

# **Avnet Communication on Progress**

## **FY 2017**

This report covers April 17, 2017 through June 30, 2018.

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## Reaffirming Our Support of the Ten Principles of the United Nations Global Compact and Reporting Our Progress

November 1, 2018

To our Stakeholders,

In April 2017, Avnet joined the United Nations Global Compact, committing to more formally integrate the [Ten Principles](#) into our strategies, culture and operations as well, to be increasingly transparent about our actions. Today I am pleased to share our inaugural Communication on Progress (COP) with you.

We hope you will find valuable insights into our many long-established practices and an update on progress we've made since joining. This report also includes actions we plan to evaluate and expect to undertake in the next year.

As part of our commitment to transparency, we have posted this Communication on Progress on the [UN site](#), to our [Corporate Social Responsibility](#) (CSR) page on [Avnet.com](#), and are incorporating this into our forthcoming FY18 CSR report. Additionally, we will integrate aspects into our internal communication mechanisms, including '*Avnet's Guide to Good Things*', a resource for all employees that answer the most frequently asked Corporate Social Responsibility questions from our customers.

We welcome your feedback, comments or questions on this report or any of our related activities at [Community.Relations@Avnet.com](mailto:Community.Relations@Avnet.com).

**William J. Amelio**

Chief Executive Officer

Avnet, Inc.

## How We Work

**Our Business:** Avnet is a global technology solutions company headquartered in Phoenix Arizona, USA. Our 15,400 employees are united in the pursuit of the company's purpose: guiding today's ideas into tomorrow's technology. With an extensive ecosystem, we deliver design, product, marketing and supply chain expertise for customers at every stage of the product lifecycle and transform ideas into intelligent solutions, reducing the time, cost and complexities of bringing products to market.

From our humble beginnings in 1921 on 'radio row' to today, Avnet has been a leader in developing robust policies, controls and governance that clearly define our values, expectations and conduct. We understand the importance of insuring that "we're all on the same page" to deliver a safe, responsible, consistent and productive operation.

**Governance:** The Avnet Corporate Social Responsibility (CSR) council has overall responsibility for the implementation of the United Nations Global Compact, including this Communication on Progress. Leaders of global practices for Ethics and Compliance, Procurement, Supply Chain, Environment, Corporate Real Estate, Quality, Global Talent, and Community Affairs are members of our CSR Council and meet at least quarterly to set strategy, review results, and make plans to continue to move our business forward.

We benchmark ourselves against the best in the industry using proven frameworks and are an industry leader in both [Corporate Governance](#) and Innovation.

This document is meant to supplement our annual financial and Corporate Social Responsibility reporting, where you may find more detailed measures of performance.

For the purposes of this document, when a policy is publicly available, we will provide a link and forego the policy summary and encourage you to explore the documents directly. When a policy is not yet public, we will summarize its' contents as it relates to key portions of the Ten Principles.

**Our Commitment to the Sustainable Development Goals:** As an active member of the United Nations Global Compact, we have embraced the Sustainable Development Goals (SDGs). In FY17 we made investments as part of our work with [Impact 2030](#) to create education materials to teach others about the goals, as we explored them ourselves. We focused on benchmarking our largest cities with operations on the first six of the seventeen goals and have used that data to drive our investments and efforts.

# Human Rights

## Key Principles:

[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.

## Our Actions:

Avnet remains committed to upholding basic human rights in all its operations. Avnet supports and respects the protection of internationally protected human rights and through its policies, training and controls to ensure we are not complicit in human rights abuses.

**We express our commitment within the [Avnet Code of Conduct](#), a key pillar of protecting Human Rights:**

- comply with all laws (p6)
- maintaining and ethical culture & ethics alert line (p7)
- protections for human rights and encouraging diversity& inclusion (p17)
- protecting privacy & dealing with harassment (p18)
- supporting our communities and the people in them (p28)

**Our internal Global Human Trafficking, Modern Slavery and Child Labor policy outlines our commitment to combat and prevent human trafficking, modern slavery, and child labor at Avnet and within our supply chain.**

- Avnet will never knowingly do business with other entities that engage in human trafficking, modern slavery, or child labor. Avnet endeavors to prevent and discourage its business partners from engaging in human trafficking, modern slavery, and child labor.
- We strictly prohibit child labor. Consistent with our supply chain commitment to the [Responsible Business Alliance](#), (formerly known as the EICC), Avnet will not employ persons below the age of 15 for any work and under the age of 18 for any work that is likely to jeopardize health or safety; or employ persons for work who are younger than applicable legal age requirements.

