



Environmental, Social, and Governance

March 2022

2021 Report



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Letter From Our CEO



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

How does a company bridge the gap between the possible and the practical? At Arrow, we answer that question through the lens of Five Years Out. It's that mindset, that operating model, and that view of the world that allows us to consistently inspire, reimagine, and deliver on the call to action that is Five Years Out.

When you work in the world of Five Years Out, technology, processes, and decisions move faster every day. Despite the pace of change, Arrow's success has and always will be built on our core values, including ethics in how we do business, honesty and courage in dealing with others, personal accountability, and a relentless passion for service excellence.

Five Years Out also means we are naturally invested in the betterment and improvement of people, communities, and the planet. Smart cities, smart homes, and smart transportation have the potential to improve lives while simultaneously driving demand for the products we sell, all while expanding our addressable market. It is a virtuous cycle. That is why at Arrow, we have long said, "Doing good is good for business." This sentiment rings true today and was further amplified during the COVID-19 pandemic, proving that technology and the power of innovation make life better, not just for the few but for the many.

While our business in 2021 was, of course, impacted by the ongoing global pandemic, we remained committed to the people who sell, market, design, and engineer our products and solutions. Our team of nearly 21,000 employees globally is the key to our competitive differentiation. It is our people—our global, diverse, and committed workforce—who power our performance, our brand, and our value. And to remain successful over the long term, we know we must continue investing in our employees.

Additionally, as a trusted partner in a complex value chain, we believe Arrow is uniquely positioned to facilitate environmental and social stewardship and collaborate with customers and suppliers to achieve our common sustainability goals. We believe that applying the power of technology and innovation to address the world's economic, social, and environmental challenges enhances our product suite, expands our customer and supplier roster, and increases value for our shareholders and other stakeholders.



With innovation and impact as our guides, we look to our long-term stock performance as a reflection of our Arrow strategy in action over the years. To further emphasize our commitment to strategic and operational excellence, we have sharpened our focus on our environmental, social, and governance strategy and execution, conducting business in a way that is sustainable for the long-term across our stakeholder groups and society at large. In 2021, our commitment to transparency continued, as evidenced by the release of our inaugural ESG Report and the substance reported herein.

Guiding today's innovators to create a better tomorrow is a big responsibility, and it's one we insist on doing the right way. We provide in the pages that follow more information about our company and our focus on sustainable business practices, policies, and plans. We welcome your input throughout the year and value your support—whether as an investor, customer, employee, community member, or other stakeholder.

Sincerely,

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

Chapter 1

Who We Are

ARROW

Who We Are

Arrow Electronics, Inc. (“Arrow”) was founded in 1935 when a retail store named Arrow Radio opened on Cortlandt Street in the heart of lower Manhattan’s “Radio Row,” the birthplace of electronics distribution.

Fast-forward 87 years and Arrow, now headquartered in Centennial, Colorado, guides innovation for over 220,000 leading technology manufacturers and service providers. With 2021 sales of \$34.48 billion, we develop technology solutions that improve business and daily life for millions of people each year. Our expertise and broad technology portfolio help our customers create and make forward-thinking products accessible to as many people as possible around the world.

As a global provider of products, services, and solutions, Arrow aggregates electronic components and enterprise computing solutions for customers and suppliers in industrial and commercial markets. We maintain a network of more than 288 locations worldwide, with employees in 53 countries serving more than 90 countries.

Our strategic direction of guiding innovation forward is expressed as Five Years Out, a way of thinking about the tangible future to bridge the gap between what’s possible and the practical technologies to make it happen.

Our business strategy is focused on creating competitive advantages by establishing relationships based on shared values and pursuing innovations that strengthen Arrow’s reputation as an industry leader. And just as technology impacts all facets of our lives, we intend to foster new, cross-cutting collaborations between our customers, suppliers, and employees so that our efforts may yield considerable and unforeseen results. Working together, we can make the world a better place—now and Five Years Out.

We specialize in managing complexity

288

LOCATIONS

245

SALES
LOCATIONS

43

DISTRIBUTION AND
VALUE-ADDED
CENTERS

90+

COUNTRIES
SERVED

53

COUNTRIES
WITH
EMPLOYEES

Our Purpose in Action

Arrow believes that technology can serve as a force for good in people's lives. By collaborating with innovators to develop solutions that make life more fulfilling and prosperous, Arrow does more than extend technology's influence—we become part of the humanitarian solution.

1.1 Commitment to ESG

At Arrow, doing good is good for business and our global community. We monitor and manage our environmental, social, and governance (ESG) impacts and work closely with shareholders and other stakeholders to help create a better tomorrow and to assure the long-term sustainability of our company.

This report discloses ESG goals and performance updates on issues that most often impact our business model, with a specific focus on topics related to multiline distributors as outlined by the [Sustainability and Accounting Standards Board \(SASB\)](#), and includes an initial alignment with the disclosure topics outlined in the guidance from the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#).

In addition, this report outlines our progress on nine United Nations Sustainable Development Goals (UN SDGs) in areas related to our operations and global impact. Arrow has been a [United Nations Global Compact \(UNGC\)](#) signatory since 2011.



“ This year, we are proud to release Arrow’s inaugural ESG report, showcasing our accountability for corporate citizenship that advances Arrow’s business strategy. We recognize our unique position as an enabler of innovation and understand that our public commitments and actions to our stakeholders, internally and externally, have the potential to help address some of the world’s most pressing economic, social, and environmental challenges. From our front-line employees designing and enabling tomorrow’s green technologies, to our people managers facilitating a workplace that works forward for all, to our executive leadership team guiding the ship toward a sustainable future – we are in this together. ”

— Gretchen K. Zech, Chief Governance, Sustainability, and Human Resources Officer



Over the past two decades, Arrow has been named by Fortune as a World's Most Admired Company 20 times and has topped the "Wholesalers: Electronic and Office Equipment" category for eight consecutive years. The World's Most Admired list recognizes companies based on nine key attributes of reputation, including innovation, quality of products/services, global competitiveness, people management, and social responsibility.

1.2 ESG Progress and 2022 Goals

Our 2022 goals underscore our commitment to managing our social and environmental impacts in operations and our dedication to facilitating a better tomorrow through technology and innovation.

Environment

In 2021, we evaluated our carbon strategy and began collecting metrics to set a baseline that encompasses our controlled* facilities footprint. Our 2021 baseline data is detailed in the appendix. In 2022, we are committed to using these insights to reduce Scope 1 and 2 emissions. We intend to also begin evaluating our Scope 3 footprint and engaging with the Science Based Targets initiative (SBTi).

GOAL 1:

- Reduce our Scope 1 and 2 emissions across our Phase 1 controlled¹ footprint by 10% in 2022.

GOAL 2:

- Achieve ISO 14001 and ISO 50001 (environmental management) certifications for our largest North American distribution center.

Social

Arrow has a purpose-driven global workforce of nearly 21,000 people. We embrace inclusion and diversity as catalysts for innovation and are fully committed to equal opportunities for all. In 2022, to support a work environment where our people are treated fairly and equitably, we intend to expand our commitment to diversity, equity, and inclusion (DEI) through the following goals:

GOAL 1:

- Grow representation of women leaders globally and leaders who are of underrepresented race/ethnicity in the U.S. by 0.5 percentage points in each category in 2022, and by two percentage points in each category by the end of 2025.

GOAL 2:

- Complete our global pay equity analysis and adjust pay where appropriate to close any gaps.

Governance

Our ESG program is grounded by a strong governance framework, and the program strives for continuous improvement and increased business integration of Arrow's sustainability policies and practices. One element of our governance program is our online compliance trainings made available to all employees. In 2021, our average completion rate for compliance trainings was 95%, up 3% from 2020. We seek to improve year over year and have set a 2022 goal to increase participation in these trainings.

GOAL 1:

- Increase the average completion rate for compliance trainings from 95% to 96%.

GOAL 2:

- Convene an internal cross-functional ESG Leadership Committee responsible for guiding ESG strategy and related performance.

To demonstrate Arrow's commitment to the importance of these efforts, quantitative performance objectives related to carbon emission reduction and diversity and equality-related measures will be a component of our executive annual cash incentive plan for 2022. Details regarding objectives, targets, and achievement levels as approved by the Compensation Committee of the Board of Directors will be disclosed in Arrow's 2023 Proxy Statement.

We seek to provide clarity and transparency across all our reporting channels and intend to evolve our ESG reporting practices to best manage the impacts of our operations and meet shareholder and other stakeholder expectations. We welcome and value your input throughout the year. To provide feedback on this report, please email ESG@arrow.com.

[1] Controlled facilities are defined as those with respect to which Arrow has control and influence over energy-related decisions. As of December 2021, Phase 1 represented 73% of our controlled facilities and 42% of our overall footprint by square foot.

Chapter 2

Human Capital

Human Capital

Talent growth is our mindset.

We recognize that Arrow's innovation, performance, brand, and value are powered by our people. Our global team's gender and racial/ethnic diversity empowers us to anticipate and exceed the expectations of our customers in the broadest sense of the word.

We cultivate the talent of our workforce of almost 21,000 employees by focusing on our people as career investors. We believe grounding our efforts in our purpose—making the benefits of technology accessible to all—attracts, retains, and unifies the kind of people who thrive at Arrow. Over the coming years, we will continue to build from where we are today to the next level—Five Years Out.

We know that talent can be found and developed wherever we choose to look and invest. Five years ago, we set a global growth goal to increase gender parity at all levels of our organization and in every geography in which we operate around the world. We also set a growth goal to increase underrepresented race/ethnicity

talent at all levels of our organization in the U.S. We've achieved our first set of goals, yet we are not done. We continue to grow in alignment with the talent available in the labor markets everywhere we operate around the world.

We specialize in managing complexity so we can leverage the scale and synergies of our team, with employees across 53 countries, along with our multi-cultural and business diversity. Expanding our capabilities not only furthers our business strategy but also rewards our employees. Our human capital strategy grows our Arrow talent market through three main pillars—People, Work, Rewards—and is underpinned by a portfolio of six core talent stacks designed to leverage talent platforms, products, and services.



Top 50 Most Admired Companies for HR

In 2021, Arrow was once again named as one of the Top 50 Most Admired Companies for HR.

Management consulting firm, Korn Ferry, partners with Human Resource Executive each year to select companies for the Most Admired for HR list from Fortune's Worlds Most Admired Companies list. The Most Admired for HR award focuses on four HR-related attributes: management quality, product/services quality, innovation and people management. 2021's Most Admired for HR selection was aimed primarily at companies, and their respective HR organizations, that are enabling workforce transformation. At Arrow, our workforce transformation is powered by our common purpose: making the benefits of technology accessible to all. This, in turn, powers the personal greater good of making the benefits of career and livelihood accessible to all our employees around the world.

PURPOSE	
We believe in making the benefits of technology accessible to all.	
 <p>PEOPLE We believe in a workplace that works forward for all.</p>	<p>Work(place) Forward Culture: embracing inclusion and diversity as catalysts for innovation in technology and driving a future-focused work experience</p> <p>Work(force) Forward Culture: adapting and supporting our unique workforce in line with Arrow values</p>
 <p>WORK We believe in work that elevates career opportunity for all.</p>	<p>Skill Growth: growing agile learners at scale</p> <p>Career Opportunity Growth: creating pathways for lateral and upward movement at scale</p>
 <p>REWARDS We believe in rewards that improve performance outcomes for all.</p>	<p>Career Equity Growth: compounding knowledge, skills, abilities, experiences, and rewards at scale</p> <p>Performance Growth: creating value by driving a performance culture</p>

People

We believe in a workplace that works forward and we view our employees as investors in their own futures. We embrace inclusion and diversity as catalysts for innovation and are fully committed to equal opportunities for all. At Arrow, we describe this growth mindset as Global Work(place) Forward. We strive to anticipate how technology, markets, and people are evolving, and that with this insight, how our leaders and employees can adapt to technological advances, both in how we work and how we serve our customers.

Work

We believe in work that elevates career opportunity. With our perspective of “Five Years Out,” we are a community of continuous learners. Our talent platforms, products, and services cultivate the capabilities of our workforce throughout the organization. And, by augmenting our team with external talent acquisition, we further

expand our portfolio of capabilities.

Growing from the ground up, our focus on early career talent continually infuses diversity and new ways of thinking and doing into our workforce.

Rewards

We believe in reward opportunities that grow performance outcomes and career equity at scale. In addition to competitive compensation, we support our workforce with extensive benefits including affordable healthcare, flexible work arrangements, mental health resources, retirement savings plans, skills training, and opportunities for advancement. Chief among our core commitments are pathways for career growth, employment security, and a safe workplace.

With our uniting purpose, and a talent market focused on people, work, and rewards, we seek to create a work environment that benefits all.

2.1 People: We believe in a workplace that works forward for all

2.1.1. Global Workforce Enables the Business Strategy

Arrow's workforce and workplace are both extensive and complex with almost 21,000 employees across 53 countries. We specialize in managing this complexity, with all its multicultural and business diversity, through our global management and human capital platform synergies.

We specialize in managing complexity by leveraging scale and synergies

Active Employees, December 2021

AMER

6,100

18% People Leaders
82% Individual Contributors
43 Years Median Age
5 Years Median Tenure
21% Voluntary Turnover Rate
6 Countries Represented

EMEA

6,800

18% People Leaders
82% Individual Contributors
40 Years Median Age
5 Years Median Tenure
13% Voluntary Turnover Rate
33 Countries Represented

APAC

7,800

20% People Leaders
80% Individual Contributors
34 Years Median Age
3 Years Median Tenure
19% Voluntary Turnover Rate
14 Countries Represented

2.1.2. Types of Employment

As of December 31, 2021, Arrow employed a total workforce of approximately 21,000 employees worldwide, over 98% of whom were regular employees, and under 2% of which were directly employed temporary employees.

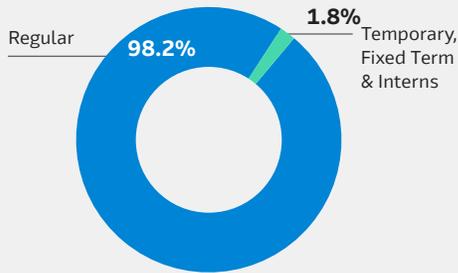
Arrow engaged approximately 900 (4%) contingent/contract workers worldwide. Combined, this accounted for a total of almost 22,000 people working on Arrow's behalf around the world.

We take a thoughtful and narrowly-tailored approach to temporary work that helps support a work environment where all workers, including directly employed temporary employees and contract/contingent workers, are treated fairly, respectfully, and in accordance with all applicable laws.

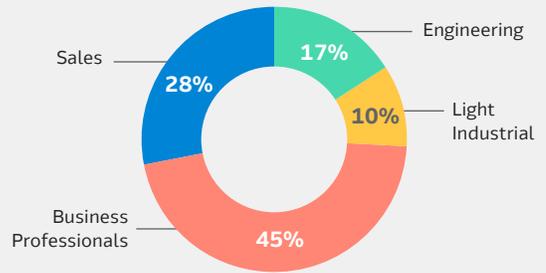
Arrow hires directly employed temporary employees and engages contract/contingent workers to meet specific needs: (1) to provide temporary additional support on a project; (2) to fill the absence of a regular employee out on leave of absence; or (3) to determine if a regular employee position is warranted.

ARROW EMPLOYEE DISTRIBUTION

54:1 - Ratio of regular employees to temporary employees

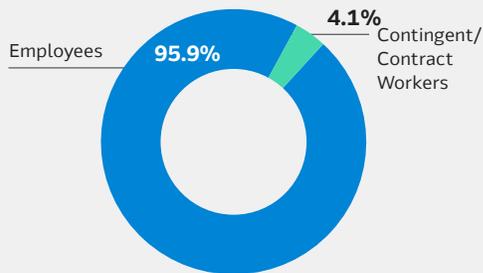


EMPLOYEE DISTRIBUTION BY PROFESSIONAL SEGMENT

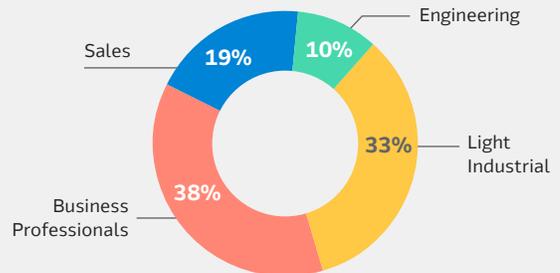


ARROW WORKFORCE DISTRIBUTION

24:1 - Ratio of regular direct employees to contingent/contract workers



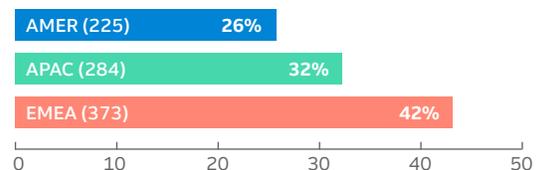
CONTINGENT/CONTRACTOR WORKER DISTRIBUTION BY PROFESSIONAL SEGMENT



Contingent workers are employed globally in each of Arrow's four major professional segments, with the largest percentages in our business professional and light industrial workforce segments. The use of directly employed temporary employees and contingent/contract workers for short- and term-limited durations has been a cost-effective way for Arrow to complete special projects efficiently. We believe these valuable human resources contribute to Arrow's innovative talent base while acquiring key marketable skills and the possibility for regular employment opportunity at Arrow.

We are committed to advancing high performing directly employed temporary employees and contract/contingent workers into available regular jobs at Arrow to retain talent and grow career opportunity. As of December 31, 2021, Arrow advanced 29.7% of its 2021 contingent/contract workforce to regular employment.

GEOGRAPHIC DISTRIBUTION OF CONTINGENT/ CONTRACT WORKERS (Total = 882)

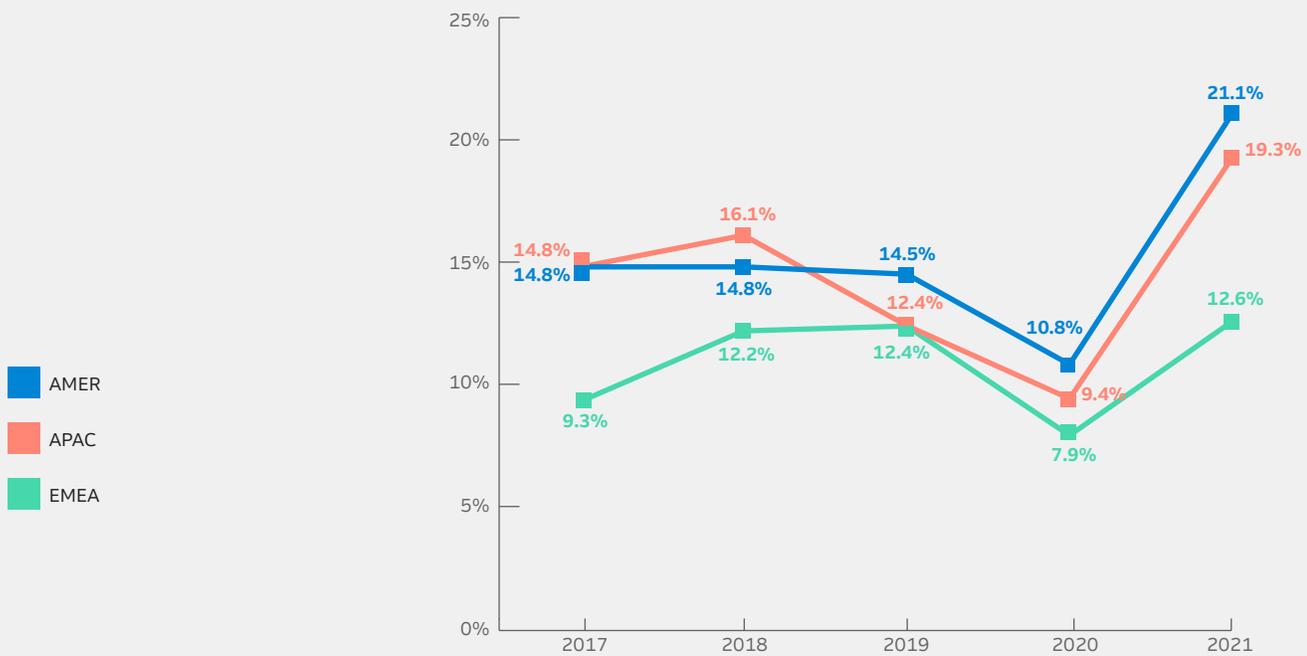


Turnover

Voluntary turnover increased in 2021 across all Arrow's global regions after a decrease in 2020 during the first year of the global pandemic. In EMEA, the 2021 voluntary turnover rate was above the three-year pre-pandemic average by slightly more than one percentage point. However, in AMER and APAC, the voluntary turnover rates increased six and five percentage points, respectively, over the three-year pre-pandemic average.

