided in disaster relief efforts to support hurricane and flood-ravaged communities in the U.S.

In May 2008, after the initial series of tornados impacted communities in Iowa, Best Buy donated \$25,000 to the Red Cross. When the floods hit, we offered customers across the country an opportunity to donate money to the American Red Cross Disaster Relief Fund at store cash registers. Best Buy pledged to match dollar-for-dollar, up to \$100,000. Employees are paid by Best Buy for their time.

In September 2008, many of our employees and customers were affected by Hurricanes Gustav, Hannah and Ike. We took action to support our employees and local communities. For the month of September, Best Buy stores across the nation accepted cash donations for the American Red Cross Disaster Relief Fund to support those impacted by Hurricanes Gustav, Hannah and Ike and Best Buy agreed to match donations up to \$1 million.

After a natural disaster, Best Buy supports our employees in the impacted areas. If a store closes, we continue to pay employees as scheduled until the store reopens. Employees whose store closed indefinitely had the opportunity to work at any Best Buy store throughout the U.S. We also provided an information hotline for employees and their families and offered counseling services through our employee assistance program.



## BlueShirt Corps

BlueShirt Corps is a new service program that allows Best Buy employees to use their talents to serve charities with technology needs. In an example of Open Source CR, what started as an idea by a single Best Buy employee was eventually shaped by the input of other employees including collaboration on BlueShirt Nation, an internal social networking site used at Best Buy.

BlueShirt Corps is a group of passionate and highly engaged employee teams that have agreed to be "on call" for the Red Cross. When a disaster strikes, BlueShirt Corps employees are flown in to the area and help set up the Red Cross's communications systems so the Red Cross can focus on what they do best — help people in crisis. BlueShirt Corps committed to serving the Red Cross in up to four disasters in fiscal 2009. Employees are paid by Best Buy for their time.



In fiscal 2009, the BlueShirt Corps was not called into service, but the foundation was laid. While we do not look forward to any disasters, we are pleased to be able to serve affected communities in a new and truly meaningful way.

BlueShirt Corps won the Peter Glen Award for Cause Marketing at the Retail Advertising Conference (RAC) in February 2009. In fiscal 2010, Best Buy's BlueShirt Corps plans to expand its partnership with the Red Cross and add new partners that allow it to serve even more communities through their technical expertise.

**LINK:** [www.facebook.com/blueshirtcorps](http://www.facebook.com/blueshirtcorps)



## Geek Squad Summer Academy

Designed to inspire a younger generation to get involved firsthand with technology, the Geek Squad Summer Academy connects *Geek Squad agents* and *Best Buy employees* with students in local communities. We work closely with local organizations to bring a one-of-a-kind experience to these students. They are taught to use technology wisely and efficiently, get hands-on experience in many different facets of the technology industry, learn to navigate the increasingly “techie” world and see for themselves the possibilities of an exciting future in the technology field.

In fiscal 2009, 12 Geek Squad Summer Academies were held in 10 cities across the U.S., impacting more than 800 girls and boys ages 9 to 18.

Geek Squad agents volunteered to help the Geek Squad Academy core team members develop customized learning experiences. Through this Open Source CR approach, over 300 employees from 134 different stores contributed time and expertise, created learning activities, documentation and helped ensure the experience was a fun one.

The Geek Squad Summer Academy program is growing and continues to innovate, testing cause marketing ideas and methods to measure the impact on the community and on the business. In fiscal 2010, 22 Geek Squad Summer Academies have been scheduled in the U.S. It is expected that we will bring this high energy experience to approximately 3,000 teens and involve more than 500 Geek Squad agents and Best Buy store employees.

**LINK:** [www.gsummeracademy.com/](http://www.gsummeracademy.com/)

## looking AHEAD

Best Buy is committed to responsive and strategic community giving. With a strong focus on local communities and children — especially teens — we will continue to educate and create opportunities for personal, professional and community growth, mainly through the innovation and passion of our employees.

In the future, we will continue many of the programs and initiatives described in this report. We are especially excited about plans to further enhance our connection with teens through our @15 platform. In order to do this, our intent is to fund research at the Search Institute so we can better understand teens and how to work with them to support communities, drive social change and create new products designed by teens, for teens and with proceeds benefiting teens.

# ENVIRONMENTAL sustainability

As a company, we aspire to be environmentally, socially and financially accountable for our brands and business operations worldwide. We are focused on the environment for a number of reasons. First, we understand that the natural resources we rely on to run our business are finite. Second, we are aware of the growing environmental impact of consumer electronics. And, ultimately, we care about people and the planet, and we know consumers and our employees care, too. Research validates our growing concern about energy use, climate change and a healthy natural environment, and we are committed to do our part to be a leader in such areas as recycling and developing and selling energy efficient products.

## Greener Together™

In fiscal 2009, we introduced Greener Together™ as a new way of thinking about how employees across our 1,000 plus U.S. stores can help customers make smart decisions about technology and energy use. We believe that many groups must work together to reduce the impact of consumer electronics on the environment: consumers, manufacturers, businesses and government. As we work together, we are looking for ways to drive innovation that meets our “green” business objectives. These include:

- Offering new e-cycling or “end-of-life” solutions for technology products
- Bringing more energy efficient products and packaging into the market
- Reducing our carbon footprint and bringing new “green” standards into our stores and operations

We are also helping our customers take three fundamental steps:

**CHOOSE:** We will make it easier for customers to choose “greener” products;

**USE:** We will help customers use electronic products more efficiently; and

**RE-USE:** We will offer more convenient ways to recycle and trade in products.

We are excited about the potential for Greener Together™ and with the input, creativity and know-how of Best Buy’s employees we believe we can make a positive impact on people’s lives, our business and the planet.

Visit [www.bestbuy.com/green](http://www.bestbuy.com/green) for more information about customer options, Best Buy programs and environmental resources.

## Recycling Programs

Consumer electronics is one of the fastest growing waste streams on the planet. As the world’s largest retailer of consumer electronics, we are in a unique position to help. Best Buy is committed to making it easier for consumers to choose “greener” products, use electronics and appliances more efficiently and provide appropriate end-of-life solutions for the products we sell.



Greener Together™



As of February 15, 2009, all of our U.S. stores began offering a new electronics recycling program. The program is an "in store" solution for customers to drop off their unwanted consumer electronics for recycling. Customers can drop off up to two units per day per household. Best Buy accepts most consumer electronics and accessories such as keyboards, mice and remotes. Additional program details can be found at [www.BestBuy.com/recycling](http://www.BestBuy.com/recycling).



**Duluth Store  
electronics recycling**

### BEST BUY U.S. STANDARDS FOR RECYCLERS

Best Buy ensures that the recycling organizations we work with adhere to the highest standards and guidelines set by the Environmental Protection Agency (EPA). This includes disposing of hazardous materials properly and making sure products customers bring into our stores for recycling do not end up in landfills or in foreign countries.

To accomplish this, we partner directly with a short list of qualified, respected recycling companies who ensure that all products collected for recycling through Best Buy are handled responsibly. We work exclusively with recyclers that meet or exceed the regulations or guidelines established by the EPA and the Plug In To eCycling campaign. We also encourage them to examine and consider additional third-party standards for responsible practices. Please refer to [www.bestbuy.com/recycling](http://www.bestbuy.com/recycling) for more information about our standards and a list of our recycling partners.

Furthermore, we support strong federal standards for recycling and increasing federal research into recycling technologies. Today, many states have their own set of recycling standards. While we are encouraged by state involvement, we believe a more efficient approach is federal standards that create consistent expectations for all parties involved. Supporting and advocating for these efforts directly aligns with our greater aspiration of being environmentally and socially accountable for our brands and business operations worldwide.



