



2015

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 reflects our company core values.

Arrow's fundamental qualities include:

- > Integrity
- > Openness and courage
- > High-performance, accountable teams working effectively with no boundaries
- > Innovation
- > Passion for service excellence

The 2015

Communication on Progress provides an overview of Arrow's activities in support of the 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 these 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 2015 activities and accomplishments.



Michael J. Long

Chairman, President, and Chief Executive Officer



About Arrow

Arrow is a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions, with 2014 sales of \$22.8 billion. Arrow serves as a supply channel partner for over 100,000 original equipment manufacturers, contract manufacturers and commercial customers through a global network of more than 460 locations in 56 countries.

A Fortune 150 company with 17,000 employees worldwide, Arrow brings technology solutions to a breadth of markets, including telecommunications, information systems, transportation, medical, industrial and consumer electronics.

Arrow provides specialized services and expertise across the product lifecycle. Arrow does this by connecting customers to the right technology at the right place at the right time and at the right price.

Arrow provides extraordinary value to customers and suppliers — the best technology companies in the world — and connects them through the company's industry-leading services.

Human Rights

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 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 56 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, 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 and other nations. For the second consecutive year, we have filed a Conflict Minerals Report with the U.S. Securities and Exchange Commission. To date, we have validated that at least 57 percent of the components in our supply chain are conflict-free. arrow.com/en/about-arrow/overview.

Around the globe, we participate in various corporate social responsibility projects:

DigiTruck

Arrow partners with the Brussels-based non-profit Close the Gap organization to close the digital divide in developing nations by distributing refurbished computers and other equipment to schools, clinics and microfinance organizations, as well as establishing environmentally responsible e-waste processing facilities.

Since 2004, we have facilitated the donation of about 500,000 refurbished devices and reached 1.5 million new users, mostly in Africa.

In 2015, we recognized that in Africa, our program has been addressing only half of the challenge regarding computer access. That's because an estimated 600 million of Africa's 1.2 billion inhabitants live off the power grid, or have only intermittent electrical power. In order to bridge this digital divide, we would not only have to bring the computers, but also the electricity, as well as a secure, weather-resistant vessel.





OUR ANSWER: DIGITRUCK

The DigiTruck is a 40-foot (12 meter) steel sea cargo container that is triple-insulated to protect against tropical heat, and fitted with steel doors and window shutters to deter vandalism. Energy-saving technologies include LED interior lighting and a rooftop solar power system that generates enough battery-stored power to operate the unit for two days. Added electronics include refurbished laptops, mobile devices, an LED flat screen monitor, a printer, two routers and two solid state drives. The entire unit is fitted to a commercial truck and trailer unit.

This year, we built the first DigiTruck in Tanzania with the nonprofit Close the Gap, using local craftsmen and consulting engineers from Greenlink, a sustainable development NGO based in the Netherlands. The unit was deployed in August at the Tuleeni Orphanage on the southern flank of Mt. Kilimanjaro near the city of Moshi. It will remain in place through the first quarter of 2016. The orphanage is operated by Neema International, a nonprofit organization based in Houston, Texas. When the DigiTruck moves to its next location in 2016, Arrow will provide the orphanage with a permanent computer lab and power source. The orphanage is home to approximately 80 children from toddlers to teenagers; they will use the computers for academics, language instruction and career development.

In 2016, Arrow will pursue the development of additional DigiTrucks to help in other areas where digital access is limited, including refugee camps in Europe and the favelas in Brazil.

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Employee Volunteers

Teams of Arrow employees participated in volunteer service events and charity competitions in North America, Europe and China.

- > In China, 1,054 employees organized in teams of five donated 210 “love bags” filled with supplies for poor students at the Lazishu Primary School in rural China. Some employees also donated stationery, books and other items.
- > In Shanghai and other major cities, Arrow executives are establishing training programs, scholarships, technology labs and mentoring programs at leading universities.
- > The J.P. Morgan Corporate Challenge 3.5-mile road race in Frankfurt raised 253,000 Euros for the German Sport Aid Federation and the German Disabled Youth Foundation.
- > In Denver, Colorado, 300 members of Arrow’s Finance Department completed a service day repainting, repairing and landscaping Valverde Elementary School. Arrow also provided the school with refurbished computers and other electronics. Valverde serves students in kindergarten through grade five, with a strong emphasis on dual-language education. The building has been a local landmark since its construction in 1923 and these efforts helped to preserve it.

