

# Fighting Against Forced Labour and Child Labour in Supply Chains Act

(S.C. 2023, c. 9) (“Supply Chains Act”)

**BEST  
BUY**  
Canada

For the Financial Year January 29, 2023 to February 3, 2024



# About this Report

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Best Buy Canada Ltd.'s ("Best Buy Canada") 2024 report outlines the steps we took during our previous financial year to prevent and reduce the risk that forced labour or child labour is used in the production of goods that we imported into Canada. The report has been prepared in accordance with the Supply Chains Act and is covering the reporting period from January 29, 2023 to February 3, 2024.

This report has been reviewed and approved by Best Buy Canada's directors, including Ron Wilson, Best Buy Canada's President, on May 28, 2024.

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# A message from our President

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Best Buy Canada, which is a part of Best Buy Enterprise ("Best Buy"), is committed to contributing to the elimination of modern slavery. We seek to partner with suppliers that share our values, including respect for human rights.

As a multinational corporation providing goods at competitive prices, Best Buy works with international supply chains to provide customers with access to quality products. Our teams work with our suppliers and others to collaborate on actions aimed at identifying, assessing, managing, and mitigating modern slavery risks. When engaging new private label suppliers, we conduct due diligence to assess diverse supplier risks, including the risk of modern slavery. All suppliers throughout the private label supply chain are subject to Best Buy's Supplier Code of Conduct ("Supplier Code of Conduct"), which is based on the Responsible Business Alliance ("RBA") Code of Conduct. RBA is the world's largest industry coalition dedicated to responsible business conduct in global supply chains.

For our private label products, the majority of suppliers are based in Asia. Throughout our private label operations we seek to ensure the fair recruitment of workers, working hours within legal limits, and access to grievance mechanisms for workers to share any concerns about working conditions. Workers are to be treated with respect and dignity, and businesses must operate in an environmentally and ethically sustainable way. We conduct regular audits. We partner with internal and external auditing firms to identify and remediate any issues with a Corrective Action Plan ("CAP"). In the previous financial year, no forced or child labour was discovered in our private label facilities.

We continue to look for opportunities to improve. We regularly update our due diligence processes, procedures and protocols. We have a deep commitment to relationship building with workers and facility management, to ensure a strong foundation and prevent issues arising.

I am proud of the way that we prioritize the health, well-being and safety of our teams and communities. I am pleased to present this report under the Supply Chains Act.

**Ron Wilson**

**President, Best Buy Canada**

# Our structure, activities and supply chains

Best Buy Canada is a wholly owned subsidiary of Best Buy Co., Inc., the US parent company, and a part of Best Buy.

Best Buy Canada is Canada’s largest consumer electronics retailer. Our purpose is to enrich the lives of our customers through technology. Headquartered in Vancouver, BC, Best Buy Canada has more than 160 stores coast-to-coast. Best Buy Canada employs

more than 12,000 Canadians, both working in brick-and-mortar retail stores, and working through headquarters on activities ranging from bringing in new goods, improving customer experiences, and continually advancing corporate responsibility on a businesswide scale. Our website also provides millions of customers access to electronic tools, appliances, equipment, and goods.



Our main compliance program addressing forced labour and child labour is managed by Best Buy's Corporate Responsibility Team located in the US and China. The program is overseen by Best Buy's Human Rights Executive Committee, which includes leaders from within Best Buy's Supply Chain; Legal; Communications; Government Affairs; Inclusion, Diversity and Equity; Merchandising; Private Label; and Best Buy Health teams. This compliance program applies to Best Buy Canada as detailed elsewhere in this report.

Best Buy Canada's supply chain is complex and carefully designed to ensure smooth movement of goods and services. Our supply chain encompasses goods intended for resale under private labels, goods sourced from trade suppliers for resale, as well as goods not intended for resale, yet essential for the operational efficiency and support of our business ("GNFR").

## Trade Suppliers – Best Buy – owned Private Label Brands

Best Buy owns the following private label brands that are available in Canada: Insignia, Platinum, Rocketfish, and Best Buy Essentials.

For Best Buy's private label goods, most suppliers are based in Asia. At the end of the previous financial year (February 3, 2024) ("FY24"), there were 158 factories working on the design, production and testing of Best Buy's private label goods. Best Buy's Asia Corporate Responsibility and Sustainability team has strong relationships with management at these private label facilities. The team builds upon these relationships to conduct regular audits, roll out worker voice surveys (as described elsewhere in this report), follow up on issues found in audits, coach, and assess improvement. Goods manufactured in these facilities are then shipped, largely by ocean freight, for export into US and Canadian locations. Best Buy Canada is the importer of record of Best Buy's private label goods imported into Canada.