### PLUG-IN TO ECYCLING

Plug-in to eCycling is a partnership among the Environmental Protection Agency (EPA) and electronic manufacturers, retailers and service providers that offers consumers more opportunities to responsibly donate or recycle their used electronics. The volume of recycling collected by Best Buy exceeded all of the other retail Plug-In Partners' efforts based on self-reported data provided to the EPA in 2008. To learn more about the program, visit: [www.epa.gov/plugin](http://www.epa.gov/plugin).

### ADDITIONAL RECYCLING PROGRAMS

Currently, Best Buy offers the following recycling options in addition to the in-store recycling program in our U.S. stores:

**RECYCLING KIOSKS** Located at the front of the store, our kiosks accept ink cartridges, rechargeable batteries, cell phones, CDs, DVDs, PDAs/smart phones and gift cards

### APPLIANCE AND TV HAUL-AWAY

Best Buy will remove an appliance or TV from a customer's home free of charge when a new product is purchased and delivered by Best Buy Home Delivery

**APPLIANCE AND TV PICK-UP** For \$100, Best Buy will arrange a home visit to remove up to two appliances or TVs for recycling. For more than two units, \$20 per additional unit is charged

**TRADE-IN @ BEST BUY** Customers can visit [www.bestbuy.com/tradein](http://www.bestbuy.com/tradein) for information about trading in select gently used electronics for a Best Buy gift card

**RECYCLING EVENTS** Best Buy hosted or sponsored 45 community recycling events in fiscal 2009

Go to [www.bestbuy.com/recycling](http://www.bestbuy.com/recycling) for more information about our recycling programs as well as resources to find alternative locations to recycle products that we do not accept.



### CUSTOMER DATA AND RECYCLING

Best Buy is very concerned about customer data on products turned in for recycling. As a result, we do not accept computer hard drives and have processes in place to secure data privacy on other products turned in for recycling. If a customer requests that Geek Squad remove a hard drive, agents have been trained on a standard procedure to remove it and then give the hard drive back to the customer. They direct customers to our web site for information about alternate recycling locations for the hard drive, if necessary.

Additionally, we developed a video to help customers learn how to remove the hard drive from their desktop or laptop computer before bringing it in for recycling. See this Geek Squad video for instructions.



[www.geekssquad.com/news/default.aspx?blogid=28&id=437](http://www.geekssquad.com/news/default.aspx?blogid=28&id=437)

**BEST BUY U.S. RECYCLING**

|  | Fiscal '09           | Fiscal '08 | Fiscal '07 |
|--|----------------------|------------|------------|
| Number of Best Buy Hosted or Sponsored Recycling Events <sup>(5)</sup> | 45                   | 90         | 50         |
| Volume of Electronics Recycled or Reused (in tons)                     | 14,974               | 11,166     | 8,445      |
| Volume of Appliances Recycled or Reused (in tons)                      | 30,680               | 32,400     | 22,000     |
| Volume of Cardboard/Paper Recycled (in tons) <sup>(1)</sup>            | 23,028               | 79,600     | 64,700     |
| Volume of Pallets/Wood Recycled (in tons)                              | 3,129 <sup>(2)</sup> | 32,400     | 27,200     |
| Volume of Plastic Recycled (in tons)                                   | 389 <sup>(3)</sup>   | 4,400      | 1,400      |
| Volume of Metal Recycled (in tons)                                     | 106 <sup>(4)</sup>   | 3,600      | 5,000      |

<sup>(1)</sup> Previous cardboard/paper recycling results were calculated using estimates. In fiscal 2009, we required source documentation to validate recycling volume.

<sup>(2)</sup> Pallet recycling only includes the material that was recycled, does not include repair/reuse units.

<sup>(3)</sup> Plastic recycling is from store and distribution center recycling programs, does not include plastic recycled through CE recycling programs.

<sup>(4)</sup> Metal recycling is from project and store material only, does not include metal recycled through the appliance recycling programs.

<sup>(5)</sup> Starting in fiscal 2009, hosted and sponsored recycling events have been replaced by our every day in-store recycling program

**ELECTRONICS RECYCLING IN CANADA**

The regulatory landscape in Canada differs slightly from the U.S. Currently, five Canadian provinces have enacted regulation regarding the sale, collection and recycling of select electronics.

Alberta uses a government program administered by the Alberta Recycling Management Authority. Best Buy Canada was a key contributor in the development of the Alberta program and holds a seat on the Electronics Recycling Alberta Industry Council.

British Columbia, Saskatchewan, Nova Scotia and Ontario use industry-run programs, meaning that leading electronics companies, including Best Buy Canada, work together to develop, implement and run recycling programs for electronics. Each of the programs has adopted stringent recycling standards. We conduct audits on all approved recycling partners to ensure the material is handled in a responsible manner. The programs are funded with an environmental fee collected upon the sale of a new product. Our employees help educate customers about the fee in stores using brochures with a list of drop-off locations, and we provide information about it on our web sites.

Both Canadian brands, Best Buy and Future Shop, offer an in-store recycling option for our customers as well. We take small electronics, such as cell phones,

MP3 Players and portable DVD Players, as well as ink cartridges and batteries.

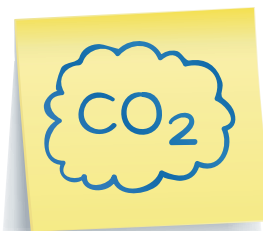
**MYMOBILE RECYCLING**

In the United Kingdom, The Carphone Warehouse's MyMobile Recycling program provides an option for consumers to recycle their mobile phone handsets responsibly. For every handset recycled, we donate £10 (approximately \$16 USD) to be split equally between The Carphone Warehouse Foundation and Get Connected ([www.getconnected.org.uk](http://www.getconnected.org.uk)), a nonprofit organization that helps young people get free, confidential help via the phone, e-mail or live web chat. The Carphone Warehouse Foundation provides small grants to charities nominated by employees.

In the past 12 months we have raised over £135,000 (approximately \$220,000 USD) through the recycling program. In December 2007, we started to include a bag for recycling with every purchase made via our direct channels. This has increased the volume of handsets being returned for recycling or re-use by over 45 percent.

**STORE OPERATIONS & RECYCLING**

At the end of fiscal 2009, most of our U.S. Distribution Centers (DC) and Delivery Distribution Centers (DDC) now have a recycling program in place to handle paper, aluminum and plastic. Many also recycle cardboard, plastic film and Styrofoam. In order to reduce cardboard tonnage in the



waste stream, balers were installed at over 460 Best Buy retail, DC and DDC locations. This has decreased disposal fees and the number of waste hauls.

It has been a challenge to roll out a consistent business waste recycling program for our U.S. retail stores. Our distribution centers are large commercial facilities that have the space and capacity for outdoor equipment to collect the recycled items, but our stores do not. Curbside recycling programs found in residential areas are not always offered for commercial properties. Additionally, state and local laws often dictate which recycling options are available. For these reasons, we are currently researching, testing or implementing several different options in our stores.

Our Canadian employees are also passionate about recycling. Like the U.S., they face many of the same challenges in finding solutions to serve all stores. All locations including Distribution Centers, Regional Offices and Canadian Headquarters recycle paper, newsprint and cardboard. Like the U.S., our Canadian stores have either a baler to compact cardboard or a bin dedicated for the collection of card-

board. Where services have been found, beverage and multi-material recycling programs have been implemented to aid in diverting recyclable materials from landfills. We continue to seek solutions for recycling waste generated at our Canadian facilities.

In another example of employees working to make a difference, our Canadian corporate headquarters uses recycled office paper, all of which is shredded and recycled when disposed. Taking an "it's personal" approach, all corporate employees also received a reusable mug to encourage reduction in the use of Styrofoam and plastic in the corporate cafeteria.