We are committed to carefully monitoring our voluntary turnover rates and analyses compared to companies of similar geographical and occupational profiles (our benchmark), which will continue to inform our People, Work, and Rewards operational plans to retain talent and grow career opportunity.

Voluntary Turnover, by Region, 5 year trends



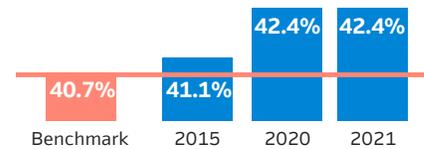
2.1.3. Global Gender Diversity

In 2015, we set a multi-year growth goal to increase gender diversity globally. We knew that talent could be found and developed wherever we chose to look and invest. Today, women make up 42.4% of Arrow's nearly 21,000 employees, an increase from 41.1% in 2015. Our global gender representation exceeds the global total available talent market for women in Arrow's geographical and occupational profile (our benchmark), which is 40.7%.¹ Furthermore, Arrow has a consistent gender distribution across the globe, with less than 1% variance in gender equality across our three major regions – Americas (AMER), Europe/Middle East/Africa (EMEA), and Asia Pacific (APAC).

While Arrow's global women share representation is higher than our benchmark, we are not yet done with our efforts to improve.

Arrow is committed to growing global share representation of women leaders, via both short-term and multi-year goals for representation that is consistent with overall Arrow global gender diversity share. To this end, we have established quantitative goals to grow representation of women leaders globally by 0.5 percentage points in 2022 and by two percentage points by 2025. Business leaders have similar goals based on the specific demographics of their organizations to drive the overall company results.

**GLOBAL GENDER: WOMEN
ARROW COMPARED TO BENCHMARK¹**



Diversity Spotlight

Arrow is committed to attracting, developing, and retaining our diverse workforce. In 2021, we invested in both global and regional initiatives.

Global Initiative: Investing in our Global Women Leaders of the Future

- Across Arrow, we are creating a global network of empowered women leaders who serve as role models and mentors for other women across the organization.
- Since 2020, Arrow has sponsored 30 women through executive leadership acceleration workshops, with a 94% retention rate
 - » 15 corporate support function leaders
 - » 15 sales, sales support, and engineering leaders
 - » The average participant rating for the program by these attendees was 4.9/5. Arrow plans to continue to sponsor our female managers and directors with strategic partners that specialize in developing women leaders

Efforts towards this growth are reflected in our talent development platforms, products, and services, as well as our focus on understanding the total available talent market for women in those geographies where we have at least 100 employees. Key accomplishments to date include:

45.8%

of our supervisors are women (higher than Arrow's total women share representation and an essential pipeline position into leadership opportunity at Arrow).

46.0%

of our early career talent* are women (higher than Arrow's total women share representation and our benchmark).

*early career talent is defined as individuals who are 30 years of age or younger

[1] The global women benchmark is determined by using calculations based on Arrow's global occupation distribution and data sourced from the ILOSTAT database (<https://data.worldbank.org/indicator/SL.TLFTOTL.FE.ZS?view=chart>, retrieved June 15, 2021) and the census.gov Equal Opportunity Tabulation (<https://www.census.gov/topics/employment/equal-employment-opportunity-tabulation.html>)



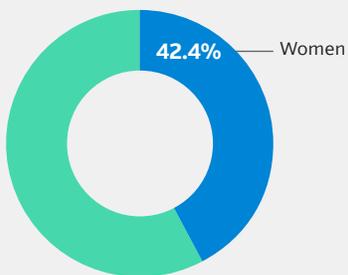
STATE STREET GLOBAL ADVISORS

Top Company for Women in Leadership

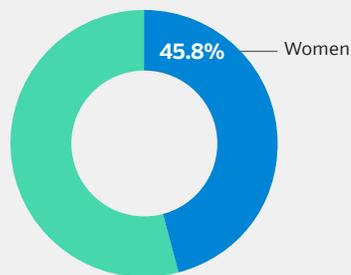
The State Street Global Advisors recognized Arrow Electronics for gender diversity in leadership through its 2021 Gender Diversity Index. Inclusion in the Gender Diversity Index means that Arrow Electronics is among the top companies in the U.S. in its sector when it comes to women in leadership. Research shows that companies with strong female leadership perform better.

For additional details on Arrow's actions to grow female representation, go to our [Career Opportunity Growth section](#).

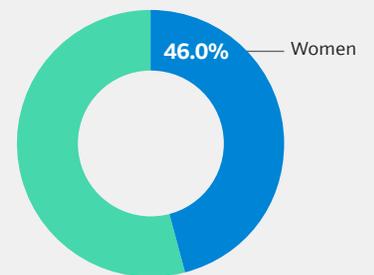
**Gender Representation:
All Employees**



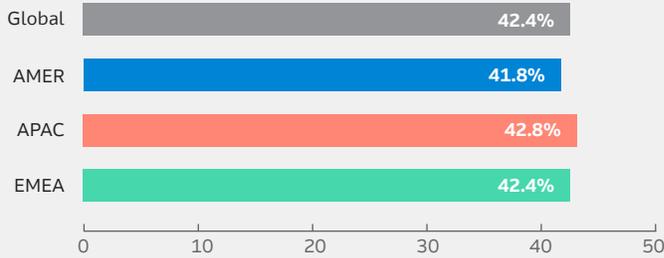
**Gender Representation:
Supervisors**



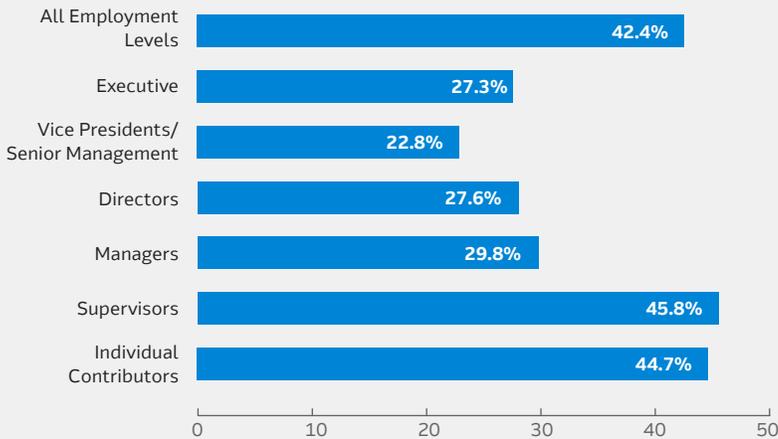
**Gender Representation:
Early Career**



Global and Regional Gender Demographics, Women, 2021



Global Gender Demographics, Women, by Employment Type, 2021



APAC Initiative

In the APAC region, Arrow hosts the series, "Women Leaders Forum." This platform empowers women to grow and take charge of their career by expanding their network and increasing their exposure to successful peers and women leaders in the organization. The theme in 2021 was "#ChoosetoChallenge." Three virtual forums were conducted with 25 women participants from India, Singapore, Malaysia, Thailand, Korea, and Australia. Key topics covered included:

- The "#ChoosetoChallenge" theme – Challenging doubts and negative noises
- Sharing from guest speakers – qualities of strong leaders
- Inspirations from famous women leaders – learning from Deshauna Barber's life on "Never Give Up"
- Commitment and actions – walk the talk, treat everyone with respect, embrace diversity



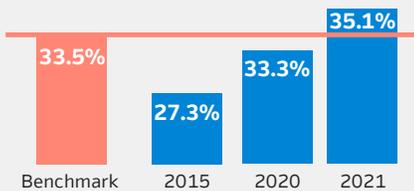


[2] The underrepresented race/ethnicity benchmark is determined by using calculations based on Arrow's U.S. occupation distribution and data sourced from the U.S. Bureau of Labor Statistics, Labor force characteristics by race and ethnicity, 2019 (<https://www.bls.gov/opub/reports/race-and-ethnicity/2019/home.htm#table-2>) and the census.gov Equal Opportunity Tabulation (<https://www.census.gov/topics/employment/equal-employment-opportunity-tabulation.html>).

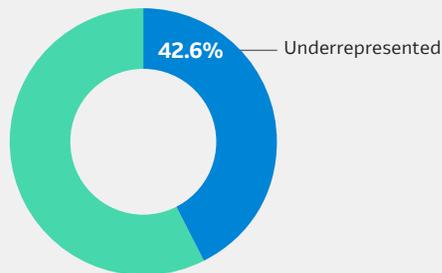
2.1.4. U.S. Race/Ethnicity Diversity

In 2015, we also set a multi-year growth goal to increase underrepresented race/ethnicity diversity in the U.S. We knew that talent could be found and developed wherever we chose to look and invest, and Arrow's focus to expand capability across the enterprise by better accessing the total available talent market has never been stronger. Persons of underrepresented race/ethnicity comprise 35.1% of Arrow's current U.S. workforce is made up of persons of an underrepresented race/ethnicity, an increase from 33.3% in 2020 and from 27.3% in 2015. By comparison, the total available talent market in the U.S. for underrepresented race/ethnicity in Arrow's geographical and occupational profile (our benchmark) is 33.5%².

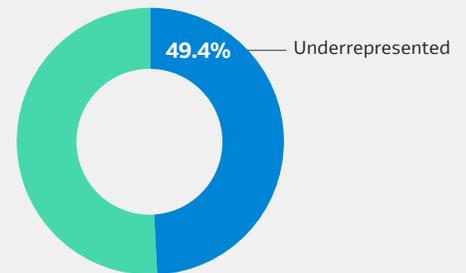
U.S. Underrepresented Race/Ethnicity
Arrow Compared to Benchmark



U.S. Underrepresented Supervisors Percentage



U.S. Underrepresented Early Career Percentage



While Arrow's U.S. underrepresented race/ethnicity share representation is higher than our benchmark total available talent market, we are not yet done with our efforts to improve.

Arrow is committed to growing U.S. share representation of leaders who are of underrepresented race/ethnicity, via both short-term and multi-year goals for representation that is consistent with overall Arrow U.S. underrepresented race/ethnicity diversity share. To this end, we have established quantitative 2022 and multi-year goals to grow representation of leaders who are of underrepresented race/ethnicity in the U.S. by 0.5 percentage points in 2022 and by two percentage points by 2025. Business leaders have similar goals based on the specific demographics of their organizations to drive the overall company results.

Efforts to facilitate this growth are reflected in our talent development platforms, products, and services, as well as our focus on understanding the total available talent market for underrepresented race/ethnicity in U.S. geographies where we have at least 100 employees.

42.6% of our supervisors are diverse by race/ethnicity (higher than Arrow's total underrepresented race/ethnicity share representation and an essential pipeline position into leadership opportunities at Arrow).

49.4% of our early career talent* are diverse by race/ethnicity (higher than Arrow's total race/ethnic diverse share representation and our benchmark).

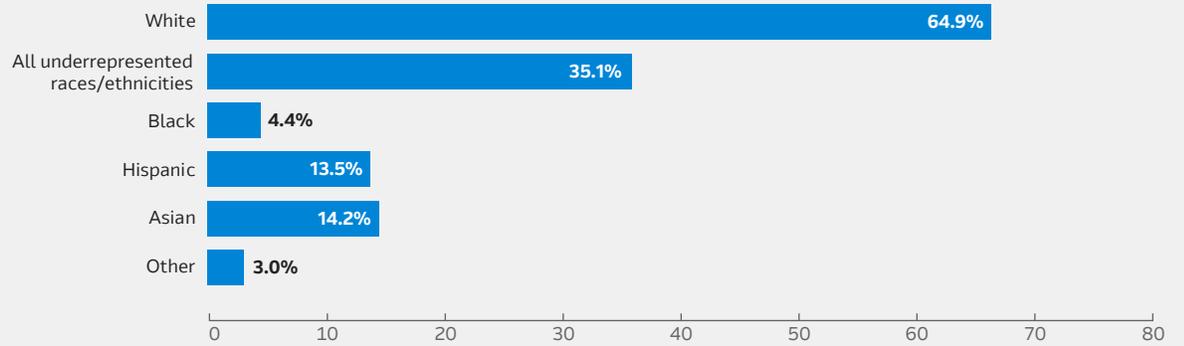
*early career talent is defined as individuals who are 30 years of age or younger

For additional information on Arrow's commitment to grow our representation of underrepresented employees, view our Career Opportunity Growth section.

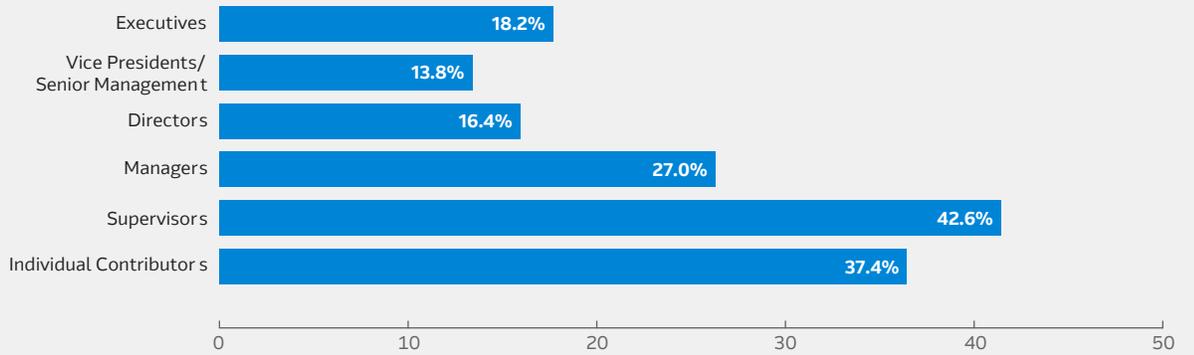


U.S. Race/Ethnicity Diversity

Race/Ethnicity
Diversity, 2021



Race/Ethnicity
Diversity, by
Employment Type,
2021





AMER Initiative

In the AMER region, Arrow annually hosts Diversity Day at our corporate headquarters, inviting diverse students and staff from Colorado area universities to learn about Arrow's culture, the company's summer intern program, and career opportunities at Arrow. Students are nominated by university staff to attend the event. Key features of the event include:

- Arrow executive who serves as the event's Diversity Champion
- Leadership panel of diverse employees
- Facilitated discussions with former Arrow interns
- Workshop on how to apply for an internship

2.1.5. Talent Attraction

Five years ago, we knew we had an opportunity to expand capability across the enterprise by better accessing the total available talent market. So, we focused on the data and implemented a macro to micro talent canvass with the recruiting process, looking at the following factors:

- Total available labor market by country, subregion, state, and city, including unemployment, underutilization, and education
- Workforce segment available labor market (sales, engineering, light industrial, professional)
- Education and experience available labor market
- Gender available labor market
- Race/ethnic diversity representation in the U.S.

With our focus on the available talent market grounded in data, we are committed to proportionate interview slates for open positions wherever we are hiring.

2.1.6. Equal Employment Opportunity

Guiding innovation forward demands mutual respect, professional ethics, and a shared set of standards. The value we deliver is greater when we work together.



Best Place to Work for Equality

For the fourth consecutive year, Arrow Electronics earned a perfect score of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index, the nation's foremost benchmarking survey and report measuring corporate policies and

practices related to the LGBTQ workplace equality. Arrow joins the rank of 840 major U.S. businesses that also received top marks this year.

The CEI criteria used to rate employers are reviewed annually and periodically change, raising the bar to reflect best practices for LGBTQ inclusion and to drive companies to improve their commitment to the community. The criteria fall under four central pillars:

- Non-discrimination policies across business entities
- Equitable benefits for LGBTQ workers and their families
- Supporting and inclusive culture; and,
- Corporate social responsibility

To create a better tomorrow:

- Arrow provides equal employment opportunities for all qualified persons without regard to disability, race, color, religion, national origin, age, gender, marital status, sexual orientation, gender identity or expression, citizenship, veteran status, genetic information, or any other characteristics protected by law. These personal attributes may not play any part in any employment decision, including recruitment, hiring, promotion, transfer, rate of pay, training, and termination.
- Arrow's equal employment opportunity policy applies to all Arrow employees worldwide, as well as to all our subsidiaries and affiliated companies.



2.1.7. Equal Employment Opportunity (“EEO”) Report

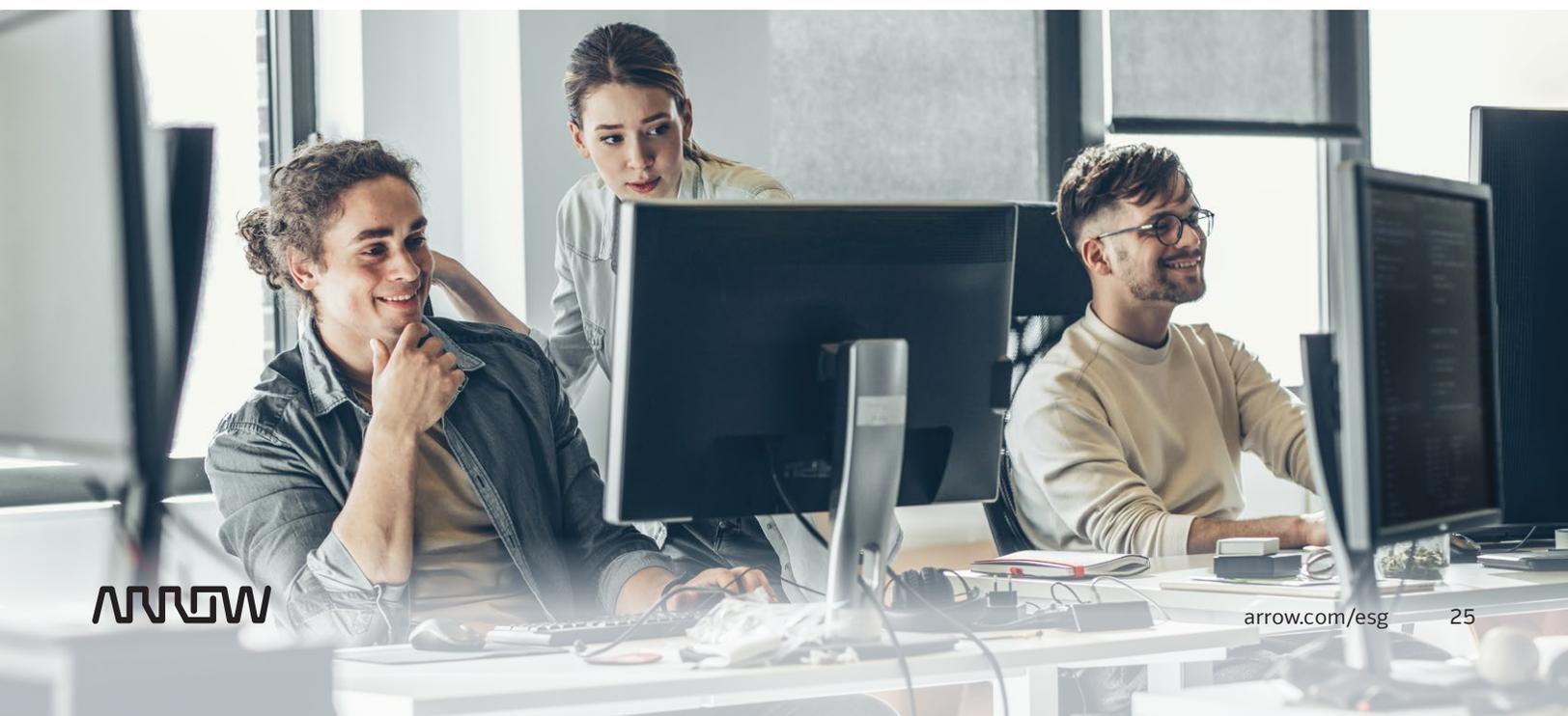
Our EEO data statements are in accordance with U.S. government requirements. Our most recent is included in the [Human Capital Data](#) section of the Appendix and will be updated with 2021 data.

