

# 2014 Communication on Progress

In 2011, Arrow Electronics, Inc. was honored to join the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative. Arrow's corporate mission is to guide innovators forward to a better tomorrow. With its emphasis on sustainability and responsible business practices, the United Nations Global Compact is embedded within our company values.

## Our Values

- Ethical
- Open and courageous
- High-performance, accountable teams working effectively with no boundaries
- Innovate and execute
- Passion for service excellence

The success of Arrow has been built on the application of our core values on a daily basis. Ethics are embedded in our conduct of the company's business, honesty and courage in our business dealings with customers and suppliers around the world, personal accountability for our own actions, and a relentless pursuit of service excellence.

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This 2014 Communication on Progress provides an overview of Arrow's activities in support of United Nations Global Compact Objectives during the past year.

# Statement of Support

Arrow Electronics, Inc. supports the ten principles of the Global Compact in the areas of human rights, labor, environment, and anti-corruption. Arrow's intent is to advance those principles within our sphere of influence.

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. We support public accountability and transparency, and, therefore, are submitting our COP for 2014 activities and accomplishments.

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

## Human Rights

Arrow is committed to uphold the dignity of all people and oppose human rights abuses around the world. We respect all international human rights standards throughout our global operations at our 460 locations in 60 nations. Human rights practices are embedded within the company's various policies, including the Worldwide Code of Business Conduct and Ethics (the "Code"). Our 17,000 employees are required to review and certify their understanding and compliance on an annual basis. The Code covers all regions and business units. It is also posted on the company's external company website, <http://investor.arrow.com>

Specifically within the global electronics supply chain, we are committed to investigating and reporting on the conflict minerals content of inventory used in assembly and integration as a way to improve conditions and reduce the distress of people working in mines in the Democratic Republic of Congo.

### Goals

**2014 goal:**

Arrow pledged to continue to review practices and procedures to fully embed Arrow's commitment against all human rights abuses. We also pledged to file a Conflict Minerals report with the U.S. Securities and Exchange Commission.

**2014 Action:**

Arrow completed its first conflict minerals report and filed with the US SEC by the May 25 deadline, in accordance with the 2010 Dodd-Frank Act. While our overall ranking was "undetermined" according to the Act's reporting standards, our initial evaluation was able to quantify that 44% of anything we assemble or integrate is conflict-free. That is among the highest scores among major electronics companies in the first year of reporting. Arrow's subsidiary, Silicon Expert, is the world's most complete electronics components database and its inclusion of conflict minerals information for every listed component (where available) was an instrumental source for customers in their own Dodd-Frank compliance reports.

**2015 goal:**

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

We agree to uphold the UNGC's human rights principles, including:

**Principle 1:**

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

**Principle 2:**

Make sure that they are not complicit in human rights abuses

### Arrow Spotlight

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

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

Africa. By the end of 2014, Arrow had facilitated the refurbishment of 440,000 electronic devices with Close the Gap for use by more than 1.5 million people.

With Close the Gap, we clean the hard disks, reconfigure the hardware and prepare the equipment for 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.

In November, 2014, Arrow created a second layer of its commitment to Africa with Close the Gap by helping to launch a project called Digitruck. The Digitruck prototype is a solar-powered mobile classroom or clinic made from a used cargo shipping container. Arrow is Digitruck's first corporate sponsor. In addition to its sponsorship, Arrow also consults on the Digitruck's technical design and the sourcing of its components, as well as equipping each unit with refurbished computers, mobile devices and other electronics. In 2015, Arrow's Digitruck will be assembled and deployed with Close the Gap in Tanzania.

## Labor Section

Arrow Electronics is against all forms of compulsory labor. All employees are able to terminate their employment. Additionally, Arrow does not support child labor in any matter or form. Arrow Electronics also recognizes the rights of employees to seek union representation or to represent themselves. Arrow has forged productive relationships with unions and work councils throughout the world, and values their partnership.

### Goals:

**2014 Goal:**

Arrow will commence the creation of a global on-boarding program that reinforces UNGC principles 3-6.

**2014 Action:**

Arrow successfully launched its global on-boarding pilot. Arrow also deployed Microsoft's Yammer, the companywide, internal social-media platform, which enables Arrow employees around the world to interact online and share business information and best practices. Arrow hosted a series of "Yam Jam" sessions, in which Arrow executives interact directly with workers at all levels, fielding questions and soliciting comments and ideas from employees. These are some of the reasons why Arrow was selected as one of the most admired for HR companies by Human Resource Executive Magazine.

**2015 Goal:**

Arrow will continue the development of its global on-boarding program and "Yam Jam" sessions.

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**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 labour

**Principle 5:**

The effective abolition of child labour

**Principle 6:**

The elimination of discrimination in respect of employment and occupation

## Community Service

As active and engaged citizens, Arrow employees across the globe are making a difference in their communities — both through volunteer service and through their charitable donations. That spirit of caring can be found in their charitable giving to organizations that address needs in their community and around the world. For example, Arrow supports employees' volunteer efforts via the company's volunteer grant program. In 2014, Arrow expanded its community service program so that significant Arrow business events in North American cities would include a donation to a local charity derived from event registration fees and donations.

In certain cases where the need is great, the company has matched employees' donations, dollar for dollar, such as for relief efforts. In 2014, in response to the growing number of natural disasters around the world, the company limited its disaster relief to locations where Arrow employees and operations were located.

## Environment Section

### Mission

Arrow Electronics guides innovators to a better tomorrow. Our Sustainability Program upholds principles of human rights, environmental stewardship and responsible economic growth to ensure a desirable planet. We are accountable to employees, customers, shareholders and to the communities in which we operate, from the sourcing of the materials in our products to the end of life of the products we help create. Our success is built on the sustained application of our core values in our daily operations and within our sphere of influence.