## Energy Consumption, Carbon Reduction and Climate Change

Best Buy has long recognized the value and importance of using resources efficiently in the communities we serve. In calendar 2008, our ENERGY STAR® program helped customers realize more than \$90 million in energy savings and reduced carbon emissions by the equivalent of removing over 100,000 cars from the road for a year. We are actively engaged in efforts to conserve and reduce our own energy consumption through "green" building design, process improvements and equipment upgrades. Our primary view is that "the

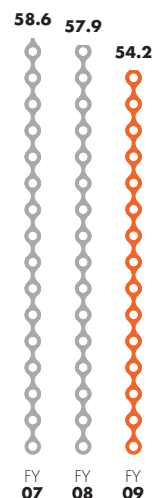
greenest kilowatt is the one not used." By reducing energy usage and the associated greenhouse gas emissions, Best Buy is taking action to reduce the company's carbon footprint, address climate change and reduce air pollution. Our strategy includes educating our employees and customers on energy efficiency, as well as tapping into employee ingenuity and ideas to make improvements.



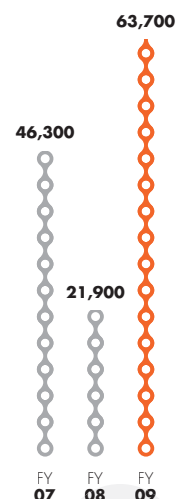
## CARBON REDUCTION TARGET

In partnership with the Environmental Protection Agency's (EPA) Climate Leaders program, Best Buy created a comprehensive greenhouse gas (GHG) inventory for 2005 through 2007. The inventory consisted of direct and indirect (scope 1+2) emissions in the operation of all U.S. stores including our retail locations, corporate headquarters, distribution centers, and fleet and service vehicles. The Climate Leaders program is an industry and government partnership that works to develop comprehensive climate change strategies for businesses. Using 2005 as our baseline, we announced in 2008 our goal to reduce U.S. operation emissions by eight percent per retail square foot by 2012.

## ENERGY CONSERVATION



## Direct GHG Emissions by Weight/Per Retail Square Foot (in lbs)



## Year Over Year Reduction in CO<sub>2</sub> Emissions (in metric tons)

## GREEN Internship Program at Corporate

In the summer of 2008, Best Buy invited a group of 75 interns, including college seniors and MBA graduate students, to participate in a project intended to enhance Best Buy's sustainability strategy. The project objective was to reduce the environmental impact of business operations and seek potential opportunities to market more "green" products.

"The summer intern 'Green' project was an exceptional opportunity to work with company leaders to devise a sustainability strategy that would reduce Best Buy's environmental impact. The encouragement and latitude that corporate staff provided was instrumental in creating a new strategy that would help them attain their environmental goals.

"This project was one of the most unique collaborations that I have been involved with to date — it offered an opportunity for college interns from various educational institutions to draw from their personal, academic and creative backgrounds to build a strategy that enhanced a multinational organization's operations. At the same time, it allowed Best Buy leaders to redefine their "Green" ideology so that the newly formulated strategies recommended by the intern group would be reexamined to ensure that anything that would improve operations was considered.

"Overall, I believe that the intern collaboration coupled with the extremely encouraging corporate staff allowed our project to deliver a comprehensive strategy with short, medium and long term objectives aimed at making the organization more environmentally responsible."

by Nikhil Ghatnekar, 2008 Summer Intern

Best Buy measures emissions on a retail square footage basis to account for improvement while maintaining the company's expansion and growth initiatives. In 2005, our inventory indicated that U.S. operations and stores emit approximately 62 pounds of GHG annually per square foot. Electricity use represents 77 percent of the emissions, followed by heating, ventilation and air conditioning (HVAC) at 13 percent, gas for fleet and service vehicles at 5 percent, and diesel for fleet vehicles and natural gas at 2 percent each.

Best Buy has outlined and initiated specific steps designed to help us reach our reduction target, including:

- Continuous improvements to our new store design prototype with high efficiency lighting and HVAC systems, use of skylights and other components that reduce energy requirements
- Upgrades of inefficient lighting and HVAC systems in existing stores
- Implementation of a no-idling policy nationwide for all fleet vehicles
- Improved operation and control of our centralized Energy Management System (EMS) through a network upgrade
- Support and testing of financially viable renewable energy technologies that reduce our dependence on fossil-based sources of energy

In addition to our internal efforts and our Climate Leaders partnership, Best Buy has voluntarily participated for the third straight year in the annual Carbon Disclosure Project, a large institutional investor coalition seeking information on what steps large global companies are taking to address climate change.

Our belief is that by working to conserve energy across our business, by educating our employees and customers on energy efficiency opportunities and through exploring future energy technologies, we are making investments that produce clear environmental benefits, reduce our overall energy costs and support the individual efforts of the communities we serve to live in a more sustainable manner.

## EFFICIENT INFORMATION TECHNOLOGY

Our Global Operations and Technology team has made progress in reducing costs and energy consumption through Server Virtualization technologies. Server Virtualization is the ability to run several virtual servers (Windows or Linux) on a single physical server in our data centers. This allows us to save money on hardware, use less physical space for data centers and reduce the power and cooling requirements within our data centers. Some facts resulting from server virtualization:

- 1,000 Virtual Servers running on 96 physical servers
- Cost avoidance of approximately \$2.7 million/year in server hardware rental
- Cost avoidance of approximately \$120,000/year in server hardware maintenance
- 670,000 BTU/hour of cooling saved
- Approximately 3,028 tons/year of CO<sub>2</sub> emissions avoided

With these changes, we are still protecting our data through regular procedures and rigorous monitoring.

## Energy Efficiency Partnerships

Best Buy continues to build strong relationships with the US Department of Energy (DOE) and the US Environmental Protection Agency (EPA). Based on survey results, customers tell us on matters of energy efficiency, the DOE is the credible authority. Many also trust the EPA for matters relative to the environment. With two of our environmental strategies rooted in energy efficiency and recycling, these government partnerships deliver great benefit to Best Buy, our customers, our shareholders and the environment.

Best Buy participates in the following DOE programs:

- Retail Energy Alliance
- ENERGY STAR® for Buildings, Appliances & Lighting
- ENERGY STAR® Quantity Quotes
- Net-Zero Energy Commercial Building Initiative (CBI)

Best Buy received a grant from the DOE to participate in their Net-Zero Energy Commercial Building Initiative. This program will allow Best Buy, in partnership with the DOE, to "produce real-building design solutions yielding significant, measurable energy savings." In September 2008, the DOE asked Best Buy to join a diverse panel of subject matter experts to participate in a review of the ENERGY STAR® program. The Department of Energy also recognized Best Buy's efforts to promote energy efficiency appliances by awarding one of our employees the 2008 Michael C. Thompson award.



### INITIATIVES TO PROVIDE ENERGY-EFFICIENT PRODUCTS AND REDUCTIONS IN ENERGY REQUIREMENTS AS A RESULT OF THESE INITIATIVES (in millions)<sup>(2)</sup>

|  | Fiscal '09 | Fiscal '08 |
|--|------------|------------|
| Number of ENERGY STAR qualified product sold                                 | 16.2       | 6.8        |
| Total energy savings (kWh/year) <sup>(1)</sup>                               | 787        | 960        |
| Consumer utility bill savings (per year) <sup>(1)</sup>                      | 90.5       | 101        |
| Reduced carbon emissions per year (pound of CO <sub>2</sub> ) <sup>(1)</sup> | 1,213      | 1,479      |

<sup>(1)</sup> Energy and carbon savings were calculated by the Department of Energy (Appliances) and the Environmental Protection Agency (Consumer Electronics)

<sup>(2)</sup> While the volume of ENERGY STAR qualified product sales increased in fiscal 2009, many were smaller electronics which resulted in less significant reduction in energy savings, utility bill savings and carbon emissions when compared to fiscal 2008.