2.1.8. Culture and Values

Every employee that makes up Arrow's diverse footprint is selected for their unique ability and background. But we believe we all have one thing in common: the collective commitment toward creating an innovative workplace. This collective commitment is nurtured by our respect for Arrow values. As an Arrow employee, honoring these values is imperative to our culture.

Arrow Values:

- **Ethical.** We believe in and are committed to behaving with integrity and respect at all times, when everyone is watching and when no one is watching.
- **Open-Minded and Courageous.** We believe in and are committed to behaving with well-intended curiosity, welcoming diverse ways of thinking and working, expanding our mind- and behavior-sets, when venturing and when persevering.
- **Results-Oriented and Accountable.** We believe in and are committed to behaving with responsibility and ownership for the quality of our work, when accomplishing intended outcomes and when course correcting.
- **One Arrow.** We believe in and are committed to behaving with the broadest view of our organization, understanding the vital role we each play for the greatest good of all stakeholders.
- **Innovative.** We believe in and are committed to behaving with original thinking and executing new ideas, continuously adapting our mind- and behavior-sets to create increased value.
- **Customer Centricity.** We believe in and are committed to behaving with a customer-first orientation, earning trust and loyalty, and driving repeat and growing business.



2.1.9. Inclusion Principles

At Arrow, we aggregate technology solutions across industries to better serve businesses and communities the world over. We guide innovation forward and make technology more globally accessible. Our solutions arise from our culture of innovation, inclusion, collaboration, and honest consideration of one another's unique viewpoints and experiences. Our diversity empowers us to anticipate and exceed the expectations of our customers. Together, we help our customers see beyond their horizons.

Our team is comprised of persons from every corner of the world, and we are as diverse as our customers. Inclusion and

diversity are business imperatives that underlie everything we do. The wide variety of talents, viewpoints, and identities in our ways of working and developing solutions is the catalyst for our innovation. We advance technology, deliver solutions, and anticipate the future before others. This is what makes working every day at Arrow an innovative professional experience.

In 2021, Arrow launched a customized online training series for employees and managers globally. This service focused on instilling awareness, application, and accountability for Arrow's Inclusion Principles.

We Are Arrow. Inclusion Principles:

It is because of our goodwill and willingness to take in and act upon the multiple perspectives our team embodies that we are...

Accountable
to a shared vision of inclusion and diversity across Arrow



Responsible
for inviting new ideas to foster innovation for our customers



Respectful
of the various viewpoints held by our team, the world over



Open-Minded
with well-intentioned curiosity, welcoming diverse ways of thinking and working



Welcoming
in how we make people feel so they can do their best work



2.1.10. Global Work(place) Forward Enterprise

We believe in a workplace that works forward, and we view our employees as investors in their own futures. We embrace inclusion and diversity as catalysts for innovation and are fully committed to equal opportunities for all. At Arrow, we describe this growth mindset as Work(place) Forward. Arrow's Global Work(place) Forward enterprise anticipates how technology, markets, and people are evolving. With this insight, our leaders and employees can adapt to technological advances, both in how we work and how we serve our customers.

The strategic priorities for Arrow's Global Work(place) Forward include the following:

- Arrow's Multicultural and Global Advantage in Technology
- Arrow's Advancement of Women in Technology
- Arrow's Advancement of Persons with Disabilities via Technology Enablement
- Arrow's Inclusion and Diversity as Catalysts for Innovation in Technology
- Arrow's Future Work Experience

Arrow's Global Work(place) Forward strategic priorities are supplemented with employee engagement programming, surveys, and listening sessions regionally and globally. With this insightful employee feedback, we adjust management practices to support continued alignment of Arrow's values and brand with our employee experience.

Work(place) Forward Examples:

Arrow's Advancement of Women in Technology

To support Arrow's Advancement of Women in Technology, we are growing a global network of empowered women who serve as role models and mentors for all women across the organization. In addition, Arrow participates in industry events focused on increasing diversity in technology.

EMEA Initiative

In the EMEA region, Arrow ECS Ireland, along with seven other global corporations, sponsored an exclusive virtual event featuring conversations around the adoption of diversity in IT. This event was hosted by Language of Leadership and included a panel discussion on diversity in the workplace. The panel included Arrow's President, Global Enterprise Computing Solutions, along with executive female leaders from Microsoft and Lenovo. The panel focused on hiring and building diverse teams.

Arrow ECS Ireland is an active sponsor of Women in Business in Technology, hosting events that take place twice a year.



2.2 Work: We believe in work that elevates career opportunity for all

The Business Strategy Enables Career Opportunity Growth

2.2.1. Global Training and Development

Training and development, with a specific focus on level-up skill acquisition and/or retraining, are essential to Arrow's business strategy and the employee experience. With skill training and development, our employees have the opportunity to maximize their career investment through their time and effort expended growing their expertise. For Arrow, employee capability growth facilitates business growth.

Digital Training for All

At Arrow, we are a community of continuous learners and provide easily accessible, on-demand digital training opportunities for all employees. Arrow's Global Workforce Skills model enables employees to identify their opportunities for growth and impact and provides related and relevant training content. Arrow's digital training platform has more than 13,000 training courses, with examples such as:

- Listening Essentials
- Communicating with Confidence
- Microsoft Excel 101
- Maximizing your Productivity by Managing Time and Tasks

Contemporary and Focused Content

In addition to offering frequently refreshed global content, Arrow has a group of internal learning leaders who collaborate and create new business-specific learning content. In 2021, Arrow added over 1,600 new learning items to our global library. Example topics range from business unit sales courses "Why Partner with Arrow," "Working on Government Contracts," to "Six Sigma – An Introduction to Arrow White Belt." This content engages our employees and fosters knowledge gains at scale and on-the-job development, which in turn reinforces innovation and growth at Arrow.

A Step Further

We complement training opportunity with learning tools and job aids to pinpoint the skills our employees are most interested in developing. This enables us to identify where and how to further invest in training. Arrow also offers resources that foster mentoring relationships and leverage internal expert networks.

Arrow's Global Workforce Skills:

- Business Productivity
- Data Literacy
- Financial Acumen
- Interpersonal Communication
- Presentation Delivery
- Project Management
- Strategic Mindset

Arrow's Learning Leaders

Community: Arrow's Digital Learning team regularly engages a global group of internal subject matter experts to ensure Arrow-specific training content is optimized and up to date. This critical feedback loop enables our digital training content to adapt to Arrow's innovative environment.

Empowered Career Investors:

Arrow is committed to ensuring employees have the knowledge and resources they need to navigate our wide and varied network of global opportunities for growth and development. In 2021, we launched our **Career Navigator** platform to guide employees on their career growth journey.

Global Training and Development Highlights

94% of all Arrow employees engaged in online training resources in 2021*

96% of all Arrow people managers engaged in online training resources in 2021*

4.3 Average number of courses employees completed in 2021*

\$216 per employee Arrow investment in training in 2021

4.6 OUT OF 5 Average course rating of our online learning content

*Does not include TrueOffice Compliance training platform



**Example: Sales
Segment Training
Portfolio**

To facilitate Arrow's business transformation to a technology solutions provider, we developed a portfolio of training products and services that focused on growing sales solutions capability.

In 2021, more than 1,900 individuals accessed ongoing training and used on-demand resources provided through our Sales Essentials and Training Portal. The available tools supported efforts to align selling approach and practices across the organization.

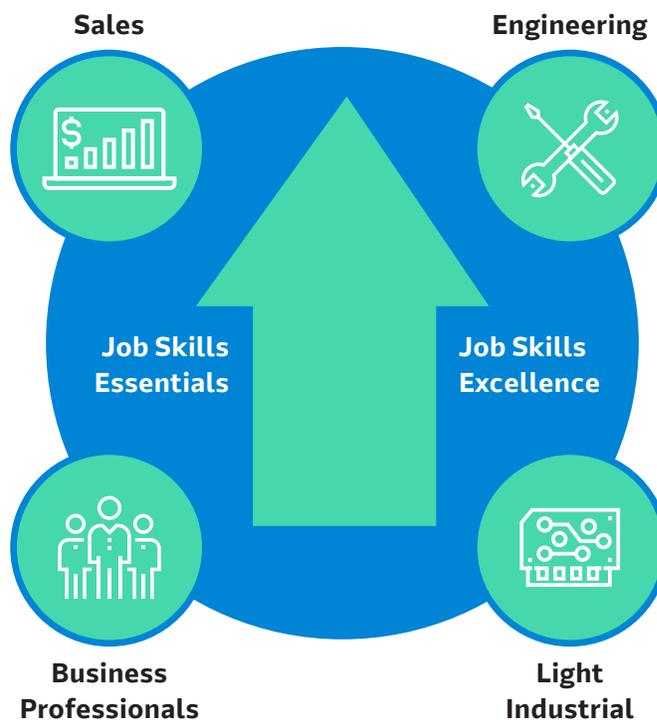
2.2.2. Workforce Segment Training and Development

We recognize that different talent segments have different needs. Our training programs are organized around four workforce segments: sales; engineering; light industrial; and business professionals.

Each workforce segment has dedicated training and development teams supported by subject matter experts to identify the unique needs of the employee segment from individual contributors through vice presidents. With this dedicated focus, we have a portfolio of training products and services to address foundational skills, scalable ongoing training reinforcement, and targeted training to support business performance excellence.

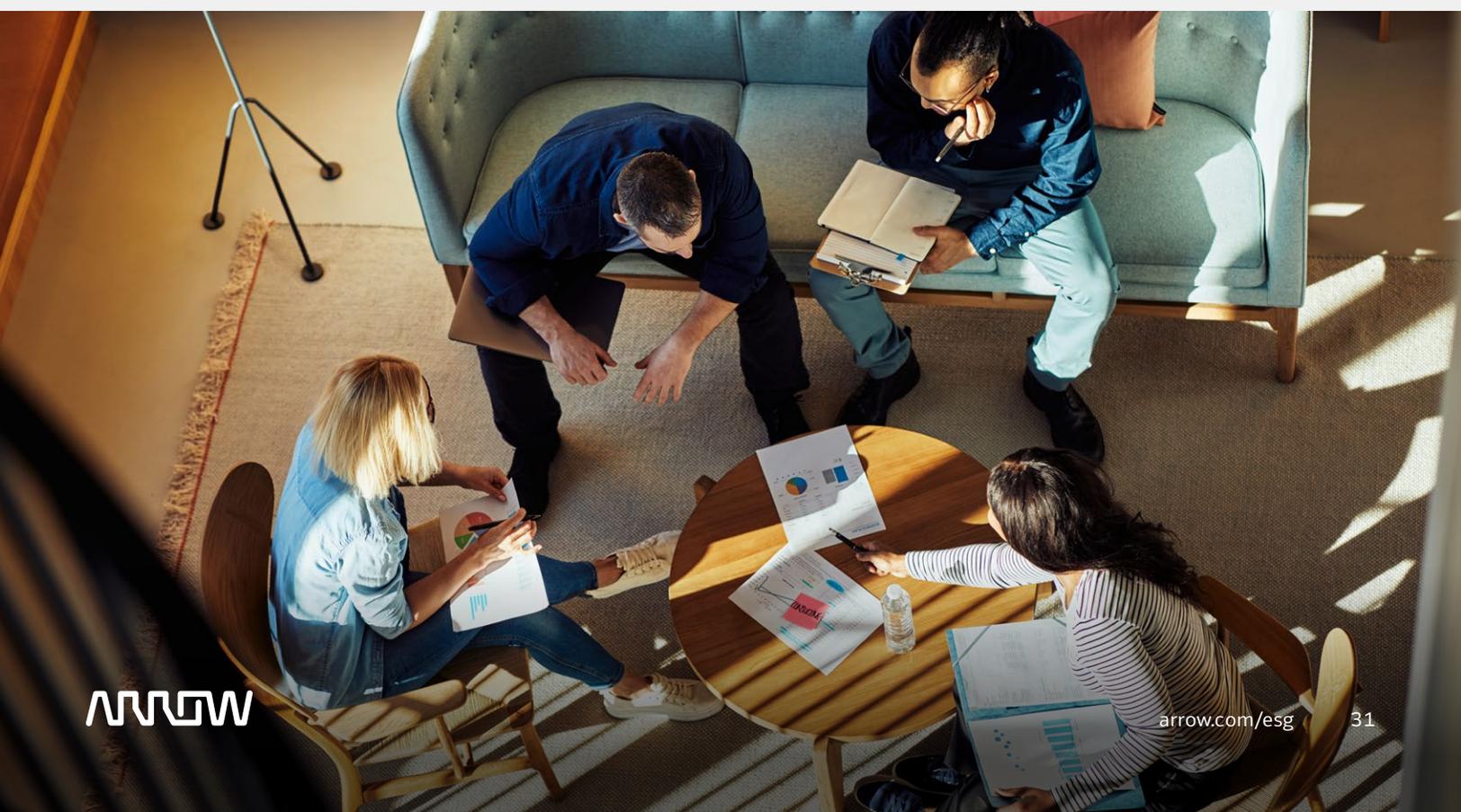
As part of Arrow's differentiated training strategy, our training teams:

- Identify critical roles and skills
- Curate targeted curriculum and tools to build skills and capabilities
- Leverage technology for consistency and scale
- Facilitate a community of cross-functional business leaders who serve as a governing body for each workforce segment's training and development strategy and operational deployment



Sales Training Initiatives

2019	2020/2021	2021	
<p>Global Sales Development Program (GSDP)</p>	<p>Sales Essentials Training Program</p>	<p>Sales Essentials + Training Portal</p>	<p>Sales Council</p>
<p>676 employees trained</p>	<p>1226 current and new hires trained</p>	<p>1422 individual contributor users</p>	<p>8 senior sales leaders representing AMER, EMEA and APAC</p>
<p>Arrow supports business specific requests for training solutions to support different business initiatives.</p>	<p>Arrow's Sales Essential Training Program focuses on proactive selling and negotiation skills, as well as on developing long term and mutually beneficial partnerships with our customers.</p>	<p>Arrow provides ongoing training reinforcement via training portals. Global sellers and sales managers have 24/7 access to short articles and digital training around key business topics that can be leveraged on-demand as needed.</p>	<p>Arrow's Sales Council was established and charged with:</p> <ul style="list-style-type: none"> • identifying a common selling approach across Arrow • expanding capabilities of enterprise relationships with a common vocabulary • increasing new sellers' ramp-up time • outlining best practices for new customer engagement and adoption



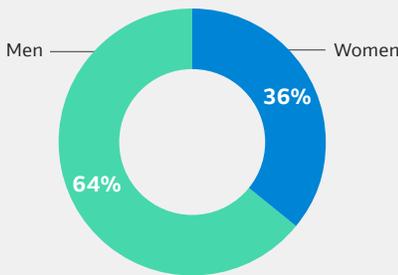
2.2.3. Leadership Training and Development

Arrow values leadership excellence. We invest in structured, virtual, instructor-led training and development for vice presidents, directors, managers, and supervisors. Our programs incorporate assessments, coaching, and skills practice for maximum impact. All programs include formal evaluations to assess training and development effectiveness for ongoing improvement.

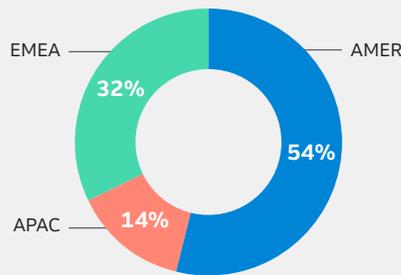
Global Arrow Leadership Academy ("GALA") – Vice Presidents and Directors

GALA is a seven-month global leadership development program for vice presidents and high-potential and high-performing directors. The program focuses on three leadership tenets: *Lead by Example*; *Lead our Business*; and *Lead our Future*. Throughout the GALA program, participants learn and network with Arrow leaders from across the globe. They learn innovative leadership skills to apply on the job, work one-on-one with a coach, and run a state-of-the-art business simulation. By the end of the program, participants are equipped with the capabilities and tools to guide innovation and transformation by thinking *Five Years Out*.

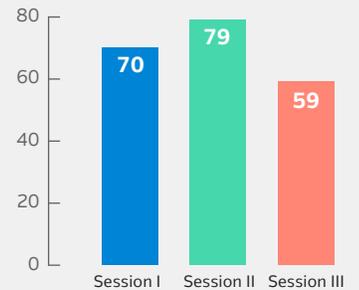
2021 Global Cohort
28 Leaders



Region Representation



**Net Promoter Score/
Training Evaluation***



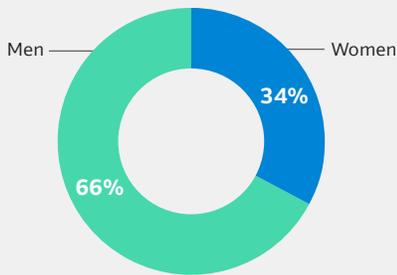
* A score above 50 is categorized as excellent

Leadership Excellence Program (“LEP”) – Directors and Senior Managers

LEP is a seven-month regional leadership development program for mid-to-senior management levels across functions and businesses. This program accelerates Arrow’s success by developing leaders focused on growth mindsets and collaboration. This global program creates business forward momentum in all three regions.

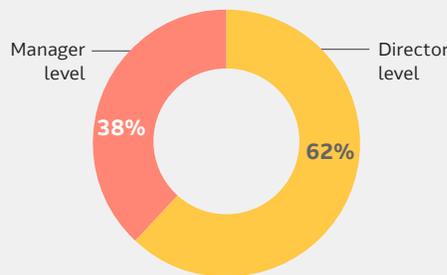
2021 Global Statistics

73 Participants



Global Representation

18 Countries



Average Overall Training Evaluation*



4.55

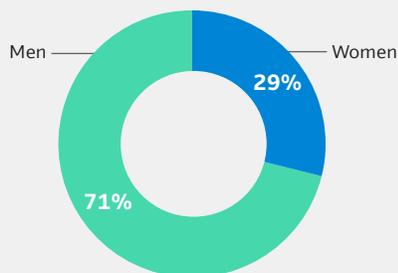
*Evaluation scale 1-5
(5 = excellent)

Management Essentials Plus (MEP) – Managers

MEP is a four-month regional leadership development program for mid-level people managers and builds on the Management Essentials primer course. This program was piloted in the AMER region in 2021 and accelerates Arrow’s success by developing leadership skills that contribute to success as a people manager and team leader: coaching, delegation, managing conflict, and leading change.