### Vision

Arrow's global approach to Sustainability focuses on the operation of our business. We strive for efficiency and maximizing waste utilization in our offices, facilities and distribution centers. We distinguish ourselves by providing specialized services and expertise across the product lifecycle. We seek to provide our suppliers and customers with solutions designed to help them produce products that are inherently more sustainable.

### Sustainability Savings

Arrow recycles more than 75 tons of paper each year. Beginning in 2015, company-wide recycling standards are being introduced. Small changes in 2014 had immediate impact:

- Saved 1,521 trees and 626,000 gallons of water
- Prevented 5,000 pounds of air pollution
- Avoided 268 cubic yards of landfill
- Saved 366,766 kilowatt hours of electricity and 41,000 gallons of oil

In November 2014, Arrow installed its first electric vehicle charging station in front of its headquarters building in Englewood, Colorado. The ChargePoint VT4000 Series features to charging ports in order for multiple electric vehicles to "top off" their batteries. An hour's worth of charging adds about 25 miles to a vehicle's range, enough to get employees and visitors home or across most of the Denver area.

### Going global with e-waste standards

The use of personal electronic devices is rapidly increasing around the world, and the need for safe and sustainable recycling facilities to meet the growing recycling challenge has never been greater. That's why Arrow decided in 2014 to set new industry benchmarks for refurbishment certifications and global compliance programs in both established and emerging markets.

Globally, Arrow's Value and the Basel Action Network (BAN) established a three-year agreement to certify all of Arrow's electronics recycling and IT asset recovery operations worldwide to the e-Stewards® standard. e-Stewards is a globally accredited, third-party audited certification program developed by BAN with industry leaders.

This first-of-its-kind agreement covers nine processing facilities in the United States, six in Europe and one in Brazil.

The facilities provide secure and environmentally responsible asset recovery, data sanitization, testing and screening, recycling, remarketing, service parts management, and product returns management services for a wide range of electronic equipment.

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### Principle 7:

Businesses should support a precautionary approach to environmental challenges;

### Principle 8:

Undertake initiatives to promote greater environmental responsibility;

### Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

And in Brazil, Arrow went further to established South America's most stringently monitored facility for electronics asset disposition.

In April, our new São Paulo, facility became that continent's first location to be certified for several quality and environmental industry standards, including the R2 Responsible Recycling standard, the Recycling Industry Operating Standard, Occupational Health and Safety Advisory Services 18001 and International Organization for Standardization, standards 9001 and 14001. Combined, the certifications also exceed new Brazilian requirements.

Arrow also released its own pledge to minimize the environmental impacts of its facilities and continually measure and improve their performance in order to provide "the highest standards of responsible recycling," said Scott Venhaus, director of Global Logistics Services.

## Goals

### 2014 Goal:

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.

### 2014 Action:

Arrow met its environmental goals in 2014 and upheld principles 7-9. We also launched a program to retrofit primary facilities with energy saving technologies. Specifically:

- We have created the carbon footprint baseline that includes global travel, global contracted fleet, transportation/distribution, gas & electric utilities in North America. Arrow's executive steering committee created a Mission and Vision to drive our company forward.
- We installed a charging station for electronic and plug-in hybrid vehicles at our primary office as a pilot for future expansion.
- We are opening a new headquarters complex in Denver with energy-saving technologies.
- We incorporated LED lighting and other energy efficient fixtures within the new Global HQ and continue to roll this out in other facilities around the globe
- We increased the use of low-barrier work spaces to increase day lighting and reduce artificial lighting.
- We continued to focus on environmental certifications, adding five more ISO 14000 certifications, two more OHSAS 18000 certifications, two more R2-compliant locations, and one more RIOS®-compliant location.

### 2015 Goals:

Continue implementing company-wide energy-saving upgrades, including new energy star appliances, window tinting, conversion of kitchen facilities to natural gas from electricity, touch-less bathroom fixtures to save water, and new workspaces with low barriers to increase natural lighting. We will begin facility infrastructure upgrades for more energy efficient HVAC and other base built systems to reduce energy consumption overall.

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"Arrow's newly certified facility in São Paulo is a tremendous development for the people of South America and the environment."

**John Lingelbach,**  
Executive Director  
R2 Solutions.

## Anti-Corruption

Arrow's Worldwide Code of Business Conduct and Ethics (the "Code") applies to all employees of Arrow and its subsidiaries, including officers and directors. Every Arrow employee is bound not to violate its terms.

### Goals

#### 2014 Goal:

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 raise awareness with our business partners 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

#### 2014 Action:

Arrow introduced specific Gifts and Entertainment policies in its Worldwide Code of Business Conduct and Ethics. The policies are intended to provide increased guidance to our employees and ensure that gifts and entertainment are never used as a means to gain an unfair advantage with our business partners.

Arrow partnered with several members of the Global Technology Distribution Council to design an anti-bribery and anti-corruption ("ABAC") due diligence platform that combines processes and best practices developed by participating GTDC members with Hiperos' award-winning third-party management software as a service (SaaS) solution and Thomson Reuters' highly regarded screening, risk assessment and due diligence services.

Arrow is piloting the ABAC platform in North America with select customers.

Arrow revamped its compliance training program for employees and conducted targeted training for employees of newly acquired companies and higher risk geographic locations.

#### 2015 Goals:

- Extend the ABAC platform to Arrow businesses and geographical locations.
- Continue to ensure all employees understand Arrow's anti-bribery and anti-corruption policies.
- Highlight real-world corruption cases in a new employee compliance newsletter
- Continue implementation of Due Diligence platform.
- Implement an Arrow-wide intranet site to provide recent examples of other companies involved in FCPA/corruption cases.

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#### Principle 10:

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