The EPA has also recognized Best Buy for our sustainability efforts: "Because of their leadership, Best Buy earned the 2009 ENERGY STAR® Award for Excellence in Electronics and Appliance Retailing," said Kathleen Hogan, director of EPA's Climate Protection Partnerships Division. "As a Climate Leaders partner, the EPA also commends Best Buy's commitment to protecting our environment by setting an aggressive goal of reducing their U.S. greenhouse gas emissions."

Best Buy participates in the following EPA programs:

- Climate Leaders
- Plug Into e-Cycling
- ENERGY STAR® for Consumer Electronics
- SmartWay® Transportation Program
- Responsible Recyclers (R2) guidelines
- Electronic Product Environmental Assessment Tool (EPEAT)

We look forward to continuing and expanding our partnerships with both the DOE and EPA.

### U.S. Sustainable Building Program

Best Buy's U.S. Building Program further demonstrates our commitment to a healthier environment for our customers and employees and is central to our carbon reduction goals.



### LEED PRE-CERTIFICATION

The Leadership in Energy and Environmental Design (LEED) rating system was created by the U.S. Green Building Council (USGBC) to encourage and facilitate the development of more sustainable buildings. Best Buy is participating in two pilot programs with the USGBC: LEED for Retail Commercial Interiors (CI) and Volume Certification. Volume Certification allows a company



### Thad Carlson Wins Michael C. Thompson award

Thad Carlson, senior manager, environmental affairs at Best Buy, was awarded the 2008 Michael C. Thompson Award for his support of the ENERGY STAR appliance program on behalf of Best Buy.

Thad advocated strongly for ENERGY STAR; his work focused on increasing knowledge of the brand among employees and customers. He organized ENERGY STAR training for all Best Buy staff — from store-level employees to directors and vice presidents — and led the development of an ENERGY STAR e-learning module that covers all ENERGY STAR qualified products to complement the training. He pushed for ENERGY STAR signage on all qualified appliances sold at Best Buy and helped develop content about ENERGY STAR for the Best Buy web site. In addition, he demonstrated industry leadership by participating in special events, incentive programs, promotions and training sessions sponsored by other ENERGY STAR partners.

Created in 2003 in recognition of Michael Thompson of the Whirlpool Corporation, the Michael C. Thompson Award proudly recognizes visionary leaders within the ENERGY STAR® appliance network.



## Best Buy's ENERGY STAR HEADQUARTERS

In 2004, Best Buy moved from an old warehouse converted into office space into a brand new corporate campus consisting of four buildings connected by a common hub. When planning began for the building, numerous considerations were made to lessen the environmental impact. Through these efforts, the corporate campus has been recognized as an ENERGY STAR® building for the last five years.

Some of the features include high efficiency lighting options such as compact fluorescent, LED and programmable lights with occupancy sensors that shut off when no one is around. Our heating, ventilation and air-conditioning systems (HVAC) are also highly efficient. Chilled water for air conditioning is required year round, but our system detects when the outside air temperature drops below 43 degrees Fahrenheit and switches to a "free cooling" mode. All of these systems are optimized through the use of an Energy Management System.

Beyond lighting and HVAC, there are many other sustainable features on our campus. In 2007, we launched a composting program in order to reduce the amount of waste generated. To date, over 160 tons of waste has been diverted from the landfill, making Best Buy's corporate office the largest source of compost in the state of Minnesota. Most bathroom fixtures are optimized for high-efficient water usage via low-flow toilets and sinks. We further reduce our water need by incorporating native plants into our landscaping. Even the carpet we have in all campus buildings is designed with the environment in mind — it was laid in two foot by two foot squares constructed with recycled and recyclable material. The smaller carpet size allows stained, damaged and high-traffic areas to be replaced without tearing out and replacing carpet in the entire room.

that builds from a prototype, like Best Buy, to "pre-certify" the prototype design. The company must then follow a strict quality control program to validate that the "pre-certified" design was used to construct the building.

Best Buy's new store prototype achieved pre-certification at the base certification level in late September, earning 24 points on the LEED for Retail CI rating scale. As of the end of February 2009, only six other companies in addition to Best Buy had achieved pre-certification. Moving forward, the goal is to add to this point total, striving for pre-certification at the Gold level. Seven new stores that opened in February 2009 were built according to our pre-certified prototype design.

Two other locations (Manahawkin, N.J. and Kimball & Belmont, Ill.) were designed and built in fiscal 2009 according to LEED standards independent of Best Buy's Volume Certification program. On March 27, 2009, the Manahawkin store earned LEED Silver Certification while Kimball & Belmont and the seven other new stores are currently in various stages of documentation and review, and are expected to earn official LEED certification from the USGBC in fiscal 2010.

The majority of new stores in fiscal 2010 are expected to earn LEED Certification. Some key highlights of the sustainable features for new Best Buy stores include:

- Installing skylights to introduce daylight into the store and reduce the need for artificial lighting. We continue to review the possibility of adding skylights to existing stores but due to the application, cost and regional considerations, we do not have plans to do so in the near term.
- Installing photo cells and a dimming system to reduce artificial light when adequate natural light is in the space. By using efficient lighting, we can reduce the amount of energy we draw every day. All distribution centers have been updated with energy-efficient lighting.
- Adhering to Low Volatile Organic Compound (VOC) regulations for paint, coatings, adhesives, sealants and flooring
- Encouraging alternative transportation by installing bicycle racks and offering preferred parking for employees who carpool

In addition, we are participating in the Department of Energy's National Renewable Energy Lab project, "Net Zero Commercial Building Initiative," which has a goal of reducing energy use in our new and existing stores. See the *Energy Efficient Partnerships* section of this report for more information.

### CANADIAN BUILDING PROGRAM

Since the very first Best Buy Canada store opened in Canada, Energy Management Systems (EMS) have been included as standard building specification. Our Future Shop stores followed suit in calendar 2005. Last year, Future Shop partnered with Natural Resources Canada to retro-fit 47 of their least efficient stores to new EMS. This resulted in an average energy savings of 10 to 20 percent per store.

Also in calendar 2008, Future Shop stores implemented LED lighting technology for all new exterior channel signage and Best Buy Canada upgraded its standard lighting to a more efficient bulb. Lighting improvements are not limited to outside the store; much is being done inside to improve the efficiency and quality of light for our employees and customers. Some examples include:

- Exit signage converted to LED, an improvement to 2 watts from 50 watts
- Store install bays and warehouse lights have been converted from T12 magnetic ballasts to T8 electronic ballasts

Two of our Canadian stores are in the process of applying for LEED Certification and we are committed to building more stores that incorporate "green" ideas.

## Transportation

Best Buy has partnered with SmartWay® since 2007 to help us reduce transportation emissions. SmartWay is an initiative of the U.S. Environmental Protection Agency that helps transportation carriers and shippers improve their efficiency. As a SmartWay partner, we carefully review many criteria, including vehicle specifications, the amount of time spent idling, driver operating behaviors and routing processes to find the greatest possible efficiencies.

Our SmartWay score is based on the transportation providers we use. It improved from .65 in 2007 to 1.1 in 2008. Our fiscal 2009 score was 1.04 (out of a possible score of 1.25). Today, 75 percent of our carriers are SmartWay certified and we have added a SmartWay clause to all of our carrier contracts. Our goal is to have 100 percent of our long haul carriers in the SmartWay program in fiscal 2010.

### NEW “NO IDLING” POLICY

In November 2008, Best Buy instituted a “no idling” policy at our retail locations. With this policy, we have reduced carbon emissions by 1.12 million pounds in fiscal 2009. We are planning to expand the program to our distribution centers in fiscal 2010.