- We will not destroy, conceal, confiscate, or otherwise deny a person access to their identity, travel or immigration documents, regardless of the issuing authority;
- We truthfully and accurately disclose basic information about the nature of work to applicants, in a format and language accessible to the applicant; the key terms and conditions of employment.
- We prohibit the charging of recruitment fees and only use recruiters that comply with the local labor laws of the country in which the recruiting takes place.

Our **suppliers** are expected to adhere to the supply chain arrangements through our support and disclosure to the [Responsible Business Alliance](#) (RBA).

### **Transparency, Awareness and Compliance:**

- To ensure our stakeholders are informed, we provide many resources on Avnet.com.
- We summarize our stance on our [Human Rights](#), make available our public facing [Modern Slavery Statement](#), and provide our [Code of Conduct](#) in 16 languages.
- We drive employee awareness through bi-annual training on the Code of Conduct. The Code is reviewed for revisions every three years.
- We provide several compliance mechanisms for employees to report suspected violations—our ethics alert line, through leaders who are Code of Conduct Advisors, or through their manager.

# Labor

## Key Principles:

[Principle 3](#): Businesses should uphold the freedom of association & effective recognition of the right to collective bargaining;

[Principle 4](#): the elimination of all forms of forced & compulsory labor;

[Principle 5](#): the effective abolition of child labor; and

[Principle 6](#): the elimination of discrimination in respect of employment and occupation.

## Our Actions:

Avnet is committed to providing a workplace free of harassment<sup>1</sup> and prohibits retaliation against anyone who, in good faith, reports or participates in the investigation of actual or suspected misconduct, including actual or suspected violations of Avnet policy or applicable law<sup>2</sup>.

Avnet maintains strict compliance with all legal requirements regarding the equal treatment of all employees in the terms and conditions of employment<sup>3</sup>. Further, we recognize and appreciate the value that diverse backgrounds and perspectives bring to the workplace, and actively promote diversity in our talent management practices.

Through our **Workplace Health & Safety policy**, Avnet affirms that the health and well-being of its employees a priority and states our commitment to providing a safe work environment.

We ensure our workers are provided safe, suitable and sanitary work facilities and maintain [OHSAS18001 Health & Safety certifications](#) for our Asia distribution, integration and programming centers.

Our **Workplace Security** policy expresses our commitment to providing a secure and safe workplace environment for employees and visitors at Avnet facilities and events. Our policy is clear that acts of violence or threats of violence are not tolerated.

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<sup>1</sup> Global Workplace Non-Harassment Policy

<sup>2</sup> Global Non-Retaliation policy

<sup>3</sup> Global Equal Opportunity and Diversity and Inclusion Policy

We're committed to [Diversity and Inclusion](#) and clearly state our commitment to [equal opportunity employment](#), as protected by law.

[Avnet Cares](#), our volunteering and charitable giving program, is one of our longest running and most successful programs engaging employees while making communities stronger. Our work supports a broad range of non-profit organizations in more than 20 countries with thousands of Avnet employees have mobilized for coordinated volunteer campaigns.

Key documents in the Human Rights section of this document also apply to Labor.

**Transparency, Awareness and Compliance:**

- Our people (Labor) are a key consideration in our Enterprise Risk Management (ERM) process.
- Key points in the Human Rights section of this document also apply to Labor.



# Environment

## Key Principles:

[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

## Our Actions:

As part of our pledge of [Environmental Sustainability](#), our [Global Environmental Policy](#) highlights our various commitments to operating in a sustainable manner to help protect the environment of our employees, contractors, customers, partners and communities.