2021 Pilot

14 Leaders



Average Overall Training Evaluation*



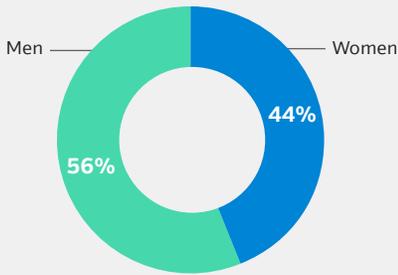
8.3

*Evaluation scale 1-10 (10 = Excellent)

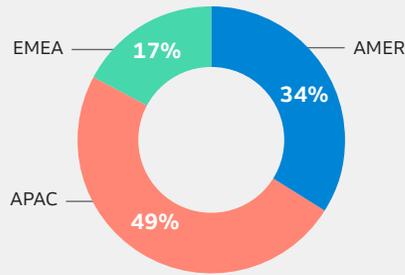
Management Essentials (“ME”) – Managers

ME is a four-day leadership development program for entry-level people managers and builds practical skills to manage people and maximize performance.

2021 Global Statistics
478 Managers



Region Representation



Average Overall Training Evaluation*



9.0

* Evaluation scale 1-10 (10 = Excellent)

Supervisor Essentials (“SE”) – Supervisors

SE is a highly interactive three-day workshop that develops front-line supervisors working in Arrow’s light industrial facilities. It focuses on the core fundamentals of supervising a front-line team.

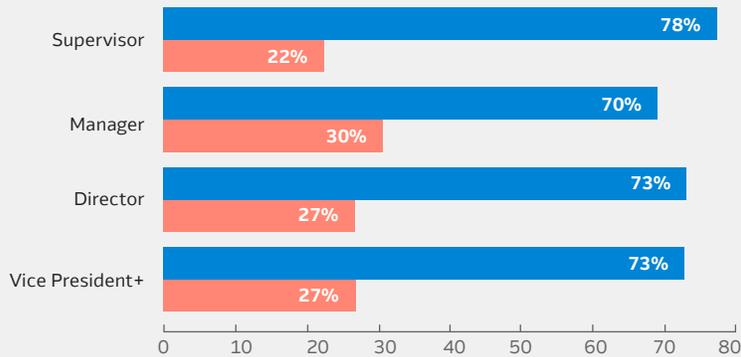


2.2.4. Career Opportunity Growth

At Arrow, we view our employees as investors in their own futures. Employees invest in Arrow by bringing their unique talents, experiences, and perspectives to the organization. And over time, employees can expect a return on their investment, in the form of compounding their knowledge, skills, and abilities as their careers grow within the company. In 2015, we began to set targets for internal growth to increase the share of lateral and promotional movement awarded to internal talent. Nearly three quarters of available opportunities now go to our internal talent, highlighting the success of this initiative.

Internal Talent Growth

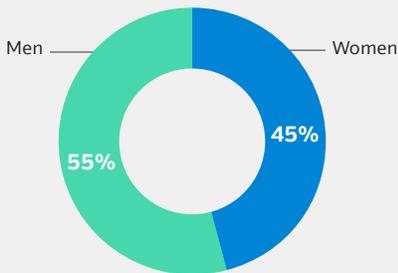
All job movement (hires, promotions, laterals) from 1.1.2021 to 12.31.2021



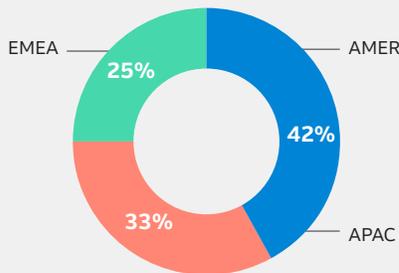
Innovating Early Career Talent Programs

Attracting and retaining early career talent enables Arrow to expand our capabilities and growth from the ground up. Our global focus on early career talent—university interns, graduates, and management trainees—also infuses gender and diversity into our workforce. In 2021, we attracted 150 students to our programs. Because the programs are delivered virtually and leverage global online collaboration, we reach a broad, geographically dispersed student population. We engage senior leaders to host events and speak to our early career talent, with 2021 featuring our Chief Operating Officer who spoke about the future of Arrow.

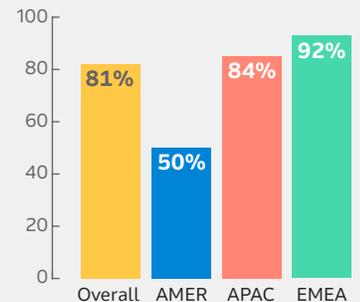
2021 Early Career Talent 150 Participants



Region Representation



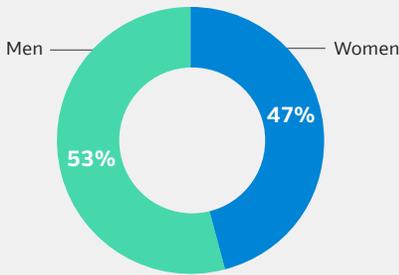
Conversion Rates



EMEA Graduate Program

The EMEA Graduate Program develops recent graduates into industry professionals through business immersion. Selected graduates from multiple countries across EMEA join different businesses within Arrow for a year-long training and development journey. This program sets graduates up for success in their careers at Arrow with (1) a two-week onboarding process that pairs the graduate with an experienced colleague; (2) ongoing mentor support for professional development; (3) technical training; and (4) project sponsors that guide graduates through team projects. Throughout the year, graduates complete assignments to put what they are learning into practice. They gain insight into Arrow's business, experience individual and team learning, and develop practical and real-world work experience. In 2021, Arrow welcomed 38 graduates from 11 countries, representing 14 nationalities. For 2021, the company retained 92% of those graduates, fueling our sales and engineering talent pipeline across EMEA.

2021 Cohort
38 Graduates



Region Representation



Conversion Rate



2.2.5. Leadership Levels

Arrow has participated in McKinsey's Women in the Workplace study since the study's inception in 2015. Similar to the McKinsey research findings, Arrow acknowledges the "broken rung" share in our leadership levels. There is more global women share representation and, in the U.S., underrepresented race/ethnicity share representation at the individual contributor and supervisor levels of the organization. Yet, the representation of these diverse groups begins to decline at the manager "rung."

Arrow is committed to growing global share representation of women leaders and, in the U.S., leaders who are of underrepresented race/ethnicity, via both short-term and multi-year goals for representation that is consistent with overall Arrow global gender and U.S. underrepresented race/ethnicity diversity share. To this end, we have established quantitative short-term and multi-year goals to grow representation of women leaders globally and leaders who are of underrepresented race/ethnicity in the U.S. as described in further detail in sections 2.1.3. and 2.1.4.

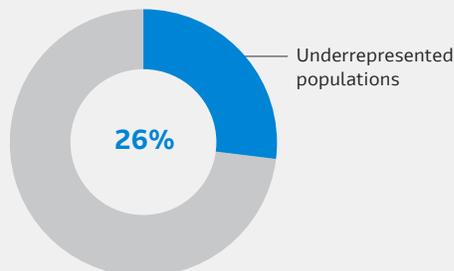




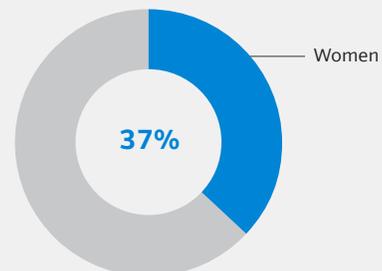
Internal training and development and promotions at the manager level are key that can help balance diverse representation in the mid- and long-term. Over the last two years, women comprised 37% of promotions globally at the manager level, which is notably higher than the current women representation at this level. Over the last two years, underrepresented race/ethnicity talent comprised 26% of promotions in the U.S., which is on par with the current underrepresented race/ethnicity representation at this level. We are steadfastly committed to multi-year goals and actions to achieve diversity share growth results at all levels of the organization.

Since 2015, we have included diversity and equality performance objectives in our annual performance goals as cascaded from executive through mid-level leadership roles. As of 2022, we are also including these performance objectives as a component in our executive annual cash incentive plan.

**U.S. Promotions
Latest 2 Years**



**Global Manager Promotions
Latest 2 Years**



2.3 Rewards: We believe in rewards that improve performance outcomes for all

Career Opportunity Growth Enables Rewards Return

2.3.1. Pay

Arrow's performance-based culture creates value by providing commensurate rewards at scale. When our employees excel, so does Arrow. Rewards are based on employee results, align with industry best practices, and follow our core compensation principles:

- Endorse a pay-for-performance philosophy
- Utilize variable incentives where consistent with market
- Maintain competitive pay by aligning our salary structures to median market pay
- Differentiate pay across all levels of performance
- Reward employees fairly, based on their skills, contribution, performance, and internal equity

Arrow targets pay at the market median globally, and Arrow employees in all locations are paid above applicable minimum wage levels. Our global career framework defines all Arrow jobs and is accessible to managers and employees worldwide to support employees as they develop their career goals. We use one global benchmarking methodology so that jobs are consistently compared with the external market. We reevaluate pay and practices regularly to assess whether our rewards programs are competitive with the external market and support our Inclusion principles.

Segment Pay Example: Light Industrial Segment Pay

To attract and retain an engaged workforce in highly competitive markets, we set our starting pay as high as the 70th percentile for light industrial roles in certain distribution centers. With the continued demand for talent in light industrial roles, we review pay and practices several times a year to determine whether pay levels remain competitive for this essential workforce segment.

As of December 31, 2021, Arrow employed nearly 1,000 light industrial employees in the U.S. The average hourly wage for such employees was \$21.10. The hourly wage for 100% of these U.S. light industrial employees exceeded all federal and local minimum wage requirements.

2021 Light Industrial

~1,000

LIGHT INDUSTRIAL
EMPLOYEES IN THE U.S.

\$21.10

AVERAGE HOURLY WAGE
FOR LIGHT INDUSTRIAL
EMPLOYEES IN THE U.S.

2.3.2. Global Pay Equity

Arrow's steadfast focus on growing the diversity of our employees is matched by our commitment to achieve and maintain global pay equity among our employees and rewarding employees fairly, both which are core compensation principles at Arrow.

2021 Pay Equity

\$1.00 At Arrow facilities in the U.S. and Canada, women currently earn \$1.00 for every \$1.00 earned by men in similar roles.

**\$0.93-
\$1.02** At Arrow facilities in other countries with a large population (300+), women currently earn between \$0.93 and \$1.02 for every \$1.00 earned by men in similar roles.

\$1.01 Employees of underrepresented race/ethnicity in the U.S. and Canada earn \$1.01 for every \$1.00 earned by their white colleagues in similar roles.

Arrow's commitment to pay parity is demonstrated by our continuing review of both employee pay and our compensation programs in collaboration with our legal team and third-party experts. We place specific emphasis on pay equity based on gender globally as well as on underrepresented race/ethnicity in the U.S. and other countries where this data is available. We understand and address both our unadjusted pay gap, and any adjusted pay gap, after controlling for factors that influence pay such as job and job level, location, and years of experience. If and when pay equity gaps are identified, we adjust pay where appropriate to close these gaps. We also identify, review, and eliminate practices that have been shown to contribute to pay inequity.

Examples of such practices include eliminating the use of current compensation or compensation history to establish starting pay and eliminating standard promotional increase guidelines as a percentage of current pay. We set starting pay for new hires and promotions based on skills and experience, job proficiency, internal equity, and external market data. As of December 31, 2021, we have completed pay gap analyses for larger countries representing 83% of our global employee population, and we intend to complete analyses for remaining smaller countries in 2022 while continuing our ongoing analyses for all other countries. The data cited above reflects the most recent analysis for each country. Each analysis is based on data at a specific point in time, therefore, we have invested in tools to refresh all analyses regularly.



2.3.3. Benefits

Arrow is committed to the health and well-being of our employees. We seek to attract and retain employee talent by offering a comprehensive and competitive market-based benefit program that:

- Considers the local environment while balancing the overall total reward package and local compliance, and
- Provides employees with access to health care, income protection and insurance, retirement plans, and well-being programs, in alignment with local market practice.

United States

In the U.S., we provide comprehensive benefits to assist employees at all stages of life. Benefits include:



Medical and prescription drug care



Dental and vision coverage



Life and disability insurance



HSA, HRA, health care and dependent care FSA



401(k) retirement plans



Employee Assistance Program



Telemedicine



Back-up childcare and eldercare



Voluntary benefits to meet individual needs



Robust well-being program



Paid time off, paid parental leave, and leave of absence programs.

Arrow provides a wide range of medical plans to our employees in the U.S. We offer four different coverage levels with five different insurance carriers. Employees have the flexibility to choose a plan that meets their individual needs. Over the past six years, we have been able to offer employees competitive healthcare options while keeping our base plan employee costs flat and holding overall cost increases below national healthcare trends.

Arrow is committed to keeping medical plans affordable for our employees. For 2022, we increased our company contribution toward medical coverage, particularly for lower wage workers, equating to an additional \$1.33 per hour. In the spirit of affordability, Arrow has three salary bands for medical contributions to further subsidize medical coverage for employees earning less than \$100,000 annually. For our base plan in 2022, Arrow pays:

- 95% of the medical plan cost for those earning <\$55,000
- 90% for those earning \$55,000 - \$100,000
- 84% for those earning >\$100,000.

For employees enrolled in family medical coverage and earning less than \$55,000 annually, Arrow subsidizes coverage by over \$20,000/year, about \$2,800 more than for employees earning over \$100,000.

We also understand that employees need time away from work for personal and/or medical reasons. Arrow offers a competitive paid time off program that includes vacation and sick time for hourly employees and unlimited time off for salaried employees. We offer comprehensive leave of absence programs including short- and long-term disability, and six weeks of 100% paid parental leave to new parents. For 2022, we enhanced our company-paid long-term disability program to provide additional protection to those who need it most.

Financial well-being and retirement readiness are important elements of Arrow's total rewards package. Arrow automatically enrolls employees in our 401(k) plan with a 6% contribution. We increase this contribution by 1% each January until the employee reaches a 10% contribution. Employees also have the option to make after-tax Roth 401(k) contributions. Arrow provides a 4% company-matching contribution into employees' accounts that is fully vested after two years of service. In addition to providing retirement education throughout the year, we recently added a service to provide additional support and resources to employees approaching retirement to help them understand, navigate, and enroll in Medicare and supplemental Medicare plans that may be available.

We want employees and their families to have easy access to tools to help navigate life's challenges. We also recognized that caretakers face extreme challenges balancing family and work priorities, which have been compounded during the pandemic. In response, we launched back-up childcare and eldercare to all employees, providing up to ten days of subsidized dependent care each year. The program also provides virtual tutoring services and discounts at daycare centers. In addition, employees have the opportunity to participate in a tax-advantaged dependent care spending account to pay for eligible dependent care services with pre-tax dollars.

**Mental Health
Benefits Spotlight:
COVID-19**

Global

Arrow recognizes that, over the past two years, the pandemic has taken its toll on employee mental health. To actively address this situation, we now provide a robust Employee Assistance Program (EAP) to all employees globally with 24/7 access, five free counseling sessions a year, and several free mental health applications.

U.S.

In the U.S., Arrow also offers virtual mental health counseling via Teladoc to make it easy for employees and their family members to seek mental health support from the comfort of home. In early 2021, we launched a mental health awareness campaign to encourage utilization of these resources.

Global

In the remainder of the geographies in which we operate around the world, Arrow offers similar programs to employees in alignment with country-specific statutory requirements and local market practices. Outside the U.S., Arrow provides benefits which support employees at key stages of life and may include:

- Healthcare coverage
- Well-being programs
- Life and disability insurance
- Retirement plans
- Employee Assistance Program (EAP)
- Country-specific voluntary benefits to meet individual needs
- Paid time off, paid parental leave, and leave of absence programs

Arrow conducts ongoing reviews of our benefit programs in each country with a focus on harmonizing offerings to drive a consistent employee experience for all business groups within each country, achieving and maintaining market competitiveness, and identifying additional market-based benefit offerings where appropriate to support local nuances.

2.3.4. Workplace Flexibility

To support our employees' work-life balance, Arrow workplace flexibility pilot programs are underway. Arrow recognizes the value of in-person collaboration in tandem with the benefits of flexible work arrangements and working time reduction alternatives that meet business needs and may be customary to country-specific market practice.

2.3.5. Employment Security

Employment security for our workforce is a top consideration for Arrow leadership. Throughout the pandemic, our primary focus has been to avoid workforce reductions whenever possible. When restructuring results in job eliminations, we provide a market-based separation package to assist impacted employees. The U.S. severance package includes outplacement assistance, a minimum of six weeks' pay continuation, and supplemental pay to support continued health insurance coverage. These benefits increase based on the employee's length of service. Outside the U.S., separation benefits are based on local regulations, requirements, and market practice.

2.3.6. Safety

Arrow manages the health and safety of our employees through global operational procedures. These are underpinned by a philosophy of risk assessment and risk avoidance throughout our culture and operations. Providing a safe and healthy work environment for our employees is a cornerstone of our values.

Components of our risk management program include an integrated framework for identifying, assessing, and managing risks at all levels of the organization. Core to our strategy is building resiliency, preventing work-related injuries, and creating risk mitigation plans within the organization by using a grassroots approach. Employees are encouraged to participate in safety meetings, root cause investigations, loss control inspections, and new hire trainings. They also contribute to continuous improvement activities.

Arrow manages health and safety compliance and improvements by tracking both leading and lagging indicators. The following safety statistics reflect U.S. data for 2021, with more detailed historical data included in the Human Capital Data appendix. Outside of the U.S., limited information is currently available due to the differences in treatment of work-related injuries by country.

Arrow Injury History, 2021

0

Total number of fatalities

18

Total number of cases with days away from work

1.13

Total recordable (TRIR) rates

0.47

Lost work day (DAFWII) rates

Arrow's distribution centers have site-specific programs for safety, injury, and illness prevention (SIIP) that are compliant with applicable laws and regulations. Employees share responsibility to enforce safety awareness and hold each other accountable for reporting unsafe work conditions and taking corrective actions.

2.3.7. COVID-19 Response

Arrow has remained resilient in these extraordinary times. That is due, in large part, to our focus on serving our customers and the communities where we work and live.

We continued to provide a safe work environment as the COVID-19 pandemic persisted during 2021. We aligned with and followed the guidance of the world's leading health authorities, as well as related state and national government directives while minimizing the impact of remote work on Arrow by providing tools for extended remote work, and enhanced benefits where appropriate.



Some examples of Arrow's efforts to protect our employees and support our community include:

Protecting Our People	Supporting Our Community
<ul style="list-style-type: none"> • Throughout our distribution facilities and offices, our teams continue to do business while aligning with the guidelines of the world's leading health authorities and state and national governments. In addition to their guidance, Arrow took the following measures: • To protect the safety of our employees, customers, and suppliers, we implemented a COVID-19 vaccine mandate for our U.S. employees, with the exception of our light industrial population in our distribution facilities and employees with approved exemption requests: <ul style="list-style-type: none"> › All employees in the distribution facilities are required to wear masks on-site at Arrow facilities › We offered a one-time incentive to all U.S. employees in our distribution facilities who became fully vaccinated against COVID-19 by a specified date › Where permitted by law, all U.S. new hires, including light industrial, are required to be fully vaccinated • Maintained procedures globally that limit visitors to our offices, distribution, programming, and integration centers until further notice; and require visitors, contingent workers, and service providers visiting Arrow offices to be vaccinated against COVID-19 • Provided online collaboration capabilities to help ensure effective communication within Arrow, and with customers and suppliers when employees are working from home • Enhanced benefit programs where needed to best support employees across the globe 	<ul style="list-style-type: none"> • Joined with Hong Kong Science and Technology Park's new Sensor Lab 2.0, a cleanroom for rapidly developing smart sensors for the expanding healthcare wearables and the IoT market • Supported the National Collegiate Inventors Competition, including prototyping an electronic home rapid test to detect COVID-19 developed by the University of Illinois that is 98% effective • Contributed to community food banks and shelter providers as food insecurity increased by 20% in the U.S. • Supported STEM and business education programs in Arrow communities as schools and after-school programs operated both remotely and in-person • Collaborated on a social distancing detection system using AI-powered cameras and models that extract insights related to density and distancing, which are available for review in real time • Engineered handheld multi-sensor devices that enable remote patient monitoring and diagnosis based on accurate medical examination and real-time diagnostics, detecting key vital signs and disease progression from a patient's lips and fingertips



Chapter 3

Governance

Governance

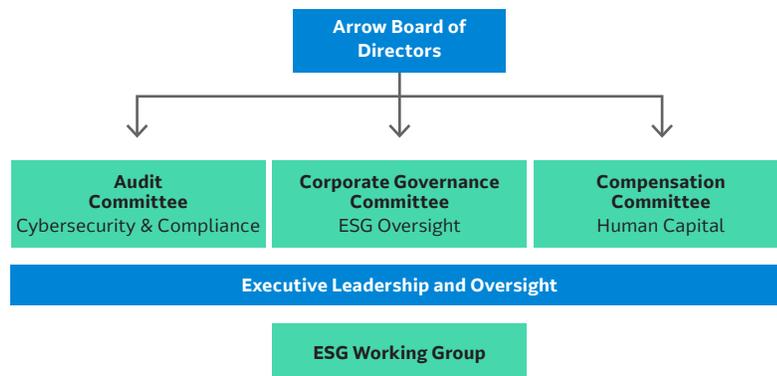
Our Board is responsible for promoting our strong culture of responsible corporate citizenship and adherence to business standards guided by [Arrow's Worldwide Code of Business Conduct and Ethics \("Code of Conduct" or "Code"\)](#).