In January 2009, we began an effort to reduce the number of “empty miles” on trucks shipping our products. We upgraded trucks in the Los Angeles, Calif. area to support the “clean truck” initiatives at the ports of Los Angeles and Long Beach, and we are using more intermodal shipping, including rail lines (the rail carbon footprint is generally smaller than motor vehicles).

### SHIPPING EFFICIENCIES

We have also transitioned, where possible, to OptiLedge for our imported furniture shipments. OptiLedge is a structure made of 100 percent recyclable material used to support products while they are being shipped. In addition to replacing wooden pallets, OptiLedge allows us to ship our

import containers of furniture directly to our Distribution Centers, resulting in less product damage and considerable transportation savings.

It is worth noting that we dedicate a portion of our proposal and bidding process to better understanding the steps our international service providers are taking with regard to sustainability.

### GEEK SQUAD FLEET

Geek Squad’s model of taking care of customers “when and where they need us” through 24-hour daily support requires a sizable fleet of vehicles. While we are not in a position to convert our 5,512 vehicles to hybrids, we are making progress toward reducing the environmental impact of our fleet by using less fuel.

Currently, the best way to use less fuel is to drive fewer miles and use a vehicle that is lighter in weight and size. To that end, the Volkswagen Beetle is already an extremely fuel efficient vehicle and it earned a Partial Zero Emissions Vehicle (PZEV) status. In an effort to reduce the amount of fuel we use each year, we are:

- Testing smaller, more fuel efficient vehicles, like the Chevrolet HHR
- Staying informed about new models, alternative vehicles and emerging fuel technologies
- Reviewing what is being carried in the vehicle to eliminate unnecessary weight

Our Geek Squad team reviews fleet performance to ensure we are using the right vehicle for the job and being as efficient as possible. We will continue to work on reducing engine idling time, lightening our loads and optimizing routing.



## Best Buy Mobile & Renewable Choice Energy Launch

### "GREEN YOUR PHONE"

In November 2008, Best Buy Mobile and Renewable Choice Energy launched GREEN YOUR PHONE, a program that allows sustainability-minded customers to support renewable energy. With GREEN YOUR PHONE, customers have the option to purchase carbon off-set credits that support the development of wind power projects across the U.S. Best Buy is the first major retailer to offer this option.

GREEN YOUR PHONE is loaded with 500 kilowatt hours of certified renewable energy credits (RECs) to offset the manufacturing and use of two mobile phones for two years — the average lifespan of a phone. RECs make purchasing wind energy possible. They guarantee that a specified amount of electricity is added to the national power grid with wind power or other renewable energy sources.

"GREEN YOUR PHONE provides our customers with a tangible way to support renewable energy," said Scott Moore, vice president of marketing, Best Buy Mobile. "This offering extends our promise to provide customers with a better choice of phones, networks and accessories."



## Products, Packaging and Paper Procurement

### EXCLUSIVE BRANDS

Best Buy produces five Exclusive Brands (Rockefish, Insignia, Geek Squad, Dynex and INIT products). Our exclusive brand products provide an opportunity to show the industry and our customers that we are serious about environmental issues, starting with product design and the manufacturing process. The Exclusive Brands business and our Quality Assurance team in Shenzhen, China, are working through industry channels to measure our manufacturing carbon footprint.

For more information about the supply chain and factory audits, see the *Ethical Supply Chain* section of this report.

### Improving Packaging Design

While we face challenges in working with hundreds of suppliers around the world, we are committed to improving the design and reducing the environmental impact of our products and packaging. For example, we are working toward:

- Reducing PVC in new designs and existing packaging
- Using more recycled material
- Reducing the overall packaging size and amount of materials used

- Developing a baseline packaging toxicity survey to direct future designs

In calendar 2008, Best Buy introduced new packaging formats for both the Dynex Coaxial Cable Splitter and Coaxial audio/video cables. The new packaging is easier for the customer to open, and greatly reduces the use of PVC. By switching to cardboard boxes, we reduced plastic usage by approximately 90 percent. We also transitioned to non-PVC plastic for our Dynex audio/video and personal computer cable packaging. All of our Rockefish Gaming, Rockefish Mobile, and Init packaging use non-PVC materials. To further achieve our goal, we recently released packaging guidelines to our vendors. For fiscal 2010, we are targeting a 50 percent reduction in our use of PVC.

In another example of Open Source CR, Geek Squad agents worked on the Geek Squad branded HDMI cable packaging, creating a design that eliminated approximately 30 percent of plastic content. This same approach is being implemented for Geek Squad flash drives which will use MeadWestvaco's patented Natralock security packaging that consists of recycled content paperboard and approximately 90 percent less plastic than the current clamshell packaging.



(before)



(after)

## Market Leader in Energy Efficiency

Insignia's entire line of LCD TVs manufactured after November 1, 2008, met the new ENERGY STAR® 3.0 requirements, including six Insignia models that exceeded the new specification for energy efficiency. At the time, we were the first manufacturer to have an entire line of LCD TVs meet ENERGY STAR 3.0 specifications.

The move to ENERGY STAR efficiency is part of Best Buy's commitment to listen to the needs of consumers and provide more energy efficient options for electronics and appliances. It also signals the company's leadership in bringing energy efficient products to market, starting with Insignia TVs. Best Buy worked with our component and original equipment manufacturers to design and build Insignia LCD televisions that are significantly more energy efficient than non-qualified models.

ENERGY STAR Version 3.0 qualified televisions have improved upon previous ENERGY STAR specifications by addressing both standby power (when the television is off) and active power (when the television is on). ENERGY STAR qualified TVs now use about 30 percent less energy than standard units, helping our consumers reduce energy use and save money.

## CHICAGO GREEN

Select stores in the Chicago market are developing sustainability and energy efficiency solutions for our customers with some influential partners: the City of Chicago, the major regional utility company, ComEd and others. Looking at the home environment, community needs and what we can offer in our retail assortment, we see a future that includes new products and services to help consumers manage their personal impact on the environment. We believe this significant research will help us create innovation in the areas of sustainability and energy efficiency to meet consumer needs in a profitable way.

## Reducing Paper Use

Our Electronic Data Interchange (EDI) team is responsible for managing over five million documents a month that are sent and received electronically from our vendor partners. In 2008, Best Buy eliminated 187 metric tons of paper usage due to our EDI program.

## Paper Procurement

Best Buy relies on a variety of natural resources to operate our business, including paper used for marketing and administrative purposes.

We are conscientious about how much paper we use, and therefore we have developed a paper procurement policy that outlines our commitment to responsible forestry practices. Best Buy is committed to:

- Meeting or exceeding all applicable forestry laws and regulations
- Efficient use of paper
- A preference for wood fiber derived from certified forestry operations
- Increase usage of paper with recycled content
- Recyclable paper and recycling
- Protecting ancient forests, endangered forests and biodiversity

Beyond our commitment to sustainable forestry, we have established several paper usage targets for fiscal 2010. We are working to reduce paper weight up to five percent from fiscal 2009, purchase all paper from managed forests and increase the percent of Forest Stewardship Council (FSC) certified paper we use from five to ten percent.

# ENVIRONMENTAL sustainability

## looking AHEAD

We live in the digital age, an era of rapid technological innovation. At the same time, Best Buy recognizes that we have an obligation to provide products and solutions that help people move toward an increasingly sustainable future. We will continue to build partnerships with our customers and the communities we serve to reduce our own and our customers' environmental footprints. We will do this by offering more products and solutions that use less energy and increasingly are made with recycled materials. We will join others in moving toward a low-carbon future by investing in technologies that allow people to enjoy a better standard of living in a sustainable fashion.

In fiscal 2010, we plan to expand our energy management practices by teaching store teams to efficiently manage lights and power through an enhanced Energy Management System. We will also conduct further research on renewable energy options that work for everyone involved — consumers, employees, landlords and cities. And, we will continue working with vendors and designers to help us meet our sustainable packaging goals.