## Trade Suppliers – Goods for Resale

Best Buy Canada operates a vast supply chain to ensure the availability of a wide range of consumer electronics and other technical products in our stores and on our online platform. Best Buy Canada sources these goods both domestically and internationally. International suppliers are in almost all cases required to act as importers of record for goods sold to Best Buy Canada.

## Some of our main product categories include:



**Consumer Electronics and Technology Products including televisions, audio equipment, computers, mobile phones, and cameras**



**Home Appliances including whitegoods, cooking and heating products, refrigerators, small kitchen appliances, and kitchen accessories**



**Musical Instruments, Toys and Games**



**Watches and Jewelry**

## Non-Trade Supplier – Goods not for Resale (GNFR)

The procurement of GNFR is integral for the successful running of our operations. GNFR includes the following:

- office equipment and consumables;
- uniforms;
- IT- and telecommunications-related goods;
- store fixtures; and
- warehousing supplies.

# Our policies and due diligence processes

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We uphold stringent labour standards across our supply chain, with particular emphasis on our private label goods, which are those that we source ourselves. Our due diligence processes are outlined in our Supplier Code of Conduct available at <https://corporate.bestbuy.com/wp-content/uploads/2024/02/Best-Buy-Supplier-Code-of-Conduct-2.24.pdf>, which is adopted from the RBA Code of Conduct. The Supplier Code of Conduct holds our private label suppliers accountable to strict standards related to labour, including fair recruitment of workers, working hours within legal limits and no forced overtime, and access to grievance mechanisms through which workers may share any concerns about working conditions. The Supplier Code of Conduct sets out guidelines for our direct suppliers (i.e. “Tier 1” suppliers) and for their suppliers to ensure “workers are treated with respect and dignity.” The Supplier Code of Conduct guidelines are further aimed at ensuring that these businesses operate in an

environmentally and ethically sustainable way. Our Supplier Code of Conduct specifies that suppliers will not use any forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. Also, our contracts with private label suppliers require that the products are not produced, manufactured, assembled or packaged by the use of forced labour, convict labour, or forced or illegal child labour. Failure by a supplier to meet our Supplier Code of Conduct or the terms of our contracts would subject the supplier to possible actions by Best Buy, up to and including the termination of Best Buy’s contract and business relationship with the supplier.

Our commitment to the protection of workers is a core component of our company’s human rights focus. As outlined in our Human Rights Statement available at <https://corporate.bestbuy.com/human-rights/>, we seek to avoid adverse human rights impacts, conduct remediation if impacts do occur, and drive continuous improvement of our human

rights management. We believe we can have the greatest impact by focusing on the rights most at risk, as determined by our human rights impact assessment ("HRIA"). Those risks and their management are also outlined in our Human Rights Statement.

In addition to the due diligence standards for suppliers, our Responsible Sourcing Program for private label goods was built to adhere to international human rights standards. The global standards that drive our labour commitments include:

- Universal Declaration of Human Rights.
- International Labour Organization Declaration on Fundamental Principles and Rights at Work.
- Organization for Economic Cooperation and Development Guidance for Responsible Supply Chain of Minerals from Conflict Affected and High-Risk Areas.
- United Nations Guiding Principles on Business and Human Rights.
- United Nations Standards of Conduct for Business: Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People.

Although we require suppliers to adhere to our rigorous Supplier Code of Conduct, we understand that additional measures for labour due diligence are necessary to ensure supplier alignment and prompt remediation, if needed. Developing close relationships with our private label Tier 1 suppliers, we equip suppliers with resources, trainings, and materials to

cascade Supplier Code of Conduct requirements farther down the supply chain. If we uncover any non-conformances, we leverage our strong relationships with facility management and implement CAPs.

We conduct regular audits with these suppliers, and we partner with internal and external auditing firms to identify, record, and remediate any issues related to forced labour including forced overtime, withholding of wages, worker harassment, and more.

Foreign migrant workers are particularly vulnerable to labour abuse, given their positioning outside of their home country. For this reason, we have a special protocol in place to determine whether facilities use any foreign migrant workers. If they do, we have additional due diligence requirements to confirm that workers retain access to their government issued identity documents, are not forced to pay illegal recruiting fees, and are paid wages that are fair, legal, and within the purview of terms originally presented to the worker.