Click [here](#) to watch KCNC-TV’s coverage of the team at work.

2016 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 communities we work in and continue with our Conflict Minerals identification and reporting.

Labor

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

The prohibition of compulsory and child labor has always been Arrow's practice and is expressly stated in our Company Code of Conduct.

With 460 locations worldwide, Arrow demonstrates more than geographical distribution; our 17,000 employees represent 56 different countries and many cultures. We have cemented diversity as a core value by assigning a diversity special project task force reporting to Arrow's senior leadership; its project will be implemented in 2016. Our emphasis on diversity is further reflected by the number of women in senior leadership positions on our executive team and board of directors (2).

Carine Jean-Claude, Arrow chief compliance officer, named a 2015 "Woman Worth Watching"

Born in Haiti, Carine Jean-Claude and her family fled first to Central Africa and then to the United States to escape coups d'état. When she landed in the U.S. as a child, she didn't speak English. Skip forward to 2000 and Carine joined Arrow as a legal generalist. Today, she is our chief compliance officer, responsible for Arrow's compliance with all laws, regulations and company policies, and for advising senior business leaders on all aspects of employment law.



The Profiles in Diversity Journal has named Carine to their "[Women Worth Watching](#)" list for 2015, an award that represents corporations, government agencies and nonprofits from across North America and Europe. Since the award's inception in 2002, nine winners have gone on to assume the role of CEO in Fortune 1,000 organizations.

Carine has joined the board of directors of Center of Hope – Haiti, a nonprofit that operates an orphanage and school in Hinche, Haiti.

Cathy Morris listed as one of the 50 most powerful women in technology for 2015

Cathy Morris, Arrow's senior vice president and chief strategy officer, has been recognized by the National Diversity Council in its list of the [2015 Top 50 Most Powerful Women in Technology](#). The definitive list features female executives, influencers and achievers that are impacting the technology industry. Cathy was selected based on her continuing contributions to business growth and the strategic direction of Arrow, her commitment to corporate citizenship and her efforts to mentor the next generation of female professionals within the industry.



"As our chief strategy officer, Cathy is integral to Arrow's success in guiding innovation forward for our company, our customers and our entire industry," said Mike Long, chairman, president and CEO for Arrow. "I applaud Cathy and all of the notable women named to the list for this well-deserved recognition."

Cathy has nearly 30 years of experience in the computer products and electronic components distribution industry, having previously served as president of Arrow's Enterprise Computing Solutions division. She also held senior positions in support service, finance, and corporate development. Prior to joining Arrow in 1994, she held financial leadership roles in the banking and manufacturing industries. She was a board member and chairperson for the audit committee for Graftech International, and she is a member of the Global Leadership Council at Colorado State University and the YWCA's Society of Women Achievers.

Gretchen Zech named one of the most powerful women in HR

Human Resources Executive magazine has named Gretchen Zech, Arrow senior vice president of global human resources (HR), to its [Most Powerful Women in HR](#) list for 2015. The annual list recognizes some of the most influential and prominent women leading HR organizations today.



"Gretchen's contributions to the human resources initiative at Arrow and to our executive team have been immeasurable," said Mike Long, chairman, president and CEO for Arrow. "In only four years with us, she's had a significant impact on the strategic and operational development of our HR function and talent pipeline. We congratulate her on this recognition, and look forward to her innovative concepts that help make Arrow a better place to work."

Gretchen oversees Arrow's global HR strategy and operations. Before joining the company in this role in 2011, she was senior vice president and chief human resources officer at Dex One. She has also held HR leadership positions at Gartner, Great Atlantic & Pacific Tea, Bloomingdale's, Best Buy and Johnson Controls, and she currently serves on the boards of directors for the Society of Human Resource Management and the Girl Scouts of Colorado.

She also launched a new peer-to-peer recognition program called "High Five". This award program allows employees at all levels to internally recognize and reward other employees.

This year we matured the use of 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. In addition to 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, we added a "Take Five" Leadership Series, which includes five minute videos of coaching from HR professionals for employee development.



