

Statement of Support

Arrow Electronics is a changing company in a changing world.

In an environment of enormous transformative power and remarkable speed, Arrow partners with the greatest innovators of our time, and guides them to a better tomorrow. To do this, we work in a world that doesn't quite exist yet – the world of Five Years Out.

Five Years Out is a community of builders, designers, engineers and imaginers who navigate the path between what's possible ...and what's practical.

At Arrow, we focus on how electronics can improve lives and make the world a better place – safer, cleaner, smarter, and more productive.

But our commitment to innovation is not limited to electronics. Devices alone won't make a difference if we don't pay attention to the contexts in which they are created, sold and used. That's why Arrow is a member of the UN Global Compact.

We are committed to upholding the 10 principles of sustainability and social responsibility that make up the UNGC's strategic framework. We incorporate them in our daily operations around the globe and across dozens of industries. The Global Compact and its principles are part of Arrow's global strategy, culture, and day-to-day operations.

We joined the UNGC in 2012. Our Corporate Social Responsibility (CSR) Director works across the company to articulate and pursue social responsibility, sustainability and external relations strategies across the company. The CSR director also establishes partnerships with the non-profit sector and communities where Arrow operates to drive innovation forward.

But it's not the job of just one person. We are addressing the 10 Principles across our company – in Human Resources, Business Continuity, Compliance, Facilities, Operations and more.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) report that describes our company's efforts to promote the ten principles. In this report – Arrow's second Communication on Progress – we recount the annual goals we established for ourselves and the progress we have achieved, as well as provide vignettes describing how we are reaching our goals.

By doing so, Arrow is doing its part to realize the UNGC's vision of a sustainable, inclusive and growing global economy that will benefit us all.

Michael J. Long
Chairman, President, and Chief Executive Officer

Human Rights Section

PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

PRINCIPLE 2:

Make sure that they are not complicit in human rights abuses.

Arrow Electronics always has been committed to human rights and maintains channels so that any concerns can be addressed. Last year's communication on progress focused on our open door policy and company-wide alert line for raising and addressing concerns. We also restated our resolve to review our practices and procedures to ensure we were upholding our commitment against all forms of human rights abuses.

We have formed a team to work on Conflict Minerals, in a collaborative effort to meet the reporting requirements of the 2010 Dodd-Frank Act and stop any indirect financing of armed conflicts that are contributing to human rights abuses. We have developed and posted a company policy regarding [Conflict Minerals](#) and are preparing to meet federal reporting requirements in 2014.

In an effort to amplify conflict minerals reporting throughout the electronics industry, Arrow offers a database service via SiliconExpert, which enables component and product manufacturers to obtain Conflict Minerals information as well as hazardous substance content on all parts in the electronics supply chain.

This year, Arrow chief executive officer Michael J. Long received the 2013 International Bridge Builders Award from the University of Denver Korbel Graduate School of International Studies for Arrow's commitment to global humanitarian efforts.

Goals:

Arrow will continue to review practices and procedures to fully embed Arrow's commitment against all human rights abuses. We will continue with our commitment to Conflict Minerals identification.

Arrow Spotlight:

Arrow Electronics further believes that human rights are not limited to operating a fair and open workplace. That's why we take specific measures in the developing world to both to widen access to technology and limit the exploitation of impoverished and indigenous peoples due to the illegal disposition of used electronics.

For a decade, Arrow's reverse logistics business unit has partnered with the Brussels-based non-profit organization Close the Gap. Together, we help to bridge the digital divide by providing high-quality used IT equipment to social, medical and educational projects in developing countries, especially in Africa.

We clean the hard disks and reconfigure the hardware before distribution. Close the Gap also provides a support and maintenance program to sustain the equipment's use. Close the Gap's representatives facilitate the distribution of the refurbished equipment to schools, teaching hospitals, research centers and vocational training centers that educate millions of students and emerging young professionals from Ethiopia to Kenya to South Africa.

To date, we have facilitated the donation of more than 250,000 refurbished computers with Close the Gap. That's because we believe that innovation and technology must be at the heart of creating a sustainable and prosperous Africa, while sowing the seeds for a new market on the continent and reducing the conditions that breed strife and human rights abuses.



Labor Section

PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4:

The elimination of all forms of forced and compulsory labor;

PRINCIPLE 5:

The effective abolition of child labor; and

PRINCIPLE 6:

The elimination of discrimination in respect to employment and occupation

Arrow's culture and Code of Conduct is very strong regarding labor principles. We cover Equal Employment Opportunity, Professionalism and Harassment, as well as Global Diversity and Inclusion. We conduct yearly training on professionalism in the workplace and require annual commitments to our Code of Conduct. Our open door policy, training and development program, performance management and career and talent systems all support these principles from the top down.

The prohibition of compulsory and child labor has always been Arrow's practice, but we decided to expressly state it by adding it to our Company Code of Conduct in May of this year. We are committed to providing our work force around the globe with freedom of association and with an environment free of discrimination. Arrow succeeded this year in our goal of establishing a global human resources information system. Workday provides a single system of employee records for consistent and accurate reporting of employee information globally.

Goals:

In 2014, Arrow will commence the creation of a global on-boarding program that reinforces these principles.



Environmental Section

PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8:

Undertake initiatives to promote greater environmental responsibility; and

PRINCIPLE 9:

Encourage the development and diffusion of environmentally friendly technologies.