Best Buy regularly updates its due diligence processes, procedures, and protocols to ensure that workers throughout our supply chain are treated with respect and dignity. For example, we recently adopted the new 2024 RBA Code of Conduct, which provides additional worker protections, including with respect to equal pay for equal work, reasonable accommodation for workers with disabilities, and tightened requirements for facilities in creating a comfortable, safe, and appropriate work environment.



# Our training provided to employees

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We recognize the complex nature of combating forced labour and modern slavery, necessitating a collaborative effort across departments. As part of this strategy, individuals involved in decision-making for Best Buy's private label goods undergo mandatory training on forced or child labour.

Best Buy has a team of employees based in China that regularly conduct on-site visits, collect feedback through worker voice programs (as described elsewhere in this report), and review Self-Assessment

Questionnaires ("SAQs") to identify any possible risks of forced or child labour. Team members who engage in these audits complete RBA training on audit best practices. One training involves a weeklong engagement with an expert trainer who guides participants in strategies, practices, and processes to identify forced labour issues on the ground.

Moving forward, we will continue to focus on training of employees to support a wider understanding of ways to best mitigate forced or child labour.

# Mitigating risks in our operations

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This section describes the parts of our business and supply chains that carry a risk of forced labour or child labour being used and the steps we have taken to mitigate those risks.

Some of the facilities manufacturing our private label goods are in regions where there is a high prominence of foreign migrant workers who leave their home countries in search of work. This may occur when

people are seeking better economic opportunity outside of their own country, or if they are fleeing an unstable environment. Best Buy holds its private label manufacturers to strict requirements to prevent, mitigate, and remediate forced or child labour.

In FY24, no forced or child labour issues were found amongst our private label manufacturers.

This outcome is likely driven in part by a combination of strong relationships established with facility management, by regular auditing by on-the-ground teams in our Asian facilities, and by clear CAP systems put in place where issues may have arisen in the past.

For all private label suppliers, Best Buy follows a 5-step process to prevent, mitigate and remediate any issues:

**1. Code Introduction:** Before working with new suppliers, we provide comprehensive training, resources and material on our Supplier Code of Conduct, and Responsible Sourcing Program. We set clear expectations with suppliers about risks related to issues of forced or child labour.

We audit 100% of all new facilities and conduct regular audits for existing suppliers on a 1- or 2-year basis according to their risk level. If any non-conformances are found, we implement prompt CAPs to ensure suppliers remediate the issue.

**2. Self-reporting:** To maintain strong expectations, due diligence, and compliance with existing suppliers, we require that each supplier submit a SAQ on a yearly basis to assess their performance against our Supplier Code of Conduct and to identify and implement protection against forced or child labour.

**3. Monitoring:** Best Buy aligns its audit protocol to the strict standards set by the RBA. At least every other year, full audits are conducted at our facilities to identify any gaps between suppliers' management systems, and their practices and our Supplier Code of Conduct.

**a.** We conduct worker interviews and visit all structures on the factory premises including warehouses, dormitories, and canteens.

**b.** If any non-conformance is discovered, we distinguish between priority, high-risk, major, and minor non-conformances. Any form of forced or child labour we uncover would fall into the priority non-conformance category, requiring immediate corrective action by the supplier.

**4. Training and Communication:** We maintain clear and direct communication with our suppliers about our priorities, expectations, and changing strategies. Each year, we host an annual supplier meeting aimed at disseminating important information regarding our Supplier Code of Conduct, and deepening relationships with our suppliers on a global level.

In FY24, we enhanced our training to specifically require relevant suppliers who rely on foreign migrant workers and their associated labour recruitment agencies to take focused, responsible recruitment courses, with content on methods and tools to eliminate the use of recruitment fees.

**5. Reporting:** We are transparent with our customers, shareholders, employees, and suppliers about overall compliance against our Supplier Code of Conduct. We regularly report in our annual Corporate Responsibility and Sustainability report our audit results and corrective action progress, and any issues related to forced labour encountered during the reporting year.