# ETHICAL supply chain

As a manufacturer of Exclusive Brand products, we understand the importance of developing and maintaining an ethical supply chain. Through our efforts in this area, we hope to improve global working conditions and minimize environmental impact, advance product safety and standards, and support diversity in the business community.

## Exclusive Brands Manufacturing

Today, Best Buy's Exclusive Brands sales, which include Insignia, Dynex, Init, Geek Squad and Rocketfish products, represent a small but growing component of company revenue. Many factors influence our ability to grow Exclusive Brands sales, including understanding the local customer's needs and finding a niche for our products. Upholding an ethical supply chain is another factor necessary to ensure our products are manufactured with respect for worker rights, protection of the environment and consumer safety.

While manufacturing expertise, lower labor costs and an efficient global supply chain make production in southeastern Asia a viable proposition, our operations there have not been without challenges. We face inherent challenges that are complex, multifaceted and require all stakeholders working together to seek solutions. These challenges are well documented. In particular, labor issues are fueled by a lack of trust between factory management and workers and lax labor law enforcement. Some of the supply chain challenges can be unintentionally aggravated by the very companies that are trying to address these issues. Examples include inconsistent and unanticipated order patterns or an inability to develop long-term relationships with key factories.

## SUPPLIER COMPLIANCE STANDARDS

Best Buy is dedicated to seeking solutions to these challenges. Our ethical manufacturing program starts with our Supplier Compliance Standards, which can be found at [http://www.extendingthereach.com/bbuser/vendorPOS\\_index.html](http://www.extendingthereach.com/bbuser/vendorPOS_index.html). Our standards embody those embraced by the Fair Labor Association Workplace Code of Conduct and the core labor standards of the International Labor Organization (ILO). In addition, these standards address expectations for environmental stewardship and international security requirements.

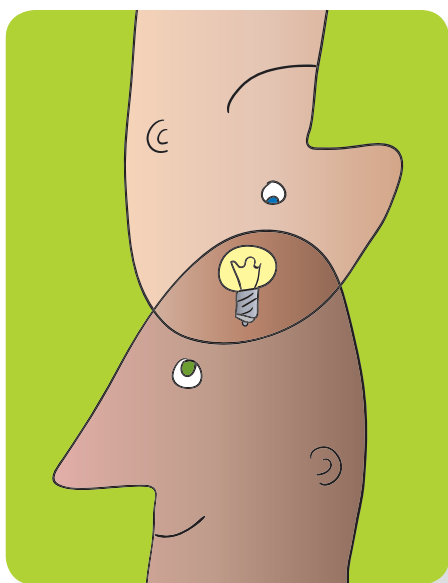
We back our standards with a corporate responsibility (CR) team in Shenzhen, China that oversees Asian production. Another member of the CR staff working out of



## ETHICAL supply chain

Los Angeles oversees North American production. This team works closely with our manufacturing partners and third party auditors to implement our factory audit programs. In April 2007, our factory audit program was refined in order to become more effective at issue identification and remediation. Beyond identifying non-compliance, the revised program evaluates each factory's management practices so we can better assess their ability to meet our standards.

While we believe these changes have improved our program, it may not appear so when looking strictly at non-compliance findings. In fact, there was an increase in the number of compensation and working hour issue findings at third party manufacturing facilities in fiscal 2008. While the rate of non-compliance was reduced for several of our standards in fiscal 2009, the systemic nature of compensation and working hour non-compliance represent two of the challenges we continue to face at manufacturing factories. Fortunately, by improving our ability to identify instances of non-compliance, we are better positioned to address the root causes through targeted trainings, capacity building programs and clearer expectations from our sourcing team. These steps have helped to improve overall factory performance from fiscal 2008 to fiscal 2009.



The revised factory audit program consists of a five phase cycle:

**FACTORY SELECTION** An initial audit is conducted before Best Buy will source from a factory. In the last two fiscal years, over 40 factories have been rejected during the selection process based on the initial audit.

**MONITORING PROGRAM** Each year, we audit every factory in our supply chain. Those identified as higher risk are audited more frequently.

**CAPACITY BUILDING** Best Buy believes working with factories to improve management practices and build capacity is a more effective method of raising working conditions than punitive measures that may result in production disruptions and worker layoffs.

**PUBLIC REPORTING AND ACCOUNTABILITY** From our very first corporate responsibility report in calendar 2006, Best Buy has reported non-compliance findings.

**CONTINUOUS LEARNING AND IMPROVEMENT** Building relationships, fostering capacity building and encouraging the adoption of best practices helps our factory partners improve.

One of the many additions to our revised factory audit program was the introduction of a balanced scorecard — one that recognizes factories' strengths in addition to opportunities for improvement. This has many benefits including:

- Identifying the opportunities and challenges to continual improvement
- Measuring the gap between the factories current practices and best practices
- Encouraging factories to set up preventive self-assurance systems and, as a result, achieve ongoing compliance
- Benchmarking factories and vendors and using compliance status to make sourcing decisions
- Objectively comparing assessment results for factories in different countries, layering in country level risk analysis
- Evaluating and determining where monitoring is most needed by comparatively analyzing assessment results



**Average Balanced Scorecard Results for Factories Active at Close of Fiscal Year**

When violations are discovered, they are classified based on the level of severity. Minor violations are isolated incidents that have little to no impact on worker rights or the environment. Major violations are defined as those that have a short-term impact to worker rights or the environment. Critical violations directly infringe on the rights of workers or have an immediate, detrimental impact on the environment. Based on a factory's balanced scorecard results, they are assigned a grade level, A through D. The score assigned to a factory has significant ramifications — for instance, new factories must score at a "B" level or better before they can receive a purchase order. Existing factories that receive a "C" or "D" can not be utilized for new products and are audited more frequently. If violations are not addressed in a timeframe set by Best Buy, a factory can be removed from our supplier list. Any factory with a critical violation may not be awarded new business regardless of the balanced scorecard grade. Through these efforts, factories are motivated to comply with our standards and address violations as quickly as possible. On rare occasions we may diverge from these guidelines, but only after the situation is reviewed by company leaders as part of our management escalation process.

The revised factory audit program is making a difference. In fiscal 2009, we saw an increase in factory compliance. Average balanced scorecard results improved by nearly 5 percent.

## TARGETED TRAINING AND PARTNERSHIPS

Another method we use to help improve working conditions is to build factory capacity through targeted trainings. In fiscal 2009, the team conducted seventeen trainings that were attended by over 400 factory managers and workers. The trainings addressed topics such as best management practices, health and safety management and labor-management communication. A post-training survey evaluated the effectiveness of the courses which received an average score of 4.43 on 5 point scale.



Through collaboration with academic and non-governmental organizations (NGO), seminars and industry coalitions, we are actively working to improve process and refine protocols to improve both working conditions and production efficiency. In fiscal 2008, Best Buy partnered with the Hong Kong Workers Health Centre to deliver a health and safety management training that promotes labor-management cooperation and involves workers in health and safety activities through joint meetings. This collaboration, recommended by the ILO, helps factories identify low cost solutions that improve working conditions. In fiscal 2009, we continued to support the factories and followed up their progress.

One factory, Zhengsheng, integrated a participatory approach to overall management. They defined each manager's ownership of health and safety responsibilities and established incentive programs for health and safety. Furthermore, joint health and safety meetings were organized quarterly to review opportunities for improvement and determine corrective action, if needed. In calendar 2008, Zhengsheng factory invested RMB 412,000 (approximately \$60,000 USD) for health and safety projects including installation of two-hand inter-lock switches for metal press machines, installation of auto-packing machines and installation of dust exhaust systems near welding and polishing machines. The investment resulted



in increased worker satisfaction and decreased accidents. In particular eye injuries and foot injuries decreased by 60 percent. As a whole, the factory increased productivity by 10 percent.