Our commitment to environmental, social, and governance responsibility starts at the top and permeates throughout our business. Each Board committee plays a role in the oversight of ESG at Arrow:

- The Corporate Governance Committee has direct oversight of, and is committed to, advancing our ESG policies and practices, as outlined in its committee charter. The Committee and Arrow senior leadership have a direct line to ESG subject matter experts and external consultants.
- The Audit Committee oversees, among other things, Arrow's legal and regulatory compliance, data privacy and cybersecurity programs, reviews the effectiveness of these programs, and with management, discusses any identified improvements in the programs. The Audit Committee is also kept apprised of significant investigations. Additionally, the Committee is tasked with overseeing the accuracy of Arrow's ESG disclosure metrics including relevant environmental, social, and governance metrics.
- The Compensation Committee oversees and makes decisions or recommendations to the Board relating to compensation and benefits of Arrow's executive officers and our company's human capital strategy. Regarding our human capital strategy, the Committee oversees the development, implementation, and effectiveness of Arrow's practices, policies, and strategies affecting our workforce, including topics such as corporate culture and diversity, equity, and inclusion.
- Full Board Committee charters can be found on our [website](#).

Aligned with industry best practice, we have an internal ESG Working Group comprised of cross-functional subject matter experts within Arrow with years of internal and external experience in managing ESG matters. The Working Group is tasked with implementing our ESG strategy and identifying relevant risks and opportunities. Our ESG Leadership Committee will be comprised of senior leaders to guide ESG strategy and related performance.

3.1. ESG Governance Structure



3.2. Business Ethics

3.2.1. Worldwide Code of Business Conduct and Ethics

[The Code of Conduct](#) is our guide for living Arrow's core values while also following the laws and regulations that govern our global operations. The Code outlines our beliefs and what we expect from those who represent Arrow. The Code covers all regions and business units and is offered in 23 languages to ensure that our stakeholders can read and understand our Code, no matter their background or location.

We are guided by our core values, and we believe that our continued success depends on the trust we foster with our employees, with our customers and suppliers, and with the communities where we live, work, and play. Therefore, each of our employees, officers, directors, and consultants is expected to not only read and understand our [Code of Conduct](#) but to also apply good judgment and the highest personal ethical standards in making decisions that may impact our business. We expect that anyone acting for or on behalf of the company conducts all business with integrity and according to the letter, spirit, and intent of our Code and all applicable laws.

Each year, we ask every Arrow employee and members of Arrow's Board of Directors to certify that they have read and understood the Code; it's that important to us. Beyond the annual affirmation, employees are encouraged to consult the Code for guidance throughout the year or as questions arise. Additionally, employees are asked to speak up if they see something that doesn't align with the Code. To ensure that the Code is up to date, our Governance Committee of the Board of Directors reviews the Code and makes any necessary changes, adjustments, or additions.

3.2.2. Anti-Bribery and Anti-Corruption

We expect employees to comply with the anti-corruption laws where we do business. We take our commitment to following these laws seriously. These rules apply to both direct and indirect activities of Arrow, our employees, and our agents.

The purpose of Arrow's Anti-Corruption and Anti-Bribery Statement and Compliance Guide (the "Guide") is to educate employees and representatives on Arrow's anti-corruption and anti-bribery guidelines, policies, processes, and expectations, which are not always easy to interpret and apply in the context of fast-moving, real-life situations.

This Guide also serves as a preventive tool to assist employees and representatives in recognizing, detecting, and avoiding potential violations of various anti-bribery laws by providing examples of actual cases and hypothetical questions. Any employee who fails to comply with the standards contained in this guide will be disciplined, up to and including termination. Similarly, a representative's failure to comply with all the terms and requirements of this guide may be grounds for termination of the agreement.

3.2.3. Third-Party Due Diligence

Ethics and integrity are a part of everything we do and every decision we make and, as such, we look to conduct business with companies that uphold these legal and ethical obligations.

Arrow's Global Third-Party Risk Management Policy governs Arrow's oversight of third parties with which we do business and that may be operating on Arrow's behalf. The policy applies to any Arrow employee, agent, contractor, or Arrow-authorized individual entering contracts or other business relationships with third parties for Arrow or on Arrow's behalf.

It is Arrow's policy that we can do business with a company only after satisfactory completion of all applicable due diligence. Due diligence must be completed for high risk businesses that act as agents for Arrow irrespective of dollar amount of contract or business relationship value. All approved business associates are monitored by business operations and the Global Legal and Compliance Department.

As part of the due diligence process, we expect that our employees:

- Conduct appropriate due diligence on any third party before retaining them
- Address any red flags identified during the due diligence process
- Engage with third parties that have been approved through the due diligence process
- Continue to monitor any changes to the third party, its business operations, and associated status

3.2.4. Global Antitrust Policy

Arrow is committed to full compliance with all antitrust and competition laws. As such, it has developed the Antitrust/Competition Law Policy that governs our competition in the marketplace. This policy provides guidance on the relevant antitrust/competition laws, strictly prohibited conduct, and potentially problematic areas that require consultation with the Global Legal and Compliance Department. It is our intention and practice to compete vigorously in the marketplace but to do so in a manner consistent with our values and ethics and in compliance with the antitrust and competition laws in all the countries in which we operate.

3.2.5. Conflicts of Interest

As outlined in Arrow's Code, employees are responsible for acting in Arrow's best interest and avoiding situations in which their own private interests either conflict or appear to conflict with Arrow's interests. Arrow requires employees to complete conflict-of-interest training and to disclose any potential conflicts as they arise. Minor or apparent conflicts must be fully disclosed and approved by Arrow's Global Legal and Compliance Department and Human Resources Department to be deemed acceptable, and employees must certify annually that they have disclosed potential conflicts or affirmatively acknowledge that they don't have any potential conflicts.

3.2.6. Global AlertLine and Open-Door Policy

Arrow is committed to providing a workplace that operates with integrity and openness. The Alertline is Arrow's whistleblower program and has been developed so that employees can freely, and without fear of adverse consequences, raise concerns regarding situations where they believe that Arrow and anyone connected with Arrow has acted in a way which could be construed as misconduct or wrongdoing.

It is imperative to our business that our people feel safe in their workplace, which is why we have a multi-pronged program to support our people in this regard, no matter where or when an issue may arise.

We encourage our people to speak up if there is reason to suspect that a colleague or business partner has violated any Arrow policies or the law, using any of the following reporting channels:

- Their management chains
- Compliance at compliance@arrow.com
- Arrow Alertline
- Human Resources Department
- [Additional local/regional whistleblower resources](#)

Any person who seeks advice or raises a concern in good faith is doing the right thing. Retaliation by anyone against a person for speaking up about a potential violation or who participates in an investigation of such reports is against the law and Arrow policy.

Regardless of the type of report or the way in which it was reported, the identity of the reporter (if provided) will be treated confidentially and shared only with a limited number of people who have a need to know or who are responsible for dealing with reports and investigations. Any personal information that is provided will be held and used to investigate the report but only for such period as is reasonably necessary for this purpose. Thereafter, such information will be handled in accordance with Arrow policy and data privacy laws.

"Open Door Policy"

We maintain an open-door policy to encourage personnel to report misconduct without fear of reprisal. They may report concerns to any manager they feel comfortable speaking to within the organization, regardless of rank or location.

AlertLine

AlertLine is Arrow's 24/7 global communication channel, available in multiple languages for reporting concerns regarding ethics, safety, or compliance with laws, or other Company policies, to the Global Legal and Compliance Department. The AlertLine provides a method for reporting with complete anonymity (subject to restrictions that may be imposed by laws of the reporter's home country).

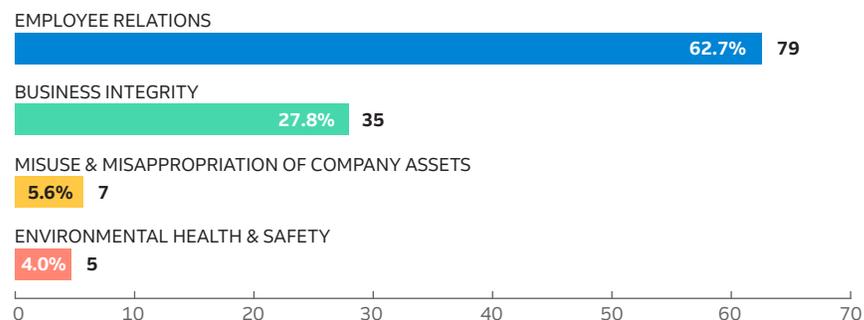
Direct Reporting

Questionable conduct may also be reported directly to our Global Legal and Compliance department at compliance@arrow.com.

Any and all allegations are thoroughly investigated and, if substantiated, disciplinary action ranging from employee coaching to termination is taken, as appropriate. The process for handling complaints or concerns does not end there. A cross-functional team comprised of Arrow's Corporate Audit Department, Human Resources Department, and the Global Legal and Compliance Department conducts a root-cause analysis for each complaint received so that appropriate measures are implemented to minimize the risk of a reoccurrence. On a quarterly basis, significant investigations are reported to the Audit Committee of Arrow's Board of Directors.

In 2021, there were 126 allegations received via the AlertLine and the Global Legal and Compliance Department, compared with 105 allegations received in 2020. While any increase in allegations is taken extremely seriously by our management, we believe the increase in allegations in 2021 is likely attributed to the increase in ongoing training and the ability to submit AlertLine reports via the web in addition to the traditional reporting by telephone. We see this as a constructive step toward living our values and seek to improve as a company year over year.

The breakdown of allegations received in 2021, by type, is provided below:



51%

of allegations
were reported
anonymously

32%

of the closed
cases were
substantiated

30%

of the closed
cases resulted in a
corrective action,
up to and including
termination.

3.2.7. Additional Local/Regional Whistleblower Resources

In addition to Arrow's global AlertLine and Open-Door Policy, there is an Arrow EMEA Region [Whistleblower Protection Policy](#). This provides an additional policy assurance for employees to freely, and without fear of adverse consequences, raise concerns regarding situations where they believe that Arrow and anyone connected with Arrow has acted in a way which could be construed as misconduct or wrongdoing. This policy cross references the multiple whistleblower reporting channels, including those specified in section 3.2.6 of this report.

3.2.8. Compliance Risk Assessments and Audits

Arrow has incorporated periodic risk assessments and audits into its compliance program. Arrow has engaged third-party consultants to independently conduct various risk assessments in areas of compliance such as export and economic sanctions and anti-bribery/anti-corruption. Arrow uses the results of these risk assessments to guide its process improvements, enhance training programs, and expand its compliance program.

The Corporate Audit Department and the Global Legal and Compliance Department meet monthly to discuss investigations and audits. In addition, on an annual basis, the Corporate Audit Department, the Corporate Risk Management Department, and the Global Legal and Compliance Department meet to assess areas of risk and target the upcoming year's audits. These departments also partner in sponsoring our annual enterprise risk management (ERM) survey which identifies key risks facing the organizations along with providing valuable insights which are shared amongst global stakeholders and leadership.

The Corporate Audit Department reports directly to the Audit Committee of Arrow's Board of Directors. The vision of the Corporate Audit Department is to provide an internal audit function for Arrow that is consistent with world-class internal audit practices. Their mission is to provide a responsive, effective, and highly valued internal audit function to assist the Audit Committee in its oversight role and executive management in their management of the company's internal controls over financial reporting and the utilization of company assets. The Corporate Audit Department provides independent and objective assurance and consulting services by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.



3.2.9. Compliance Training

Arrow acknowledges the importance of compliance training to ensure all employees are aware of the ever-changing laws, regulations, and policies that apply to their day-to-day responsibilities. Every employee must complete all compliance training that the company provides. They must also certify that they know and understand their responsibilities in complying with company policy, the law, and regulations.

Our compliance training program includes both online and instructor-led training courses delivered in the local languages of our employees or in English. Training covers many relevant topics, including legal requirements and Arrow's Code of Conduct. We have expanded, and continue to refine, the training materials to specifically address modern slavery and human trafficking to increase employee awareness of these and other interrelated issues.

Courses are scheduled on a rotational basis. Certain courses, such as the Code of Conduct, are required annually, while others may be provided on a bi-annual basis or as needed. Additionally, we periodically provide key employees with informational notices on high-risk issues, where a greater potential for bribery, corruption, or practices in violation of the Code may exist.

Arrow's online training completion rates for 2021 are included in the chart below. The average completion rate for compliance training in 2021 was 95%. In 2022, we will strive to reach a completion rate of 96% or better. A completion rate of 100% is not possible due to attrition, onboarding, and employees on leave.

2021 Web-Based Training

Completion Rates



3.2.10. Culture of Compliance

Guiding today's innovators to a better tomorrow is an important responsibility, one we commit to doing the right way. Every two years, Arrow engages an outside resource to conduct a global Corporate Culture of Compliance Survey. Questions focus on employees' comfort with recognizing and reporting concerns, and pressure felt to compromise the Company's values to achieve business results. The results are compared against other companies and reported to the Audit Committee.

Arrow's Compliance Culture Survey - Results

Strengths

(at or above benchmark*)

- Awareness
- Clarity of expectations direct manager leadership
- Code of Conduct
- Climate overall

*Benchmark is provided by Gartner, the world's leading information technology research and advisory company.

Greatest Opportunity

- Streamline compliance processes

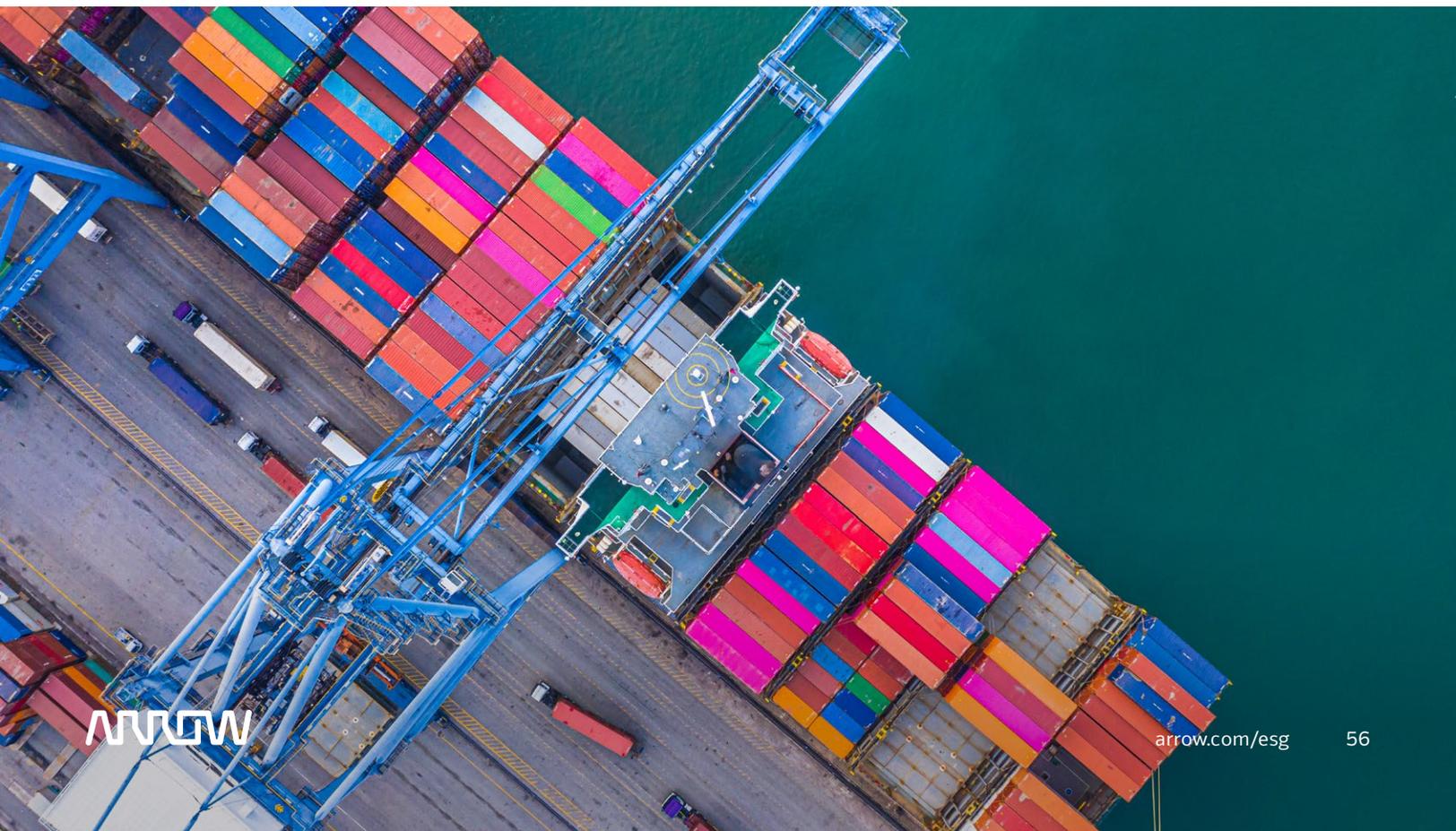


3.3. Supply Chain Management

Managing a global multi-tiered high-tech supply chain has never been more complicated. Volatile market conditions, extensive regulations, changing trade agreements, unplanned disruptions and threats, and lack of visibility are just a few hurdles that need to be navigated and managed.

This is why our efforts to build and maintain a responsible supply chain are at the heart of our decision-making. As a supply chain consultant ourselves, we understand the breadth and depth of ethical business practices and responsible procurement as they relate to having a resilient, reliable, and responsible supply chain.

In 2022, we intend to launch a new Global Quality Risk Assessment to facilitate supplier vetting during onboarding. This will include review of ESG leading indicators (including quality certifications, legal compliance, and labor practices, among other indicators) to provide insight on supplier risks.



3.3.1. Ethics and Human Rights

Arrow is committed to uphold the dignity of all people and oppose human rights abuses around the world. Human rights practices are embedded within the company's various policies, including [Arrow's Code of Conduct](#), including the prohibition of compulsory and child labor and the right to associate freely. Arrow addresses these principles in our Code of Conduct, United Nations Global Compact Report, Slavery and Human Trafficking Statement, and Business Partner Code of Conduct.

We maintain a strong [whistleblower](#) program that enables reporting of any slavery and human trafficking concerns.

We seek to form relationships with businesses that share our commitment to these core values. Arrow holds Business Partners to high ethical and legal standards, and requires all to review and comply with our [Business Partner Code of Conduct](#) (the "Business Code").