# Measures taken in FY24

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## **A. THE STEPS WE HAVE TAKEN DURING FY24 TO PREVENT AND REDUCE THE RISK THAT FORCED LABOUR OR CHILD LABOUR IS USED IN OUR SUPPLY CHAIN.**

We recognize the critical importance of addressing the risks of forced labour and child labour within our organization's activities and throughout our extensive supply chains. In FY24 we took a multifaceted approach to prevent and reduce the risk that forced labour or child labour is used at any step of the production of our private label goods or of goods imported into Canada as described elsewhere in this report. Here is the summary of steps we took in FY24:

### **Internal Assessment of Risks:**

**1. Conducting Internal Risk Assessments:** We conducted internal assessments to identify potential risks of forced labour and child labour within Best Buy's activities and supply chains.

**2. Self-Assessment Questionnaires:** All private label suppliers completed annual SAQs to evaluate the risk of child labour, forced labour, and other labour, health, and safety risks.

**3. Country Risk Identification:** Leveraging resources such as RBA and public risk assessment tools, we identified country-specific risks related to child labour and forced labour.

**4. Foreign Migrant Workers (FMW) SAQ:** Private label suppliers located in high-risk countries underwent the FMW SAQ to assess forced labour and child labour risks.

### **External Assessment:**

#### **1. Enterprise-Level Human Rights Impact**

**Assessment:** We conducted a comprehensive, enterprisewide HRIA to identify and address forced labour and child labour risks.

**2. Factory-Level Audits:** Third-party audit firms conducted social audits, including assessments of child labour and forced labour, at the factory level of our private label goods.

### **Awareness and Training:**

**1. Internal Employee Training:** Our sourcing team, responsible for purchasing decisions of private label goods, underwent training on foreign migrant worker management to raise awareness of relevant issues.

**2. Student Worker Control:** Private label suppliers received biannual communication, along with the Student Worker SAQs, emphasizing our policies against child labour and forced labour.

**3. Supplier Training:** Private label suppliers underwent mandatory RBA Code of Conduct training and Best Buy-specific training on forced labour and child labour.

## Action Plan Development:

**Remediation Policy:** We developed and implemented a remediation policy to address instances of child labour and forced labour in our private label supply chain. Here is summary of this policy:

Once a gap is identified between the Supplier Code of Conduct and factory management system, it is called a non-conformance and corrective action and remediation are required within a certain time frame.

**a.** We provide an established remediation policy and guidelines to guide the suppliers to make remediation and corrective actions.

**b.** We monitor the corrective action and remediation progress and seek evidence of corrections and remediations.

**c.** For priority findings, an on-site assessment by a third-party audit firm is required to verify and confirm the remediation and corrective actions.

## Information Gathering and Controls:

**Worker Recruitment Information:** We gather information on worker recruitment processes through SAQs, on-site visits, validation, audits, worker interviews, hotlines, and surveys. The information that we gather includes worker hiring processes and procedures, worker's age, and proof of voluntary employment.

## Risk Mitigation and Due Diligence:

**1. Risk Sensing:** We utilize RBA risk sensing tools to identify and monitor increases in forced labour and child labour risks.

**2. Due Diligence Policies:** Our annual Corporate

Responsibility and Sustainability report is available at [https://corporate.bestbuy.com/wp-content/uploads/2023/07/FY23\\_CRS\\_Report.pdf](https://corporate.bestbuy.com/wp-content/uploads/2023/07/FY23_CRS_Report.pdf) and, outlines the five-step due diligence process, including code introduction, self-reporting, monitoring, capacity building, and reporting.

## Supplier Engagement and Enforcement:

**1. Prioritization of Non-Conformance:** Forced and child labour are priority non-conformances in our Responsible Sourcing Program, leading to immediate actions if identified. No instances of non-conformance were identified in FY24, however here is a summary of the business impact if a priority non-conformance was found:

**a.** For new suppliers – no business orders if forced and child labour is identified.

**b.** For existing suppliers – no new orders are placed, and the forced or child labour issue needs to be corrected and remedied within 30 days, otherwise, the supplier will be terminated.

**2. Supplier Requirements:** Suppliers are required to have policies prohibiting forced labour and child labour, as outlined in our Human Rights Statement and Supplier Code of Conduct.

## Remediation and Grievance Mechanisms:

**1. Remediation Measures:** We enacted measures to provide or cooperate in remediation efforts, ensuring corrective actions are taken by suppliers.

**2. Grievance Mechanisms:** We have established grievance mechanisms, including the Best Buy Open & Honest Ethics Line and worker surveys. More details on these programs are provided elsewhere in the report. We ask all suppliers to post the Best Buy Open

& Honest Ethics Line in a visible place in their facilities.