Best Buy's supply chain program also incorporates Customs-Trade Partnership Against Terrorism (C-TPAT) methodology, a safety and security protocol intended to eliminate tampering, unlawful use of containers and unauthorized entrance into shipping facilities to protect ports and secure borders. As part of our initial audit, we review each supplier's safety and security program via a 55-question assessment on topics such as the methods used to securely store containers, background checks on employees and certification for their supply chain security program. Through these efforts, Best Buy and our supplier partners further demonstrate our commitment to responsible business operations.

In fiscal 2009, Best Buy was a member of the Electronics Industry Citizenship Coalition (EICC). Through the EICC we have been exposed to best practices, participated on several committees and engaged in an industry-wide dialogue focused on addressing the root causes of compliance violations in order to improve working conditions and subsequently, overall supply chain performance. While the EICC provided one opportunity to drive improvements, over time it became apparent there are several other industry coalitions that are equally adept at advancing standard

compliance. One such organization is the European based Global Social Compliance Programme (GSCP). In many ways, the GSCP seemed to be a better fit for Best Buy given that several of the founding members more closely match our retailer/manufacturer business model. Like the EICC, the GSCP is also examining best practices along the entire supply chain from the mining of raw material to the role companies play in driving compliance and non-compliance. In January 2009, Best Buy decided to leave the EICC and seek membership with the GSCP. We believe that joining the GSCP will allow us to further improve our factory audit methodology and measurement practices. In addition, we will engage other organizations including academic institutions, non-government organizations and consultants to support our commitment to continuous improvement.

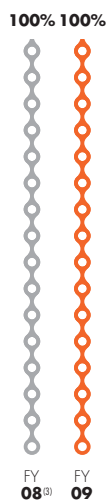
# ETHICAL supply chain

## EXCLUSIVE BRANDS FACTORY AUDITS <sup>(1) (2)</sup>

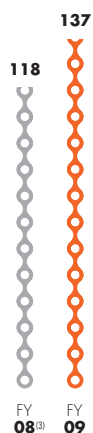
The following key performance indicators are based on fiscal 2009 factory audits conducted at manufacturing facilities that produce our Exclusive Brands products.



**Percent of Primary Exclusive Brands Suppliers that have Undergone Human Rights Audits**



**Percentage of Factories Inspected**



**Number of Factories Inspected**



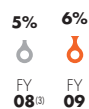
**Number of Factory Audits**



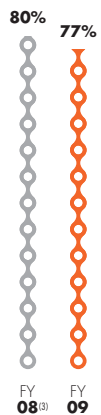
**Number of Terminated Factories**



**Potential New Factories Rejected Based on Initial Audit**



**Percent of Factories Receiving an "A" Rating**



**Percent of Factories Receiving a "B" Rating**



**Percent of Factories Receiving a "C" Rating**



**Percent of Factories Receiving a "D" Rating**

<sup>(1)</sup> Factory audit results reflect the performance of factories that manufactured product within each fiscal year

<sup>(2)</sup> Factory audit performance reflects comprehensive audit results only (does not include follow-up to audit findings)

<sup>(3)</sup> Fiscal '08 audit results have been adjusted from our Fiscal 2008 Corporate Responsibility Report based on clarified metric definitions

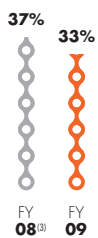
# ETHICAL supply chain

## FACTORY AUDIT RESULTS <sup>(1) (2)</sup>

The following key performance indicators are based on fiscal 2009 factory audits conducted at manufacturing facilities that produce our Exclusive Brands products.

0% 0%  
FY FY  
08<sup>(3)</sup> 09

### Harassment and Abuse Issue Findings



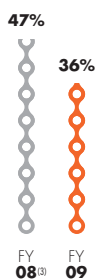
### Health and Safety Issue Findings

6% 4%  
FY FY  
08<sup>(3)</sup> 09

### Forced Labor Issue Findings

11% 18%  
FY FY  
08<sup>(3)</sup> 09

### Environmental Issue Findings



### Wage and Compensation Issue Findings

0% 1%  
FY FY  
08<sup>(3)</sup> 09

### Discrimination Issue Findings

0% 0%  
FY FY  
08<sup>(3)</sup> 09

### Right to Freely Seek Association Issue Findings



### Child Labor Issue Findings



### Working Hours Issue Findings

<sup>(1)</sup> Factory audit results reflect the performance of factories that manufactured product within each fiscal year

<sup>(2)</sup> Factory audit performance reflects comprehensive audit results only (does not include follow-up to audit findings)

<sup>(3)</sup> Fiscal '08 audit results have been adjusted from our Fiscal 2008 Corporate Responsibility Report based on clarified metric definitions



## Product Safety

Product safety is a critical component of our supply chain program. In fact, two of the guiding principles for Exclusive Brands are:

- We put product safety first
- We specify and test our Exclusive Brands products to meet our quality expectations

Our product safety program is driven by two objectives: proactively address safety concerns and always take care of the customer. Once a product has been identified, Best Buy's safety team enlists a nationally recognized testing lab to provide an assessment of the standards the product must meet. This information is routed to the supplier, who is then obligated to complete and pass all testing before the item is placed on the shelf. Our safety team reviews the compliance results to be sure Best Buy's expectations are met.

Once a product is in production, a third-party contractor conducts a safety audit program. Products are identified for audits based on risk of the product category, volume in the market, and other factors such as return/exchange and repair history. Corrective action is taken if there are audit findings.

We continue to monitor our products' safety performance once they reach the market. We track call center logs, and if potential safety hazards are found, we take swift action to protect our customers. If we identify reliability and quality patterns, we notify our suppliers in order to determine necessary modifications. Our senior manager of product safety for Exclusive Brands also reviews, investigates and escalates product

safety issues to company executives. If the findings are serious, we escalate the issue to senior management to further investigate potential options, including stopping sales, announcing a recall or whatever actions are appropriate to ensure our expectations for high safety standards are met. We experienced two product recalls in fiscal 2009 with only a single minor injury recorded.

In order to stay on top of regulatory issues and trends that impact our product safety program, we have maintained membership or engaged several industry coalitions such as the Retail Industry Leaders Association (RILA), the International Product Health and Safety Organization (IPHSO) and the National Retail Federation (NRF). These organizations have dedicated committees for advancing product safety through which we have gained insight into best practices. Finally, in fiscal 2009, Best Buy added additional staff to the Product Safety and Compliance team. The new senior manager of product safety for Exclusive Brands focuses on, among other things, emphasizing safety concepts with our supply base.

## Supplier Diversity

Like all companies, Best Buy purchases products and services that aid in our day-to-day operations. We created the Goods Not for Resale (GNFR) Supplier Diversity program to guide us in developing a supplier base and sourcing strategy that reflects the culture and diversity of our customers. We see it as one more step toward our aspiration to be a champion for human ingenuity and opportunity.

Through the program, Best Buy seeks to develop a diverse supplier base by increasing the percentage of women and minority owned companies with which we do business. To support our efforts, we have engaged several organizations to help us identify diverse suppliers. Some of our partners include the Midwest Minority Supplier Development Council, Woman's Business Development Council, and the Minnesota Business Opportunity Fair. Through these partnerships and the efforts of our Procurement Strategic Sourcing team, we were able to achieve a 2.5 percent growth in the amount spent with diverse suppliers in fiscal 2009.

While we are encouraged to see increased diversity among our suppliers, the total amount spent among women and minority owned businesses still represents a small portion of our overall spending. In fiscal 2010 and beyond, the Procurement Strategic Sourcing team will continue to drive innovations and hope to capitalize on localization strategies to introduce additional diverse suppliers.