The Business Code expresses our core values and our expectations of our business partners to help us meet the highest possible ethical standards, and guards against illegal business dealings, child labor, and gross violations of worker health and safety. It is the mechanism by which Arrow promotes ethical operations and human rights in our supply chain.

Furthermore, at Arrow, we require our Business Partners to strive to achieve best practices, going beyond the requirements expressed in the Business Code to create a sustainable, ethical work environment for years to come. This enables us to provide our customers with the best products and services possible.

3.3.2. Human Trafficking

The Code of Conduct is a central component of our overall compliance program and contains provisions aimed at combating slavery and human trafficking. Our employees are provided with resources and training to help them meet Arrow's ethical and legal obligations regarding anti-slavery and human trafficking laws.

Arrow has adopted an expanded global anti-slavery and human trafficking statement that meets strengthened corporate regulations in the United Kingdom. This statement was released publicly on our website and communicated to employees. The statement is included in employee training that is conducted in local languages. Please find the full [Slavery and Human Trafficking Statement here](#).

We are committed to ensuring that there is no slavery, servitude, forced or compulsory labor, or human trafficking in our supply chain or in any part of our businesses. Similarly, consultants, agents, or third-party service providers that provide services to or on behalf of Arrow should expect to have their contracts terminated if they violate anti-slavery laws, including the Modern Slavery Act 2015.

3.3.3. Human Rights Due Diligence Procedures

Arrow will not work with any business partner that operates with unacceptable worker treatment, such as physical punishment, abuse, involuntary servitude, debt bondage, or any form of modern slavery or human trafficking.

Where possible, we build long-standing relationships with manufacturers, suppliers, and customers and make clear our expectations of business behavior in order to maintain Arrow as a partner:

- We expect each entity in our supply chains to have suitable anti-slavery and human trafficking policies and processes
- We expect each entity to, at least, adopt “one up” due diligence on the next link in the chain
- We have in place robust systems to encourage reporting concerns, including the [AlertLine](#) and the protection of “whistleblowers”



3.3.4. Business Partner Code of Conduct

Arrow holds Business Partners to high ethical and legal standards, and requires all to review and comply with our [Business Partner Code of Conduct](#).

This important document outlines Arrow's expectation that Business Partners adhere to the principles of the United Nations Global Compact and respect human rights, including the principles set forth in the International Bill of Human Rights, the European Convention on Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In addition, there is to be no forced labor; employees must work at their own will and should be free to leave and change their employment when they wish.

3.3.5. Conflict Minerals

We recognize that the mining of certain minerals that are used in many electronic components and products can contribute to violence and human rights violations. We are committed to identifying and reporting on the conflict minerals content of inventory—used in assembly and integration.

According to the European Union Directive 2017/821 regarding the sourcing of Conflict Minerals in high-risk areas, Arrow Europe meets the downstream company definition as *Arrow Europe does not directly purchase or import any raw ore or unrefined Conflict Minerals from any source.*

In the U.S., Section 1502 of the U.S. Dodd-Frank Wall Street Reform Act requires companies to file annual special disclosure with the U.S. Securities and Exchange Commission, indicating if their products include metals sourced from a Conflict Region. Arrow has established a policy statement that articulates the steps to comply with the disclosure requirements of Rule 13p-1. Pursuant to the Rule, Arrow undertook due diligence measures on the source and chain of custody of the Conflict Minerals in products assembled or integrated by Arrow.

Our [Conflict Minerals Policy](#) and [Annual Conflict Minerals Report](#) can be found on our [website](#).

For the third consecutive year, we have filed a Conflict Minerals Report with the U.S. Securities and Exchange Commission. As reported in our Conflict Minerals report, we have validated that at least 57% of the components in our supply chain are conflict-free and strive to increase the number of validated components each year.



3.3.6. Environmental Management

Arrow understands the importance of environmental management beyond our operations and in our supply chain. We expect our business partners to demonstrate respect for the environment and comply with all applicable environmental regulations. We regularly assess our key suppliers for compliance and potential risks.

In 2022, we aim to strengthen our supply chain management on environmental issues as well as social and governance issues. We aim to obtain greater visibility with respect to our compliance and sustainability performance through more robust and comprehensive tools and data-collection processes.

3.3.7. Value Chain and Energy Consumption

We strive to provide our partners and customers with the technology components that will help drive energy reductions.

In 2022, we intend to continue our alignment with industry groups such as the Responsible Business Alliance (RBA) to promote energy stewardship throughout the broader electronics industry. We intend to also encourage our suppliers to pursue energy reduction initiatives that can be implemented at their facilities and act as a liaison to share best practices and information.

3.4. Stakeholder Engagement

Our global stakeholders include employees, customers, investors, community members, technology manufacturers and service providers. As a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions, we seek to apply the power of technology and innovation to address the world's economic, social, and environmental issues. Transparency in reporting is essential in demonstrating our commitment to ethical business practices and respect for people and the planet.

We update our business policies and practices on our own platforms and in partnership with several independent environmental, social and governance (ESG) initiatives. Making this information accessible promotes transparency and collaboration with our stakeholders.

Arrow reports ESG policies, practices and performance through our ESG Report, Conflict Minerals Report, the CDP Climate Change and Water Security Questionnaires, the Worldwide Code of Business Conduct and Ethics, the Business Partner Code of Conduct, and through our participation in the UN Global Compact and other independent initiatives.

3.5 Product Stewardship

Arrow is committed to ensuring that the products we provide our customers have minimal health, safety, environmental and social life-cycle impacts. Arrow monitors all new developments related to chemical regulations and is fully compliant with the European Union Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH); European Union Restriction of Hazardous Substances (RoHS); and California Proposition 65 (Prop 65). In 2021, Arrow began reporting chemical information for products that contain substances of very high concern (greater than 0.1% concentration, weight by weight) to the European Chemicals Agency Substances of Concern in Products (SCIP) database, per the Waste Framework Directive.

Beyond compliance, Arrow maintains ISO (environmental management) certifications [across its global operations](#) to support product quality. Quality standard certifications include:

- ISO 9001 (Quality Management Systems)
- ISO 13485 (Quality Management Systems for Medical Devices)
- ISO AS9100 (Quality Management Systems for Aerospace)
- ISO AS9120B (Quality Management Systems Requirements for Aviation, Space, and Defense Distributors)

Arrow's product stewardship efforts extend to our suppliers. Arrow's Supplier Quality Requirements specify the quality standards we expect our suppliers to achieve, including topics on corrective actions, counterfeit parts, calibration systems, electro-static discharge and moisture sensitive device (ESD/MSD) products, product packaging, and quality systems.

Spotlight on Innovation for Sustainability

Arrow helps guide innovation forward to transform the way we look at technology, ourselves and the world, from helping develop an early earthquake warning system to helping launch a germ-fighting robot. Explore our [Innovation stories](#).

Arrow undergoes various certifications to support quality and safety in both our operations and the products we are selling. For our real estate portfolio, we undergo certifications including ISO 9001, ISO 13485, ISO 14001, ISO 50001, ISO AS9100, and ISO AS9120B.

We also practice diligent requirements with our supplier base and assess them in areas such as counterfeit parts, calibration systems, ESD/MSD products, product packaging, and quality systems, among other topics. When suppliers do not meet our standards in these areas, we work with them to develop corrective action plans.

Arrow maintains compliance with international law regarding chemical use in production processes via the EU's REACH and in electronic equipment via the RoHS.

RoHS compliance status is updated on a continual basis following the receipt of changes notified by the relevant original product manufacturer, and we endeavor to make available such compliance status on business documentation provided to our valued customers.

Arrow subsidiary [SiliconExpert](#) works directly with component and product manufacturers to obtain materials and hazardous substance content. SiliconExpert maintains chemical and environmental compliance data for electronic components spanning several regulations and industry standards, such as REACH, EU RoHS, China RoHS, JIG-A, JIG-B, RoHS 2, SCIP, and ELV.

Chapter 4

Data Security and Privacy

Data Security and Privacy

Arrow maintains an information security program consisting of policies, standards, procedures, and guidelines that establish operational security controls to govern security for safely processing, storing, and transmitting customer data.

Arrow's security program is developed and maintained using best practices based on industry-standard frameworks (National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF), NIST 800-171, ISO 27001, Center for Internet Security (CIS), and SANS Critical Security Controls (CSC)) to protect customers' data from accidental or unlawful destruction, loss, alteration, unauthorized disclosure, or access. Arrow periodically tests the effectiveness of its security program via independent internal and external assessments. Arrow employees have ongoing access to trainings relating to information security and data privacy, and mandatory annual training is included as part of the Code of Conduct training requirement.

Arrow's information security organization is led by the Chief Security Officer, reporting to the Chief Information Officer, with responsibility for the following security pillars:

- IT Risk & Governance
- Security Operations
- Security Architecture
- Security Training & Awareness
- Business Continuity
- Fraud and Physical Security

Our operational security staff holds numerous cybersecurity degrees and industry-recognized certifications. The Audit Committee of the Board of Directors provides oversight of information security risk management and regularly engages with the Chief Information Officer.

Arrow makes investments seeking to address risks and vulnerabilities, including ongoing monitoring, updating networks and systems, and personnel awareness training of potential cybersecurity threats to help employees remain diligent in identifying potential risks. In addition, Arrow has deployed monitoring capabilities to support early detection, internal and external escalation, and effective responses to potential anomalies. As part of our regular review of potential risks, the company analyzes emerging cybersecurity threats as well as the company's plan and strategies to address them and presents them to senior management. View our [Annual Report on Form 10-K](#), page 15, for a description of these risks.

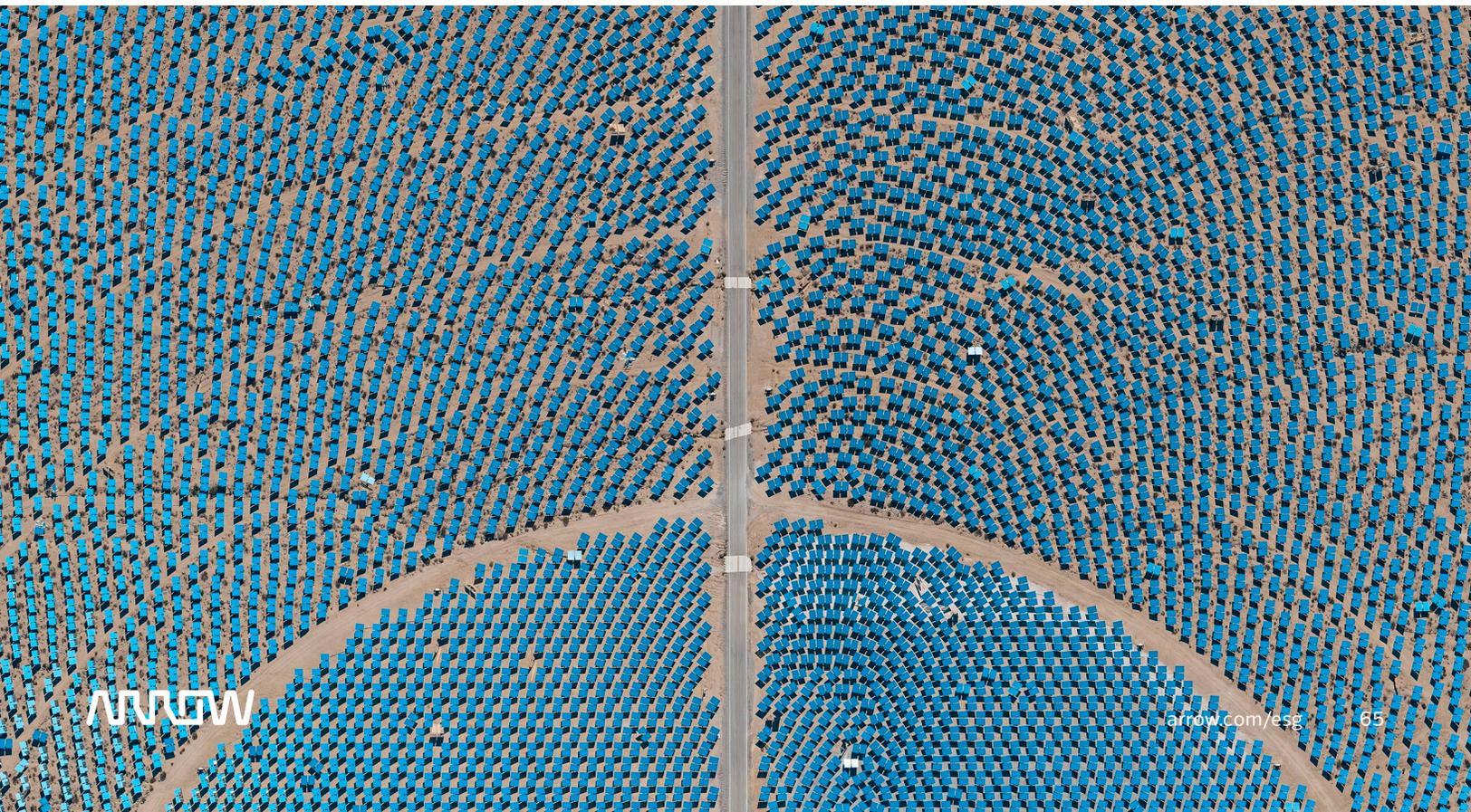
Arrow's [Privacy Policy](#) outlines the boundaries of collection, use, and sharing of personal information via the company's website. Arrow's policy further complies with state and governmental regulations, such as the California Transparency Act and Children's Online Privacy Protection Act ("COPPA") as examples, to keep personal information secure. Privacy best practices are aligned with the Privacy Shield Framework and the 2009 Self-Regulatory Principles for Online Behavioral Advertising.

Arrow has aligned with the NIST CSF and the ISO 27001:2013 standard to evaluate the maturity and operation of our cybersecurity controls around the world.

At the global level, the NIST CSF focuses on Arrow's Enterprise Security Services organization and independently assesses the maturity of Arrow's security controls across several domains in the cyber- and physical security realms. The review is

conducted by an independent firm on an annual basis and compared to an established baseline. Areas of focus are established after each review to further enhance Arrow's security posture.

Arrow maintains ISO 27001:2013 certification for key areas around the globe to focus on validation and effectiveness of security controls in specific parts of the Arrow business where such certification is necessary for customer or partner assurance. The ISO certification goes beyond that of the NIST assessment to bring additional scrutiny and a second outside, independent certification body to review a specific portion of the Arrow enterprise and attest to its alignment with additional security controls. These certified Arrow entities undergo annual surveillance and recertification audits to support adherence to the established security controls.



Chapter 5

Environmental

ARROW

Environmental

5.1. GHG Emissions Reduction

Arrow is committed to reducing greenhouse gas (GHG) emissions in the fight against global climate change.

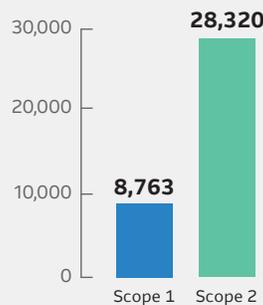
Since 2015, Arrow has submitted annual responses to the CDP Climate Change questionnaire and intends to continue doing so to promote transparency, accountability, and awareness of our carbon footprint to our stakeholders. Our inaugural [Task Force on Climate-Related Financial Disclosures \(TCFD\) Framework reporting](#) is another step toward reducing our carbon footprint and providing more transparency in our practices and performance.

Arrow completed a baseline of Scope 1 and 2 energy usage and emissions across our Phase 1 controlled* footprint. In addition to data collection and baselining, Arrow also took action to reduce our companywide Scope 1 and 2 GHG emissions including: increasing the percentage of hybrid and electric vehicles within our fleet across the EMEA region, consolidating our data centers, and purchasing and installing renewable energy for our facilities. We have also achieved Scope 3 GHG emissions reductions by minimizing our global travel, increasing purchases of green office supplies and furniture, and installing electric vehicle charging stations at our facilities to promote cleaner commuting.

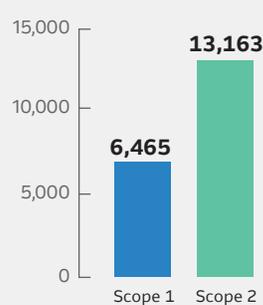
Although we have achieved significant progress, Arrow recognizes that we have more work to do. In 2022, Arrow intends to continue to develop and validate its baseline for Scope 1 and 2 emissions. Based on our baseline emissions, we are developing and implementing a strategy to achieve Scope 1 and 2 reductions (e.g., continued energy efficiency, increased renewable energy, expanded green fleet percentage, waste reductions). We are committed to reducing our Scope 1 and 2 emissions across our Phase 1 controlled footprint by 10% in 2022.

*Controlled facilities are defined as those with which Arrow has control and influence over energy-related decisions.

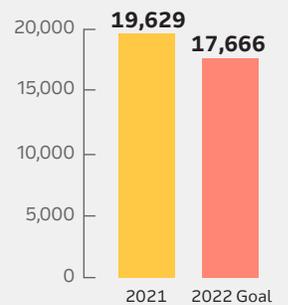
Building Energy Usage^{1,2}
Phase 1 Controlled Scope 1 & 2
(MWh)



Carbon Emissions¹
Phase 1 Controlled Scope 1 & 2
(mtCO₂e)



2022 Carbon Emissions Reduction Goal¹
Phase 1 Controlled Scope 1 & 2
(mtCO₂e)



[1] Phase 1 Controlled Scope 1 & 2 data represented 42% of Arrow's square footage as of December 2021. See appendix for details on methodology and assumptions.

[2] Scope 1 building energy usage total does not include fleet data. All units converted to MWh equivalents for comparison purposes.

In 2022, we also plan to increase Scope 3 data capture and reporting. Our primary Scope 3 areas of focus include business travel, employee commuting, and upstream and downstream shipping and distribution. As a part of this effort, we will increase engagement with suppliers and customers as it relates to greenhouse gas emissions.

We intend to build upon this foundational work and commit to developing science-based targets (SBTs) by 2025 that support the goals of the Paris Agreement.

5.1.1. Vehicles

Arrow recognizes the environmental impacts of fuel consumption associated with business travel, and we have been taking actions to reduce our impacts. In EMEA, we have a fleet of over 1,500 company vehicles used for commuting. In the past two years, we have doubled the share of those company vehicles that are hybrids and electric cars. Moving forward, Arrow aims to continue to seek to increase the percentage of electric and hybrid vehicles and increase the fuel efficiency of other vehicles in EMEA with the intention to achieve annual reduction in GHG emissions per fleet vehicle.

To promote electric vehicle adoption amongst employees, Arrow has installed electric charging stations at 15 company locations. Going forward, Arrow intends to continue to install charging stations at more locations globally while also incentivizing carpooling, the use of public transportation, and embracing technologies that enable remote work when possible.



5.2. Energy Management

Arrow takes a proactive approach to managing energy use for our controlled¹ real estate footprint. We understand that taking actions to improve our energy efficiency and to augment our renewable energy usage benefit the local and global environment by decreasing our greenhouse gas (GHG) emissions and conserving our use of natural resources. These benefits extend to our business through reduced costs and risks as well as increased resiliency.

5.2.1. Buildings

Most of Arrow's direct energy consumption stems from heating, cooling, and lighting a network of more than 288 controlled and uncontrolled locations worldwide.

Since 2018, Arrow's global facilities team has integrated energy efficiency into real estate decision-making when expanding into new locations, both in the locations of sites selected and the materials standards used for construction and outfitting (e.g., recyclable material in furniture and carpeting, LED lighting).

Global Approach

Energy management is a priority for Arrow when maintaining our existing offices, facilities, and distribution centers. We have implemented LED lighting and intelligent lighting controls in our Reno, Phoenix, and Venlo Production Distribution Centers (three of our nine largest facilities), and we have a facilities management procedure to customarily use LED lighting in the maintenance of buildings where Arrow controls lighting equipment decisions. Our offices in Massachusetts, Ohio, and Texas have achieved the ENERGY STAR certification for performing better than at least 75% of similar buildings nationwide, and our Denver Headquarters building is LEED Silver-certified.