We set several environmental goals for this year, and we're pleased to report we achieved all of them. We worked to strengthen Arrow's recycling efforts by forming Arrow's "Green Team" and sharing best practices around the globe. The new European facility relocation, which we highlighted as an opportunity to reduce our energy consumption indeed did, a 29% decrease over the last 5 months. We continued to expand our usage of LED lighting, especially in our warehouse facilities. Lastly, we increased our certifications for ISO 14001, OHSAS 18001, R2, and RIOS as targeted.

Furthermore, Arrow's global transportation fleet consists of approximately 400 vehicles. We have been lowering our carbon output through the fleet since 2009 by utilizing more fuel-efficient vehicles and reducing our fleet size. As a result, we attained a 40% reduction in carbon footprint this past year. In Europe, our company cars must meet certain emissions standards and a formal policy outlines these requirements.

Goals:

Arrow's "Green Team" will make measurable progress in the areas of recycling and emissions. We are working towards our overall carbon footprint baseline, with initial emphasis on North America in 2014 and consideration for expanding on a global basis. In 2014, an executive team will develop company-wide sustainability goals.

Arrow Environmental Spotlight:

This summer, Arrow Electronics and the Basel Action Network (BAN) launched a three-year partnership that raises the bar for electronics recycling worldwide. Under the new agreement, all of Arrow's electronics recycling and IT asset recovery operations will be certified to the e-Stewards® standard established by BAN.

BAN is a non-governmental organization focused on reducing the illegal trade and dumping of electronic waste. The partnership with Arrow extends the e-Stewards program not only across North America but also into Europe and Latin America. Arrow will be the first global e-Stewards recycler taking the program to all of its facilities in multiple continents, including nine processing facilities in the United States, six in Europe and one in Brazil.

Arrow's value recovery business provides specialized management of reverse material streams, IT asset recovery and remarketing services that enable technology users to uncover opportunities for greater efficiencies and value capture at the end of the IT product lifecycle.

Arrow also held electronics donation events in North America to promote responsible e-waste handling. At one such event in Denver, nearly 1,300 people delivered and donated more than 154,000 pounds of electronic devices. Items collected included computer hardware and peripherals, home-office machines, mobile devices, televisions, gaming equipment and small appliances. The collected devices were recycled, and some of the items refurbished and donated to charity.



Anti-Corruption Section

PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

As a company, we are committed to operating with the highest standards of integrity and ethics and observing the laws and regulations, which govern our operations in every country where we do business. Our reputation rests on Arrow's unwavering commitment to the highest ethical standards.

To that end, Arrow has introduced its Business Partner Code of Conduct (COC) in 2013. This policy ensures that any third parties that we engage to act on our behalf do the same.

"All vendors, contractors, consultants, agents, sub-contractors and other providers of goods and services as well as customers ("Business Partners") are expected to sign off on the Business Partner Code of Business Conduct. This contains the requirement to comply with all applicable laws, ensure professionalism in the workplace, maintain fair labor practices, protect human rights, and the ability for confidential reporting through Arrow's Alert Line. If a Business Partner has a Code of Conduct that is substantially similar to Arrow's we do not require them to sign Arrow's COC. All our contracts include a provision that the partner will abide by the all laws and specifically contain provisions addressing anti-bribery. The agreement of our partners to comply with the Business Partner Code of Business Conduct and anti-bribery and anti-corruption contractual provisions, assures alignment throughout the supply chain with these important principles.

We have also expanded our internal anti-bribery training initiatives with additional online training as well as a live question and answer session in Asia."

Goals:

Arrow plans to participate in an industry due diligence platform that will enable the shared collection and processing of information from third parties (potential Business Partners), by platform participants. This will be a streamlined due diligence process. This will also provide us with the opportunity to train our vendors on anti-corruption.

In addition, we plan to continue training around the world, especially with newly acquired companies. We plan to refresh vignettes on anti-bribery training to keep our employees engaged and updated on current trends and new areas of concerns.

Arrow Spotlight:

Arrow Electronics extended a required online training program in 2013 on anti-corruption laws. All active employees had to complete the tutorial and correctly answer test questions. The training was created for Arrow to explain anti-corruption laws around the world and present scenarios that employees might face on a global basis.

Our Global Anti-Bribery & Corruption course was created to deliver rock solid content, establish a culture of compliance and integrity, and reduce law and policy violations. Some of the topics covered in our courses include but not limited to:

- *Fundamentals of Arrow's policies on anti-bribery and corruption and the law*
- *Overview of gifts, hospitality and reimbursement of business expenses*
- *Improper payments under the law*
- *Consequences for violating law or Arrow policy*
- *Spotting and reporting conduct that may violate law or policy*
- *Importance of seeking guidance and asking questions*
- *Importance of maintaining accurate books and records*
- *Spotting common red flags and suspicious activity*
- *Prohibition against retaliation*

The program is divided into several sections that must be completed correctly in order. Each section includes a brief video with actors performing scenes that depict hypothetical situations where corrupt business behavior or bribery solicitations occur. After watching the video, the employ must correctly answer a series of online questions in order to move onto the next section of the training. Wrong answers prompt a review of the material and the questions are posed again.

For example, one video shows managers under pressure to secure new business. They struggle whether to hire a local agent in a foreign country— and who happens to have important government connections - to help secure new business because "that's how it's done there." Local agents often are instrumental in breaking into new markets. Arrow employees were tested on how to recognize and avoid instances where local relationships cross ethical and legal lines.