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2016 Goal

We will continue to explore additional ways to engage employees from around the world in new and innovative ways.



Environment

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

Arrow continues to focus on the environment in both established policy and practice. We have hosted several sustainability fairs for our employees, as well as offering refurbished electronics to them at discounted pricing.

Arrow was recognized as a Gold Leader for 2015 by the Colorado Environmental Leadership Program, a function of the Colorado Department of Health and Environment. Arrow was recognized for diverting 54,000 tons of e-waste through recycling and refurbishment.

Arrow's European brand campaign "Heroes of Innovation" spotlights German microbiologist and fashion designer Anke Domaske. She is making sustainable clothing fiber, biopolymers for electronics, packaging and cosmetics from a "dough" made of milk. Germany discards 2 million tons of milk each year, so these products would not only reduce the waste stream but also reduce fossil fuel.

In April, Arrow Value Recovery opened its first Asia-Pacific facility for IT asset disposition and reverse logistics services. The Singapore site provides secure and environmentally-responsible logistics, asset tracking and reporting, data sanitization, testing, screening, recycling, service part management and product return management for a wide range of customers' electronic equipment. With this site, Arrow's value recovery partner network has extended to 171 nations. Read the press release [here](#).

We continue to focus on environmentally friendly procurement for office remodels and are investigating several solar options at some of our large warehouses.

Other items the Arrow Green team are working on include:

- Investigating installing LED lighting in primary office and global warehouses
- Consolidating and improving waste streams
- Minimizing our gas, electric and water usage
- Submitting annually to the Carbon Disclosure Project

Arrow was recently one of the 25 Denver-area companies who competed in the Go-Tober Challenge. The challenge involved trying eco-conscious ways to commute to work at least four times per person in the month of October (i.e. walking, biking, carpooling, taking the light rail or the bus).

2016 Goal

We will publish our first Corporate Sustainability Report.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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.

Arrow continues to launch the anti-bribery and anti-corruption (ABAC) due diligence platform. The roll-out of this platform to multiple business units around the world is underway.

Additionally, we continue to improve the platform user experience and information gathering through our participation in the Global Technology Distribution Council (GTDC). In addition, participating third parties will be educated in the importance of the platform via the development of a FAQ and user guide.

Arrow launched an ABAC training course to all employees titled "Global Anti-Bribery: Doing Business with Foreign Officials". More than 90% of the Arrow workforce has completed the course.

For greater awareness of the Arrow AlertLine among all Arrow employees, the company distributed AlertLine posters to all locations - for prominent display - promoting the reporting of concerns via a 24-hour hotline. In addition to the posters, a brief tutorial was included reminding all employees about the Arrow AlertLine and reiterated Arrow's anti-retaliation policy.

Arrow also sent out a survey to assess employee awareness and understanding of compliance concerns, including Code of Conduct issues and the willingness of the employees to report any potential violations either using Arrow's Open Door Policy or via the Arrow Alertline.

Arrow Introduces a global web-based training program dedicated to the subjects of anti-trust, anti-bribery and anti-corruption due diligence platforms.

Training is available to all Arrow employees.

2016 Goals

- > Continue to extend the ABAC platform to Arrow businesses and geographical locations.
- > Continue to ensure all employees understand Arrow's anti-bribery and anti-corruption policies via communications and web courses.
- > Highlight real-world corruption cases on our Planet Arrow "Arrow World Compliance Services" page.
- > Continue to improve the Due Diligence platform.

Are You Five Years Out?

Most people live in the present. The world of now. But a handful of us work in a unique world that doesn't quite exist yet—the world of Five Years Out.

Five Years Out is the tangible future. And the people who live and work there know that new technologies, new materials, new ideas and new electronics will make life not only different, but better. Not just cheaper, but smarter. Not just easier, but more inspired.

Five Years Out is an exciting place to be. So exciting that, once you've been there, it's hard to get excited about the present. Because we know what's coming is going to be so much better.

Five Years Out is a community of builders, designers, engineers and imaginers who navigate the path between possibility and practicality. Creating the future of everything from cars to coffeemakers.

Are you one of them? Then you're probably working with us.



Arrow Electronics, Inc.

Corporate

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