In 2021, three facilities in the United Kingdom: Harlow, Bedford, and Manchester, housed energy management systems certified to the [ISO 50001](#) (energy management) standard. In 2022, Arrow commits to adding our largest North American distribution center to the list of facilities with an ISO 50001 certification. In addition, our facilities in Venlo in the Netherlands and Neu Issenberg in Germany are BREEAM 3-Star (an assessment of sustainability performance).

Throughout 2020 and 2021, Arrow accomplished the following:

- In the U.S., we upgraded our HVAC systems, including replacement of the entire HVAC system at our Denver Headquarters location. This resulted in improved energy efficiency and promoted greater air quality.
- We migrated our primary data center to a LEED Silver-certified building in Colorado. In addition, we consolidated a number of data centers and increased our usage of cloud computing which reduced energy consumption.
- In Venlo, Netherlands, we partnered with our landlord to install solar panels at our largest product distribution center.

[1] Controlled facilities are defined as those with which Arrow has control and influence over energy-related decisions.

Arrow aims to keep building energy conservation a top priority. In the coming years, Arrow intends to continue to invest in installing LEDs, efficient lighting controls, increased use of natural lighting, and energy-efficient HVAC systems at our facilities. We intend to continue prioritizing energy reductions at our data centers, expanding our consolidation efforts to our facilities in the APAC region. In our leased office spaces, we intend to engage landlords in pursuing energy efficiency upgrades to the building envelope and process equipment.

For our controlled footprint, we intend to continue to explore opportunities to utilize renewable energy and battery storage to reduce our environmental and climate impacts while lowering energy costs and increasing our resilience to power outages. We also intend to explore power purchase agreements as an option for reducing our environmental and climate impacts. We aim to centralize our energy consumption reporting and set energy intensity reduction targets that support our broader GHG emissions reduction goals. Finally, we intend to engage our employees on energy efficiency behaviors and promote knowledge sharing of energy efficiency best practices across our global footprint.

Moving forward, Arrow will continue to keep energy management as a priority. We intend to:

- Incorporate energy efficiency into the selection process for new buildings
- Conduct periodic building energy audits and implement energy efficiency projects, prioritizing high-energy facilities like data centers (e.g., smart HVAC, motion sensor lights, maintenance programs, building control systems)
- Engage employees on energy efficiency behaviors (e.g., turning off lights/computers)
- Measure, benchmark, and set comprehensive Scope 1 and 2 reduction targets/goals related to energy consumption
- Measure, benchmark, and set Scope 3 targets related to indirect emissions from our operations
- Increase the fuel efficiency of our leased vehicle fleet

5.3. Environmental Compliance

In 2021, we held [ISO 14001 certification](#) for our operations at 12 locations:

- Harlow, U.K.
- Bedford, U.K.
- Manchester, U.K.
- Phoenix, Arizona
- Venlo, Netherlands
- Sevenum, Netherlands
- Peabody, Massachusetts
- Hong Kong
- Johor, Malaysia
- Israel
- Swindon, U.K.
- Singapore

In 2022, Arrow is committed to achieving an ISO 14001 certification for our largest North American distribution center.

5.4. Water Management

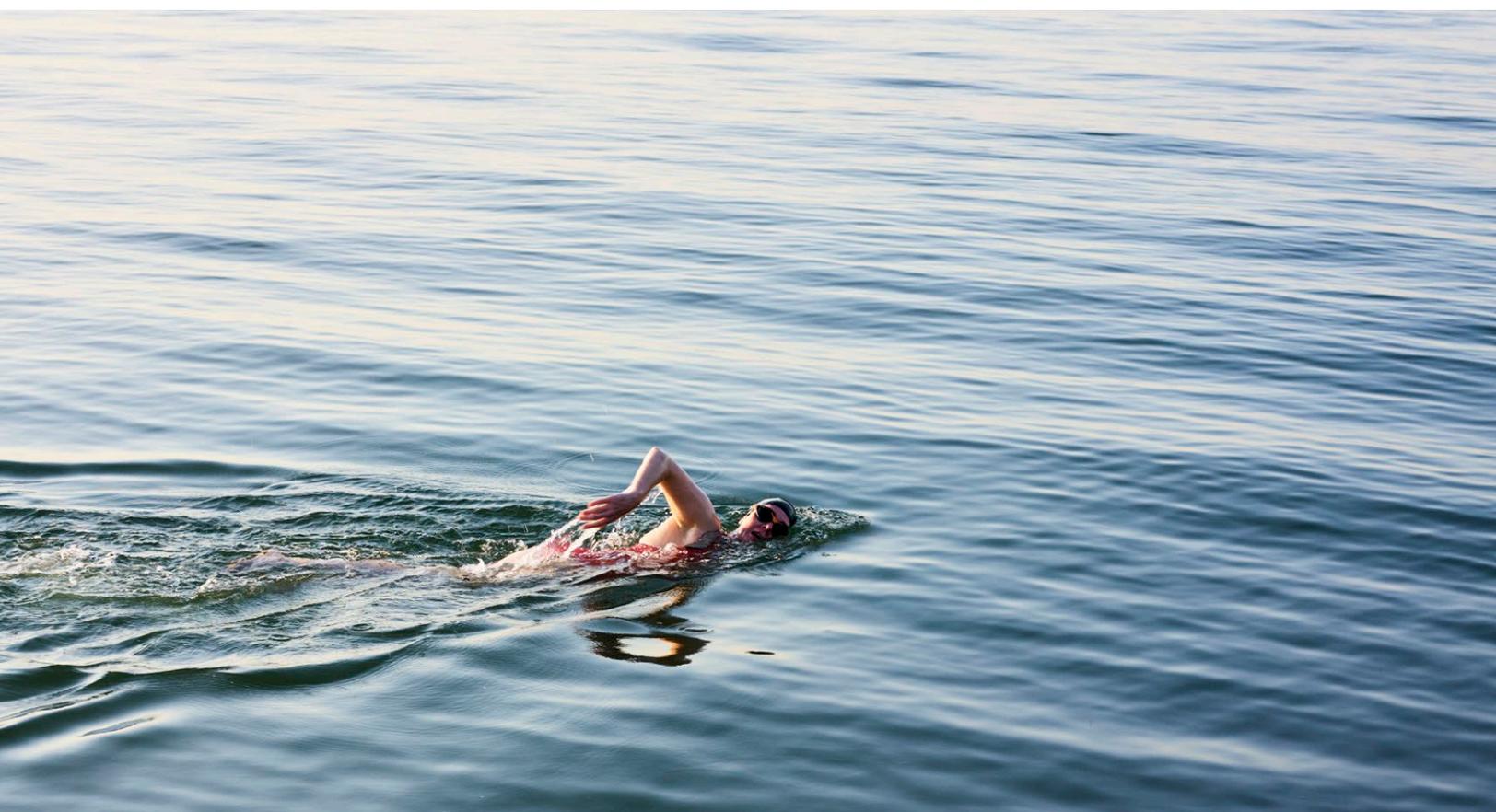
Although Arrow's operations are not water-intensive, we recognize the importance of potable water for our employees and communities for drinking and sanitation. We also acknowledge the risks that water scarcity places on our manufacturing suppliers, who may operate in drought-prone or water-scarce regions of the globe.

Arrow is committed to:

- Conserving water in our offices, facilities, and distribution centers
- Proactively managing water-related risks that could impact our business
- Increasing measurement of water data and initiating efforts to baseline water consumption

5.4.1. Operations

Arrow has implemented conservation measures in our facilities, including operating in facilities with low-flow toilets and hand-sensor faucets. Arrow has included water conservation criteria in its facilities management processes and continues to pursue minimal use of water for landscaping/irrigation through the use of recycled water systems and/or xeriscaping, the practice of designing landscapes that reduce or eliminate the need for irrigation, at owned facilities.



5.5. Waste Management

We recognize the importance of natural resource conservation, pollution prevention, waste management, and recycling programs for the environment and our stakeholders.

Arrow is committed to:

- Reducing waste generation within our operations through the proper disposal of our waste
- Reducing the amount of product packaging we use and distribute
- Increasing measurement of waste data and initiating efforts to baseline waste production and diversion

5.5.1. Waste Reduction and Recycling

Arrow is focused on the conservation of resources within its offices, facilities, and distribution centers globally. While not large waste generators, our offices have implemented waste-reduction measures, including reducing the use of paper and plastics and purchasing recycled or biodegradable supplies when feasible. We also properly dispose of our electronic assets through both reuse and recycling processes.

- Our Information Technology (IT) Department has organized a quarterly process for electronic waste and e-waste recycling events for global company equipment.
- In Europe, our e-waste is reported in line with the Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19).
- In the U.S., since 2019, our e-waste management program has:
 - » Diverted over 60 metric tons of electronics away from landfills
 - » Recycled 9,509 assets
 - » Re-marketed 4,827 assets

In addition, 80% of office furniture from our primary suppliers is made with at least 20% recycled content, and our flooring standards include a minimum 36% recycled content.

5.5.2. Packaging

One of Arrow's largest sources of waste is our packaging materials, including our use of cardboard, plastic, paper, and wood products which is why we have made efforts to reduce the amount of materials needed within our packaging operations. We intend to continue working with our suppliers and customers to explore opportunities to minimize the use of virgin materials in packaging and identify options to use recycled and/or biodegradable materials while maintaining the safety of the products. In our operations, we also aim to explore the possibility of reusing packaging when feasible, further consolidating and optimizing our packaging distribution, and reducing our packaging inventory.

Chapter 6

Frameworks & Standards

Frameworks & Standards

6.1. Sustainable Accounting Standards Board (SASB)

We leveraged the SASB framework as a reference in developing and prioritizing ESG topics for disclosure. We intend to continue to assess opportunities to evolve our ESG reporting approach. The industry disclosures represented below are specific to the Consumer Goods and Technology and Communications sectors.

Topic	SASB Code	Metrics	Arrow Disclosure
Environmental Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable	<p>Sections 5.1-5.2 GHG Emissions Reductions, and Energy Management</p> <ul style="list-style-type: none"> Most of Arrow's direct energy consumption stems from heating, cooling, and lighting a network of more than 288 controlled and uncontrolled locations worldwide. <p>(1) Total energy consumed: 37,083 MWh of electricity from 42% of Arrow's facilities by area as of December 2021 (2) Grid electricity: 98% (3) Renewably-sourced: 2%</p>
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	<p>Section 4.0, Data Security and Privacy</p> <p>Arrow maintains an information security program consisting of policies, standards, procedures, and guidelines that establish operational security controls to govern security for safely processing, storing, and transmitting customer data. Arrow's security program is developed and maintained using best practices based on industry-standard frameworks (NIST CSF, NIST 800-171, ISO 27001, CIS, and SANS CSC) to protect customers' data from accidental or unlawful destruction, loss, alteration, unauthorized disclosure, or access. Arrow periodically tests the effectiveness of its security program via independent internal and external assessments. Arrow employees have ongoing access to trainings relating to information security and data privacy, and mandatory annual training is included as part of the Code of Conduct training requirement.</p>
	CG-MR-230a.2	1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	While we closely monitor this information, it is not publicly disclosed at this time
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	<p>Section 2.3.1, Pay</p> <p>While Arrow does not have any in-store employees, Arrow provides market-competitive wages to its light industrial employees supporting its distribution centers and related business operations in the U.S. (1) Arrow employed 947 light industrial employees, and the average hourly wage for such U.S. employees were \$21.10. (2) 100% of such employees in the U.S. earned above the minimum wage.</p>
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	<p>Section 2.1.2, Turnover</p> <p>Voluntary turnover increased in 2021 across all Arrow's global regions after a decrease in 2020 during the first year of the global pandemic. Arrow does not have "in-store" employees. For Arrow's light industrial employees in the U.S.:</p> <p>(1) 34.3% for voluntary turnover (2) 6.3% for involuntary turnover</p>

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Topic	SASB Code	Metrics	Arrow Disclosure
	TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near-miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Section 2.3.6, Safety Providing a safe and healthy work environment for our employees is a cornerstone of our values. The following safety statistics reflect U.S. data for 2021, with more detailed historical data included in the Human Capital Data appendix. Outside of the U.S., limited information is currently available due to the differences in treatment of work-related injuries by country. (1) TRIR: 1.13 (2) NMFR: a. Not available b. Not available
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	While we closely monitor this information, it is not publicly disclosed at this time
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Section 2.1.4, US Race /Ethnicity Section 2.1.6, EEO Report (provides comprehensive U.S. data) The following information is specific to U.S. employees: (1) Management a. Gender representation – 32.6% women b. Racial/ethnic representation – 25.3% underrepresented (2) Technical Staff a. Gender representation – 20.9% women b. Racial/ethnic representation – 51.2% underrepresented (3) All Other Employees: a. Gender representation – 50.0% women b. Racial/ethnic representation – 35.8% underrepresented
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	While we closely monitor this information, it is not publicly disclosed at this time
	CG-MR-410a.1	Revenue from products third-party-certified to environmental and/or social sustainability standards	While we closely monitor this information, it is not publicly disclosed at this time

Topic	SASB Code	Metrics	Arrow Disclosure
Product Sourcing, Packaging, and Marketing	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Section 3.5, Product Stewardship Arrow complies with all applicable laws and regulations regarding the handling, storage, labeling, and declaration of products that have been identified as having hazardous chemicals, including EU regulations concerning substances of very high concern (SVHCs). Arrow maintains robust operational systems to identify whether products contain hazardous chemicals or materials based on analyzing manufacturer-provided data
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Section 3.5, Product Stewardship Section 5.5.2, Packaging Arrow works with suppliers to meet product packaging standards. Arrow is also committed to reducing waste from packaging materials used in product distribution.
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	Section 3.3.5, Conflict Minerals According to the European Union Directive 2017/821 regarding the sourcing of Conflict Minerals in high-risk areas, Arrow Europe meets the downstream company definition as Arrow Europe does not directly purchase or import any raw ore or unrefined Conflict Minerals from any source.

Activity Metric	Code	Response
Number of (1) retail locations and (2) distribution centers	CG-MR-000.A	1) Arrow does not operate any retail locations. 2) 43 distribution and value-added centers
Total area of (1) retail space and (2) distribution centers	CG-MR-000.B	1) Arrow does not operate any retail locations. 2) 303,000 square meters across 43 distribution and value-added centers

6.2. Task Force on Climate-related Financial Disclosures (TCFD)

While our approach to environmental sustainability focuses on the operation of our business, our impact is much broader. We are continuing our journey to better identify and address climate-related risks and opportunities in all that we do. This inaugural disclosure shares an overview of existing practices, what we've learned so far, and plans for this year and five years out.

Theme	Description	Arrow Disclosure
Governance	Describe the board's oversight of climate-related risks and opportunities.	The role of the Arrow Board is to promote the best interests of the company and its shareholders by overseeing the management of Arrow's business, assets, and affairs, which includes oversight for environmental (climate-related), social and governance (ESG) matters. The Corporate Governance Committee of the Board has direct oversight of, and is committed to, advancing our ESG policies and practices, as outlined in its committee charter. The Corporate Governance Committee and Arrow senior leadership have a direct line to ESG subject matter experts and external consultants. Climate-related risks are assessed as part of an enterprise risk management framework, and Arrow management will provide regular briefings and information sessions to the Board on any significant climate-related risks that Arrow faces and how Arrow seeks to control those risks when appropriate.
	Describe management's role in assessing and managing climate-related risks and opportunities.	Under the enterprise risk management framework, management is responsible for the day-to-day analysis and review of the risks facing Arrow, including timely identification of risk, a company-wide enterprise risk management survey, and risk controls related to significant business activities. Management is further responsible for developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward, and the appropriate manner with which to control risk. Our Chief of Governance, Sustainability, and Human Resources is directly responsible for overseeing ESG, including assessing and managing climate-related risks and opportunities. Arrow's CEO has the ultimate management authority for enterprise risk management, including responsibility for capability development, risk identification and assessment, and policies and governance, as well as strategies and actions to address enterprise risk.
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Arrow Electronics is developing a broader, strategic approach to reduce the company's carbon footprint while providing greater transparency on strategy and performance. The continued development of this strategy is a priority for Arrow. Arrow will work to refine this approach over time and ensure transparent annual reporting on any strategic updates as well as progress towards related goals.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	

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Theme	Description	Disclosure
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Annually, Arrow identifies and assesses existing and emerging enterprise risks, and has processes in place to monitor risks throughout the year. This activity includes the identification of physical risks, including natural catastrophic events (such as earthquakes) and extreme weather variability (such as rising temperatures and flooding), as well as active management plans and business continuing planning, where appropriate. We also conduct specific climate-related risk assessments, in terms of financial and/or operational impact, at select facilities. In addition, Arrow requires compliance with environmental (and other) laws and regulations in all countries and regions where it operates. Noncompliance could have substantive financial and strategic impacts.
	Describe the organization's processes for managing climate-related risks.	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	In 2021, Arrow evaluated its carbon strategy and began collecting metrics to set a baseline that encompasses the company's controlled) facilities footprint, which represents the majority of Arrow's real estate footprint by area. In 2022, Arrow intends to continue to develop and validate its baseline for Scope 1 and 2 emissions. Based on our baseline emissions, we intend to develop science-based targets (SBTs) by 2025 that support the goals of the Paris Agreement and to develop an action plan to achieve those reductions.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Arrow will continue to develop and validate its baseline for Scope 1 and 2 emissions in 2022. Based on Arrow's baseline emissions, the company intends to 1) develop science-based targets (SBTs) by 2025 that support the goals of the Paris Agreement, and 2) develop an action plan to achieve those reductions.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Arrow plans to continue reporting annual progress toward carbon-reduction goals through this TCFD report and publicly available CDP disclosures.

6.3. United Nations Global Compact (UNGC)

Arrow has been a signatory of the UNGC since 2011. As part of the [UNGC](#), we agree to uphold the following goals, which are most relevant to our global business operations, and report on progress annually. This information is also included in our latest UNGC Communication on Progress (COP). More on our community investments and partnerships for creating a better tomorrow are outlined in our CSR stories and [Industries overview](#).

U.N SDG	Description of Goal	Examples of Arrow's Contributions
<p>Good Health and Well-Being</p> 	<p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> • Arrow is committed to the health and well-being of our employees. We seek to attract and retain employee talent by offering a comprehensive and competitive market-based benefit program to all employees globally. <ul style="list-style-type: none"> › In the U.S., Arrow provides a wide range of medical plans to provide employees flexibility to choose a plan that meets their individual needs. › Affordability is critical, so Arrow provides additional subsidies for U.S. employees earning less than \$100,000 per year, and further increased those subsidies for 2022. Over the past six years, we have been able to keep our base plan employee costs flat while holding overall cost increases below national healthcare trends. • Arrow provides a robust Employee Assistance Program (EAP) to all employees globally with 24/7 access, five free counseling sessions a year, and several free mental health applications. • Health and Safety requirements apply to all our suppliers, which is outlined in Arrow's Business Partner Code of Conduct (the "Business Code"). <ul style="list-style-type: none"> › Arrow also supports innovations in health and well-being globally. In 2021, Arrow and IBM supported Barcelona-based startup Prometeo to develop a wearable monitor to protect firefighters. It measures smoke and airborne toxins and alerts firefighters to acute hazardous exposures on a wrist wearable. An AI program analyzes firefighters' exposures over time to determine chronic exposures that can lead to higher rates of cancer and other illnesses among firefighter.
<p>Quality Education</p> 	<p>Ensure inclusive and equitable education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> • Arrow is committed to the communities where it operates, and supports education globally. In 2021: <ul style="list-style-type: none"> › 686,000 non-employee recipients were helped through Arrow-supported organizations focused on elevating education opportunities, with a focus on Science, Technology, Engineering, and Math (STEM) • Arrow is committed to our employee learning. <ul style="list-style-type: none"> › Training and development, with a specific focus on level-up skill acquisition and/or retraining, are essential to Arrow's business strategy and the employee experience. With skill training, employees can maximize their career investment. › We recognize that different talent segments have different needs. Our training programs are organized around four workforce segments: sales, engineering, light industrial, and business professionals. › At Arrow, we are a community of continuous learners and provide easily accessible, on-demand digital training opportunities for all Arrow employees. Arrow's Global Workforce Skills model enables employees to identify their opportunities for growth and impact and provides related and relevant training content. Arrow's digital training platform has nearly 13,000 training products and services available to facilitate continuous learning. › Arrow develops leadership capabilities. We invest in structured virtual instructor-led training for vice presidents, directors, managers, and supervisors.