- We comply with all applicable environmental laws, directives and regulation and regularly monitor, review and report on progress to reduce our impact. Everybody at Avnet plays a part—while some parts are managed at the global level, we expect employees to be considerate of the environment, including everything from copies, to office recycling to the goods purchased on the company's behalf.
- As a supplier of electronic components from manufactures, we make [Reach/RoHS supplier](#) resources available to customers and make our policy statements available to customers.
- To ensure we have a solid Emissions Management System, we maintain [ISO14001 certifications](#) for strategic locations such as our distribution, integration and programming centers worldwide.
- We seek out and partner with customers who are creating technology for good. We're partnering with [Not Impossible Labs](#) to create technology products that enhance accessibility and inclusivity, and investing in early stage businesses in the [Avnet Innovation Lab](#) and [ASU Innovation Open](#) to grow companies with products that advance the human condition or reduce the impact on the planet.

## Transparency, Awareness and Compliance:

- The environment is a consideration in our Enterprise Risk Management (ERM) process and the Global Emissions Management System (EMS) leader sits on the ERM council.
- Our [environmental footprint data](#) has been public since 2013 and as a participant in the [Carbon Disclosure Project](#) since 2015, we significantly increased our rating in FY17.

# Anti-Corruption

## Key Principles:

[Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

## Our Actions:

- Our public facing [Ethics pages](#) on Avnet.com clearly state our position and program.
- Doing business ethically is part of our [Avnet Core Values](#).
- Our public facing [Code of Conduct](#) addresses Anti-Corruption, we provide an ethics alert line to report suspected misconduct and maintain an internal global Anti-Corruption policy.
- Suppliers are expected to adhere to the [RBA Code of Conduct](#) which addresses corruption in the Ethics section.
- We maintain a specialized unit, our Ethics and Compliance Office responsible for appropriate investigation and reporting.

## Transparency, Awareness and Compliance:

- Mechanisms are in place to assure effective implementation of company's codes of conduct.
- 100% of our target employees receive training on our policy and 99% have completed their written acknowledgement.

# Measurement of Outcomes

Avnet made specific progress enhancing its practices in all four areas covered by the U.N. Global Compact during FY17.

## Human Rights:

- **Determination of Risk:** In FY18 we completed the [Social Responsibility Alliance](#) STRT Human Rights Risk Assessment, an opensource tool that enables organizations to systematically assess their industry risk profile, policies and controls against established best practices. Led by the CSR Council, assessment participants gained insight across disciplines on various policies, safeguards and controls across the company and were better able to clearly articulate them to our customers who were inquiring.
- **Public Disclosure:** This document, our United Nation Communication on Progress, is our first public disclosure of practices for Human Rights and includes summaries of key internal policies not previously shared publicly.

## Labor:

- We have completed a diversity and inclusion benchmarking study.
- In FY17, we expanded the AvnetCares to include the recently acquired Premier Farnell Americas region. America's employees receive 8 hours of paid volunteer time each year to serve their communities.
- Improved the robustness and coverage our internal Health and Safety reporting for employees. Our CEO reviews this as part of monthly internal Operations Reviews.

## Environment:

- For the fourth consecutive year, Avnet participated in the [Carbon Disclosure Project](#)
  - Climate Change survey: In 2017, Avnet raised its' score from a 'C' to a 'B'. 2018 results will be released in November 2018.
  - Completed the Water survey for the first time in 2017 (not scored due to late entry) and 2018.
- Implemented numerous emissions reduction projects throughout the enterprise (examples. Updated LED lighting in HQ; flex-work policy for Europe and America's Electronic Components employees.)

## **Anti-Corruption:**

- We implemented a [Recoupment Policy](#) triggered by a restatement of the Company's financial results due to the misconduct of any employee.
- In addition, FY17 marked the fifth consecutive year that Avnet was recognized by [Ethisphere as one of the World's Most Ethical Companies](#).

## **Planned Commitments**

### **Human Rights:**

- We are evaluating making the STRT results publicly available.

### **Labor:**

- We are evaluating expanding the ethics alert line to include suppliers.

### **Environment:**

- We are re-engineering our EMS, moving from a 'tops-down' to a 'bottoms-up' approach and developing of a comprehensive Carbon Accounting manual for our EMS following the [Greenhouse Gas Protocol Corporate Standard](#).

### **Anti-Corruption:**

- We will be discussing how we can make our public pages more robust.

**AVNET**<sup>®</sup>  
Reach Further<sup>™</sup>