## Contractual Provisions:

Our FY24 standard agreements for private label suppliers, trade suppliers, and GNFR contain a representation from a supplier that the goods sold to us are not produced, manufactured, assembled or packaged by the use of forced labour, prison labour or forced or illegal child labour. We have a contractual right of termination in case of a breach of this representation.

### **B. MEASURES TAKEN IN FY24 TO REMEDIATE ANY FORCED LABOUR OR CHILD LABOUR OR THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES**

In FY24 no instances of forced or child labour were uncovered in our private label facilities. Consequently, we did not need to take any measures to remediate any forced labour or child labour

or remediate the loss of income to the most vulnerable families. However, we do have stringent measures in place to remediate any forced or child labour that may arise.

If signs of forced or child labour are uncovered during an audit, we act swiftly. For example, if a prohibited recruitment fee is identified, the supplier must conduct a complete fee investigation and provide Best Buy with a list of all fees that workers paid from their country of origin to the factory. Best Buy works with suppliers to implement a reimbursement plan, and continual feedback from the impacted worker, to determine whether the remediation measures effectively addressed the issue.

Once the issue is closed, a third-party follow-up audit is scheduled to validate the fee reimbursement.

# Assessing the effectiveness of our actions

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We have processes in place to assess the effectiveness of our efforts aimed at ensuring forced and child labour is not being used in our activities and supply chains. We conduct regular reviews of our internal policies, management systems, and processes against our goals of mitigating, preventing and remediating forced or child labour, making changes as needed.

In FY24, we partnered with an external human rights consultant to conduct the HRIA. The HRIA analyzed Best Buy's policies, activities and processes across

Best Buy related to human rights, labour, ethics, sustainability, and other topics. From a labour perspective, this internal assessment allowed us to understand where we have strong processes in place to mitigate, prevent and remediate risk of forced or child labour, like in our strict protocol for assessing risks in our private label manufacturing facilities.

The internal assessment also indicated where our most salient risks lie within our enterprise, and a gaps analysis of our management and governance practices against those risks. Using this information,

Best Buy is setting its responsible sourcing and human rights priorities to most effectively manage our most salient risks. This includes vulnerable groups, such as women and migrant workers.

The Corporate Responsibility and Sustainability team based in Asia conducts bi-annual reviews of Standard Operating Procedures related to preventing, mitigating, and remediating the risk of forced or child labour in our private label supply chains. We measure how effective our policies are by checking if our efforts to stop forced and child labour match the feedback from workers through our worker voice program and Best Buy's Open & Honest Ethics Line, which both form part of our Supplier Grievance Program.

Our private label supplier employees or workers can report a grievance regarding labour conditions, unethical behavior, or misconduct through Best Buy's Open & Honest Ethics Line. The hotline is operated by an impartial entity. Once a complaint is reported, it will initiate a hotline grievance case and pass the information to the appropriate teams to address the issue.

To empower workers to voice their opinions and concerns in the workplace and beyond, we launched our worker voice program in 2021, which enables private label supply chain workers to answer customized survey questions through their personal mobile devices. Workers are surveyed anonymously and remotely in their native language.

We review the survey questions annually for effectiveness and efficiency to ensure we are using a genuine approach that is amenable to the workers and we modify them as needed. We implement the survey during our factory visits. This includes an initial screen

assessment, follow up assessments, and our third-party assessment validation process to reach a wider set of workers. The survey collects feedback on worker satisfaction, working conditions, working hours, wages and benefits, forced labour, abuse and harassment, policy communication, and factory grievance mechanisms, and evaluates workers' knowledge of available tools. The survey results are anonymous to the factory management and require factory management not to interrogate the workers. Further investigation will be taken if priority concerns are identified. This feedback impacts the development of our programs to ensure that they have an impact on systemic issues at the supplier, factory, and individual worker levels.

In conclusion, we remain committed to advancing our compliance program to actively prevent and mitigate the risk of forced and child labour within our supply chain in the current and upcoming financial years.

## ATTESTATION

In accordance with the requirements of the Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Best Buy Canada Ltd. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Supply Chains Act, for the reporting year listed above.

I have the authority to bind Best Buy Canada Ltd.

**Name:** Ron Wilson  
**Position:** President  
**Date:** May 29, 2024



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