# ETHICAL supply chain

## looking AHEAD

Best Buy's Exclusive Brands business is relatively new — launched in fiscal 2002. Many companies in our industry have been refining their programs and processes for decades. While we feel we have made real progress in managing an ethical supply chain effectively and efficiently, we also believe it is unrealistic to expect our programs to be at the same level of expertise at this early stage. We are pleased with our progress and in fiscal 2010, we hope to further our collaboration with a variety of industry coalitions, NGOs, academics and others to improve our performance in the areas of manufacturing, product safety and supplier diversity. In addition, one of the managers on the corporate responsibility team in Shenzhen will dedicate much of his time in fiscal 2010 to working directly with those factories that have a higher risk for non-compliance. Our hope is that not only will this improve working conditions, environmental stewardship and product safety; it will also increase the efficiency of our supply chain.



One of our corporate responsibility aspirations is to be financially, environmentally and socially accountable for our brands and business operations worldwide. Reaching this goal is not a simple or quick task and will require an evolution in the methodology of measuring and reporting non-financial data. Like the majority of global companies that report social and environmental performance, we have only recently begun to measure company results. Until we capture this data with the same level of rigor that we do financial data, we will face challenges in ensuring accuracy and completeness. We are aware of our current limitations and will continue to refine our measurement process in the future.

Last year's corporate responsibility report marked the first time we included several Global Reporting Initiative (GRI) metrics to demonstrate our non-financial performance. We are committed to maintaining this transparency and will continue to disclose our performance using some of the standardized metrics developed by the GRI. However, we expect our metrics to evolve over time and in some cases that will result in adding new metrics while removing others. Fiscal 2009 is no exception as this year's report now includes the following performance indicators:

**ENERGY 16:** Total direct greenhouse gases emissions by weight (pounds per square-foot)

**ENERGY 18:** Initiatives to reduce greenhouse gas emissions and reduction achieved

Fiscal 2009 also marks the first year we will remove metrics that we no longer believe to be critical in the retail environment, including:

**LABOR 7:** Rates of injury according to the Occupational Safety and Health Administration standard

- Despite our injury and illness rate improving for the second year in a row, we do not believe this to be a critical metric for retail.

**LABOR 8:** Education and training in place to assist workforce members

- While we will continue to provide information about our employee training program, this metric's focus on serious diseases is not applicable for a retail corporation where employees are not at high risk.

In addition to adding and removing a few indicators, we are also making adjustments to some of the performance data that appeared in the fiscal 2008 corporate responsibility report. In particular, there were discrepancies with some of the factory audit and recycling data which has been corrected in this year's report. We have learned to improve our measurement methodology by increasing metric definition clarity as well as setting clearer expectations for gathering data. We have also learned the difficulties of measurement can be compounded when working across culture and language barriers. As with many aspects of our corporate responsibility program, we are striving for continuous improvement which, in fiscal 2010, will include our measurement process.

Finally, this report includes, for the first time, performance data from Best Buy operations outside the U.S., including operations in Canada, China and Mexico as well as data from some of Best Buy's U.S. based subsidiaries such as Pacific Sales, Speakeasy and Audiovisions.



# MEASUREMENT + METRIC profile

## FISCAL 2009 (March 2, 2008 – February 28, 2009)

| GRI Code                                    | Key Performance Indicator <sup>(1)</sup>  | Page  |
|---|---|-------|
| <b>ECONOMIC PERFORMANCE INDICATORS</b>      |   |       |
| <b>EC1</b>                                  | Direct economic value generated   | 6     |
| <b>EC8</b>                                  | Donations and other community investments   | 23    |
| <b>ENVIRONMENTAL PERFORMANCE INDICATORS</b> |   |       |
| <b>EN6</b>                                  | Initiatives to provide energy efficient products and reduction in energy requirements as a result of these initiatives      | 35    |
| <b>EN16</b>                                 | Total direct greenhouse gas emission by weight  | 33    |
| <b>EN18</b>                                 | Initiatives to reduce greenhouse gas emissions and reductions achieved  | 36–37 |
| <b>EN26</b>                                 | Initiatives to mitigate the environmental impacts of products and packaging among Best Buy's Exclusive Brands               | 38    |
| <b>EN27</b>                                 | Volume of products collected for recycling or reuse   | 32    |
| <b>SOCIAL PERFORMANCE INDICATORS</b>        |   |       |
| <b>LA1</b>                                  | Total workforce by employment type and region   | 4     |
| <b>LA2</b>                                  | Rates of employee turnover and retention  | 15    |
| <b>LA10</b>                                 | Average hours of training per employee  | 20    |
| <b>LA11</b>                                 | Programs for skills management and lifelong learning  | 20    |
| <b>LA13</b>                                 | Breakdown of employees according to gender and minority group membership (U.S. operations only)                             | 17    |
| <b>HR2</b>                                  | Percentage of primary Exclusive Brand suppliers that have undergone audits on human rights                                  | 44    |
| <b>HR4</b>                                  | Exclusive Brand supplier audits with discrimination issue findings  | 45    |
| <b>HR5</b>                                  | Exclusive Brand supplier audits with right to freely seek association issue findings  | 45    |
| <b>HR6</b>                                  | Exclusive Brand supplier audits with child labor issue findings   | 45    |
| <b>HR7</b>                                  | Exclusive Brand supplier audits with forced labor issue findings  | 45    |
| <b>PR1</b>                                  | Life cycle stages in which health and safety impacts of Exclusive Brands products and services are assessed for improvement | 46    |
| <b>PR5</b>                                  | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction                    | 7     |

<sup>(1)</sup> Unless otherwise noted, financial metrics are stated in U.S. dollars

## Awards and Recognition

As our corporate responsibility program continues to evolve, we have been fortunate to be recognized for our efforts along the way. Over the course of fiscal 2009, we received numerous awards and appeared on several “best of” lists, including Corporate Responsibility Officer’s (CRO) list of the Best Corporate Citizens and Ethisphere’s list of the World’s Most Ethical Companies. In both cases we were one of just a handful of retailers to be recognized. In addition, Best Buy has received the following recognition for corporate responsibility:

- CRO’s 2009 100 Best Corporate Citizens
- Ethisphere’s 2009 World’s Most Ethical Companies
- Reputation Institute’s 75 Most Reputable Companies in the U.S.
- Forbes “Most Generous Companies” list
- Fortune Most Admired Companies
- China Commonweal 2008 Best Socially Responsible Company Award
- FTSE4Good member company
- Energy Star Excellence in Appliance Retailing (2008)
- Energy Star Excellence in Electronic and Appliance Retailing (2009)
- Hispanic Specialty Retailer of the Year
- Peter Glen Award for cause marketing for Blue Shirt Corps
- Halo Cause Marketing award for @15
- New Freedom Initiative award
- Human Rights Campaign — 100% Corporate Index score
- Minnesota Public Relations Society of America Public Service Award
- Minnesota Public Relations Society of America Grassroots Innovation Award
- Public Affairs Council Grassroots Innovation Award
- Apex Award from UnitedHealth Group

## Conclusion

Best Buy appreciates being recognized for our efforts to advocate for consumers, engage employees, support communities, drive sustainability and strive for an ethical supply chain. However, we are keenly aware of the opportunities to do better. Internally, we will continue to demonstrate the linkage between customer-centricity and corporate responsibility in hopes of further evolving our program and business model into a common thread that ties together the various brands of the enterprise. To accomplish this, we will rely on employees around the world to understand the needs of local stakeholders and identify solutions to the social and environmental challenges they face. We will also continue to seek ways to live up to our corporate responsibility aspirations by further refining our programs and developing new methods to be:

- A global champion for human ingenuity and opportunity;
- An advocate for consumers in a world of technology; and
- Financially, environmentally and socially accountable for our brands and business operations worldwide.