U.N SDG	Description of Goal	Examples of Arrow's Contributions
<p>Gender Equality</p> 	<p>Achieve gender equality and empower women and girls</p>	<ul style="list-style-type: none"> • Arrow is committed to gender equality for our employees. <ul style="list-style-type: none"> › In 2015, we set a goal to increase gender diversity globally and have since increased women in executive leadership positions by five percentage points, early career talent and managers by one percentage point, and individual contributor positions by two percentage points. Normalized results excluding a large acquisition during this time period show even greater increases with early career talent increasing by six percentage points and both managers and individual contributors increasing by four percentage points. › Arrow conducts ongoing, rigorous statistical analysis both of employee pay and our compensation programs. We place specific emphasis on gender pay equity globally. If and when pay equity gaps are identified, we adjust pay where appropriate to minimize these gaps. We also identify, review, and eliminate practices that have been shown to contribute to pay inequity. <ul style="list-style-type: none"> - At Arrow facilities in the U.S. and Canada, women currently earn \$1 for every \$1 earned by men in similar roles. At Arrow facilities in other countries with a large population, women currently earn between \$0.93 and \$1.02 for every \$1 earned by men in similar roles. • Arrow is committed to gender equality for girls and women globally. In 2021: <ul style="list-style-type: none"> › 2.6 million non-employee recipients were helped through Arrow-supported organizations focused on STEM-focused development for girls as well as women leadership
<p>Decent Work and Economic Growth</p> 	<p>Promote sustained and inclusive economic growth, productive employment, and decent work for all</p>	<ul style="list-style-type: none"> • Arrow is committed to sustained, inclusive, productive, and decent work for our employees and the communities where we operate. In support of that commitment, Arrow has an established Supplier Diversity Program, maintains a position on the Board of Directors for the Mountain Plains Minority Supplier Development Council, and is one of the first ten companies to participate in the Move The Needle Fund, which is helping drive diversity and inclusion in the local communities. Arrow continuously strives to invest in and encourage growth and development of diversity in its ecosystem. Arrow's Small Business Subcontracting Plan, which is updated annually, helps guide these efforts. • Arrow is committed to sustained, inclusive, productive, and decent work for our employees. <ul style="list-style-type: none"> › Arrow targets pay at the market median globally, and Arrow employees in all locations are paid above applicable minimum wage levels. Our global career framework defines all Arrow jobs and is accessible to managers and employees worldwide to support employees as they develop their career goals. › At Arrow, we view our employees as investors in their own futures. And over time, employees can expect a return on their investment, in the form of compounding their knowledge, skills, and abilities as their careers grow within the company. › In 2015, we began to set targets for internal growth to increase the share of lateral and promotional movement awarded to internal talent. Nearly three quarters of available internal opportunities now go to our internal talent, highlighting the success of this initiative.
<p>Industry Innovation, and Infrastructure</p> 	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p>	<ul style="list-style-type: none"> • Arrow is committed to fostering innovation throughout our value chain to enable sustainable growth. • Arrow guides innovation forward for over 200,000 of the world's leading manufacturers of technology. Our services span design engineering, manufacturing, fulfillment, professional services and support services around the world. This positioning allows Arrow to propel innovation forward in all aspects of its work. For example, <ul style="list-style-type: none"> › Arrow is the ultimate partner for the growing global reliance on battery power. We work across the entire power lifecycle, delivering the future's most promising ideas. › In addition, in alternative energy, we can support clean-tech designs, from storage to smart meters and beyond. • In 2021, Arrow and IBM started collaborating with Grillo, a Mexico City start-up, to develop an affordable, networked device that signals early warnings about earthquakes and then analyzes data about the tremors. Arrow helped with hardware redesign and integration to make the Grillo alarm a smart, connected device. This could help the nearly 3 billion people who live in seismic zones detect earthquakes sooner, giving people more time to escape harm and redirect public safety resources to where they are needed.

U.N SDG	Description of Goal	Examples of Arrow's Contributions
<p>Reduced Inequalities</p> 	<p>Implement sound policies to empower lower income earners, and promote economic inclusion of all, regardless of sex, race, or ethnicity</p>	<ul style="list-style-type: none"> • Arrow is committed to sound policies to empower lower income earners and promote economic inclusion of all our employees. <ul style="list-style-type: none"> › Arrow provides equal employment opportunities for all qualified persons without regard to disability, race, color, religion, national origin, age, gender, marital status, sexual orientation, gender identity or expression, citizenship, veteran status, genetic information, or any other characteristics protected by law. These personal attributes may not play any part in any employment decision, including recruitment, hiring, promotion, transfer, rate of pay, training, and termination. › Arrow's equal employment opportunity policy applies to all Arrow employees worldwide, as well as to all our subsidiaries and affiliated companies. • In 2015, we set a goal to increase talent of underrepresented race/ethnicity in the U.S. and have since increased by eighteen percentage points in executive leadership, eight percentage points in early career talent, nine percentage points in managers, and seven percentage points in individual contributors. Normalized results excluding a large acquisition during this time period show the same results except for eight percentage point growth for managers. • Details about Arrow's rigorous approach to pay equity and gender pay equity results are outlined above in the Gender Equality section. <ul style="list-style-type: none"> › Arrow also reviews pay equality for underrepresented race/ethnicity in the U.S. and other countries where this data is available. Employees of underrepresented race/ethnicity in the U.S. and Canada earn \$1.01 for every \$1 earned by their white colleagues in similar roles. . • Arrow employees in all locations are paid above applicable minimum wage levels, and Arrow targets pay at the market median or above for all positions globally. • Arrow is committed to ensuring health care is affordable for all our employees, particularly in the U.S. where healthcare is not government-subsidized. In the spirit of affordability, Arrow has three salary bands for U.S. medical contributions to further subsidize medical coverage for employees earning less than \$100,000 annually. <ul style="list-style-type: none"> › For 2022, we increased our company contribution toward U.S. medical coverage, particularly for our lowest wage workers where Arrow covers 95% of the medical plan cost. The increased subsidy for 2022 equates to an additional investment of approximately \$1.33 per hour for these employees.
<p>Sustainable Cities and Communities</p> 	<p>Make cities and human settlements inclusive, safe, resilient, and sustainable</p>	<ul style="list-style-type: none"> • Arrow is committed to making communities inclusive, safe, resilient and sustainable. <ul style="list-style-type: none"> › Arrow recognizes that smart cities, smart homes, and smart transportation have the ability to improve lives while simultaneously expanding our addressable market. To address this growing need, Arrow offers innovative tools and technologies that cities, buildings and transportation companies are able to leverage for a more resilient, connected, sustainable, inclusive and safe future. › Our efforts within smart transportation range from vehicle safety to driver convenience and support in the design and production of sustainable solutions that lower emissions and inconveniences. These innovations and efficiencies of both time and money allow operations to be streamlined and optimized, impacting manufacturers and consumers alike. • In 2021, <ul style="list-style-type: none"> › More than 3,600 non-employee recipients were helped through Arrow-supported organizations focused on building sustainable communities, including local small business development and access to healthcare.

U.N SDG	Description of Goal	Examples of Arrow's Contributions
<p>Responsible Consumption and Production</p> 	<p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • Arrow is committed to ensuring sustainable consumption and production patterns. <ul style="list-style-type: none"> › We maintain robust standards for our suppliers and business partners as evidenced by our Business Partner Code of Conduct and Ethics (the "Business Code") which expresses our core values and our expectations of our business partners to help us meet the highest possible ethical standards. › For the third consecutive year, we have filed a Conflict Minerals Report with the U.S. Securities and Exchange Commission and to date, have validated that at least 57% of the components in our supply chain are conflict-free. We strive to increase the number of validated components each year. › Arrow is committed to ensuring that the products we provide our customers have minimal health, safety, environmental and social life-cycle impacts. Arrow monitors all new developments related to chemical regulations and is fully compliant with the European Union Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH); European Union Restriction of Hazardous Substances (RoHS); and California Proposition 65 (Prop 65). › Arrow subsidiary SiliconExpert enables partners to mitigate risk and manage compliance through products' design life-cycle allowing for in-depth decision making and data collection on product impacts.
<p>Climate Action</p> 	<p>Take action to combat climate change and its impact</p>	<ul style="list-style-type: none"> • Arrow is committed to taking action to combat climate change. Our efforts include: <ul style="list-style-type: none"> › Compliance: Maintaining a track record of global environmental compliance and commitment to excellence through expanded ISO certifications. › Accountability and performance improvement: Sharing our emission reduction targets and reporting progress against each. Our 2022 goals include: reducing our Scope 1 and 2 emissions across our Phase 1 controlled footprint by 10% in 2022, which represented 42% of our overall footprint by square footage as of December 2021. <p>More about our commitment to combat climate change and its impacts are in section 5 and 6.2 of this report. Additionally, Arrow aims to respond annually to CDP's climate change and water questionnaires and make responses publicly available. Related scores are publicly available on CDP's website.</p>

Chapter 7

Appendix

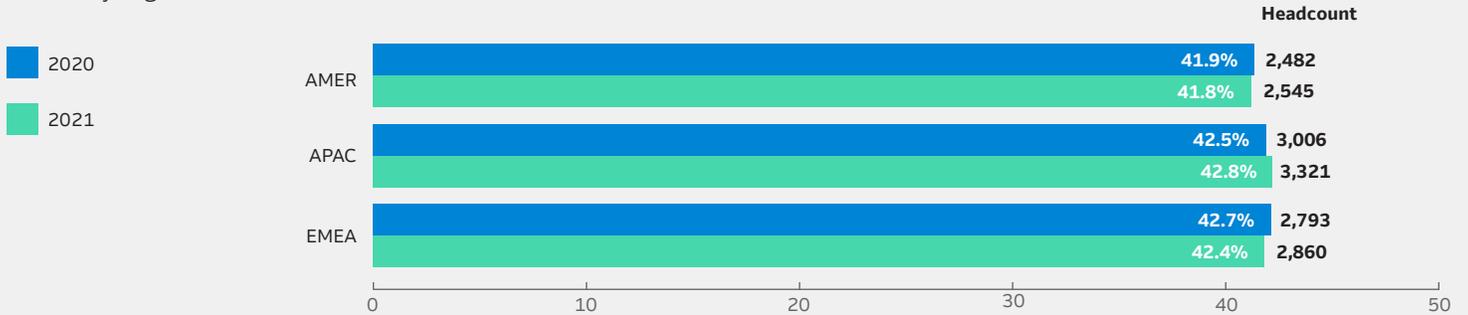
Appendix

7.1 Human Capital Data

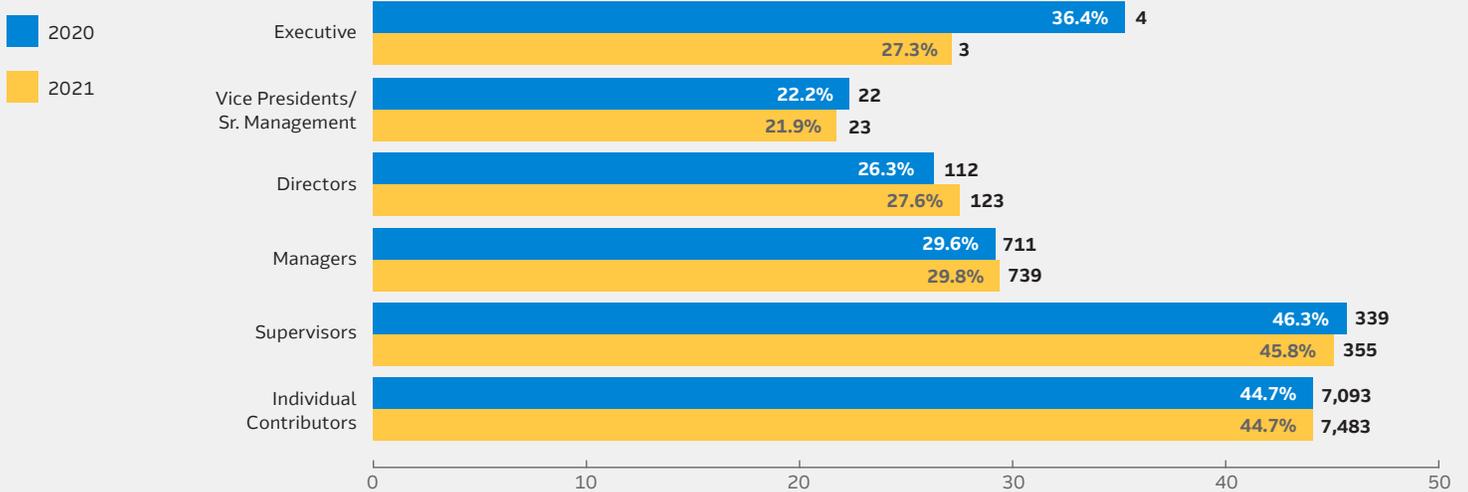
7.1.1. Global Gender Demographics, Women

Active Employees, December 2021

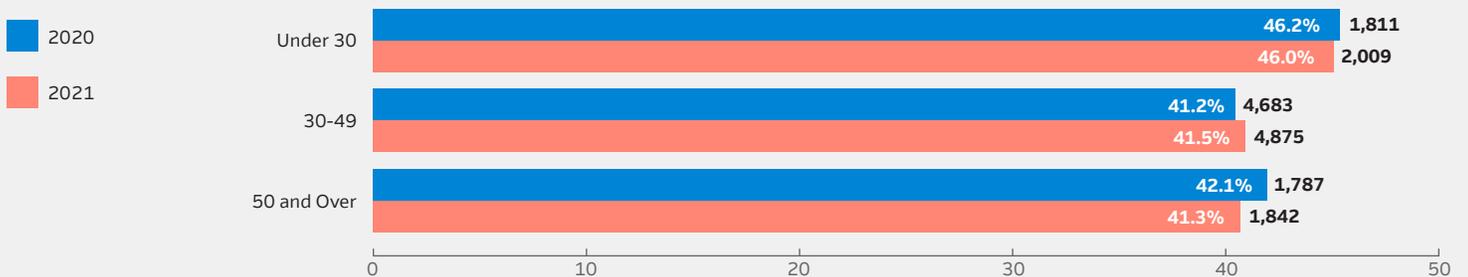
Women by Region



Women by Employment Type

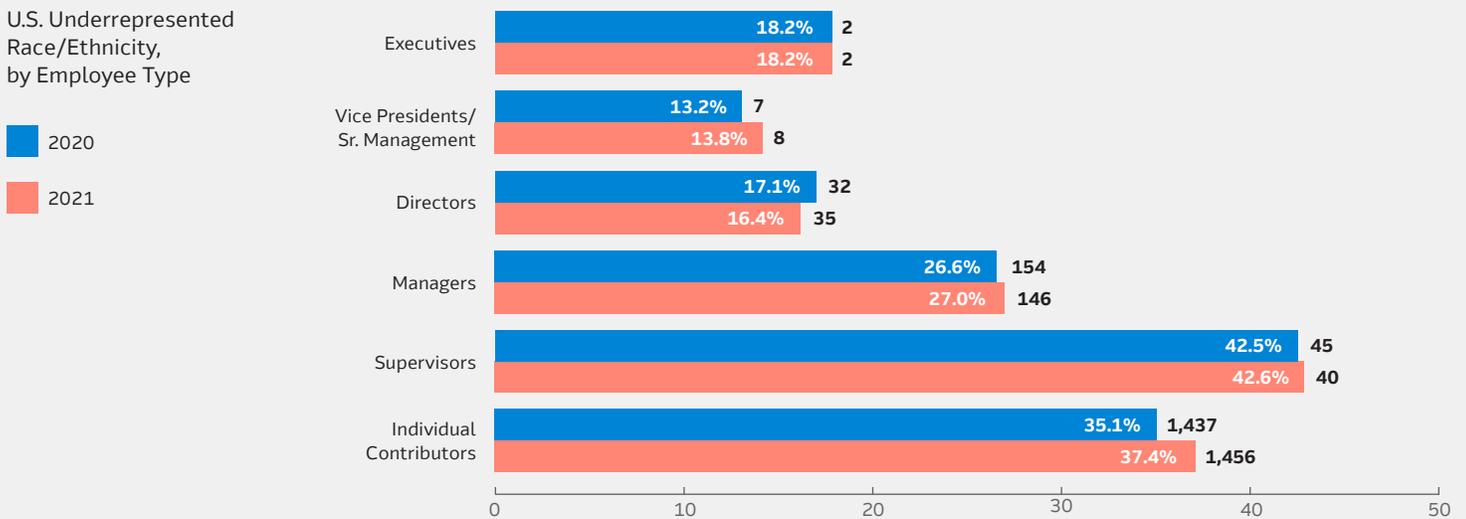
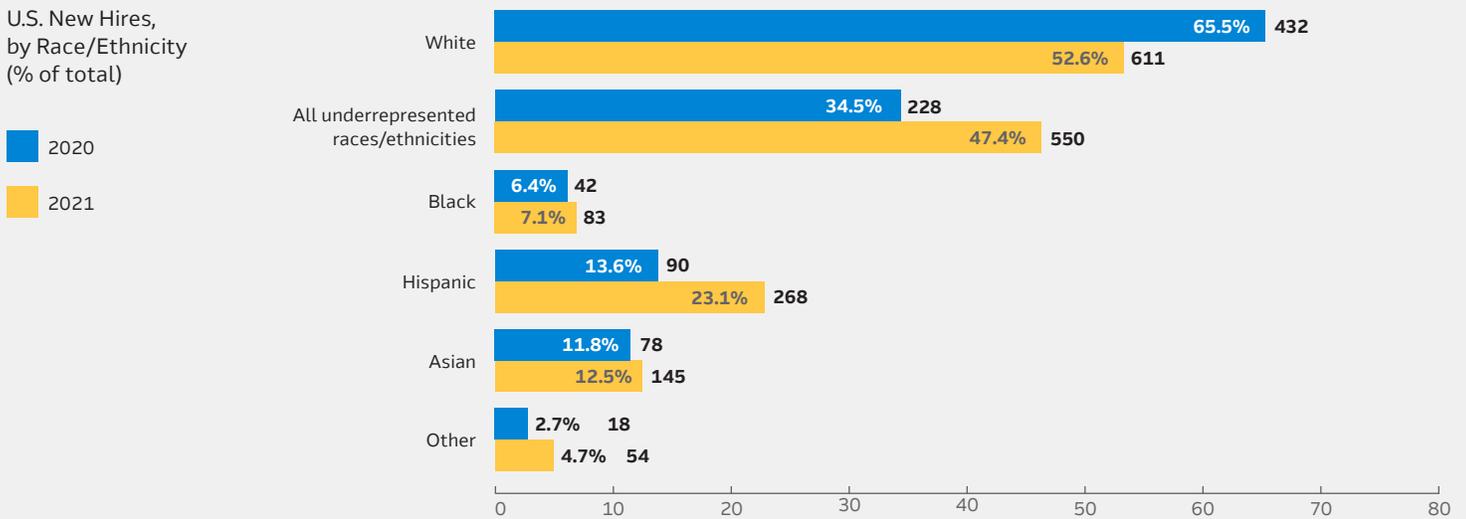
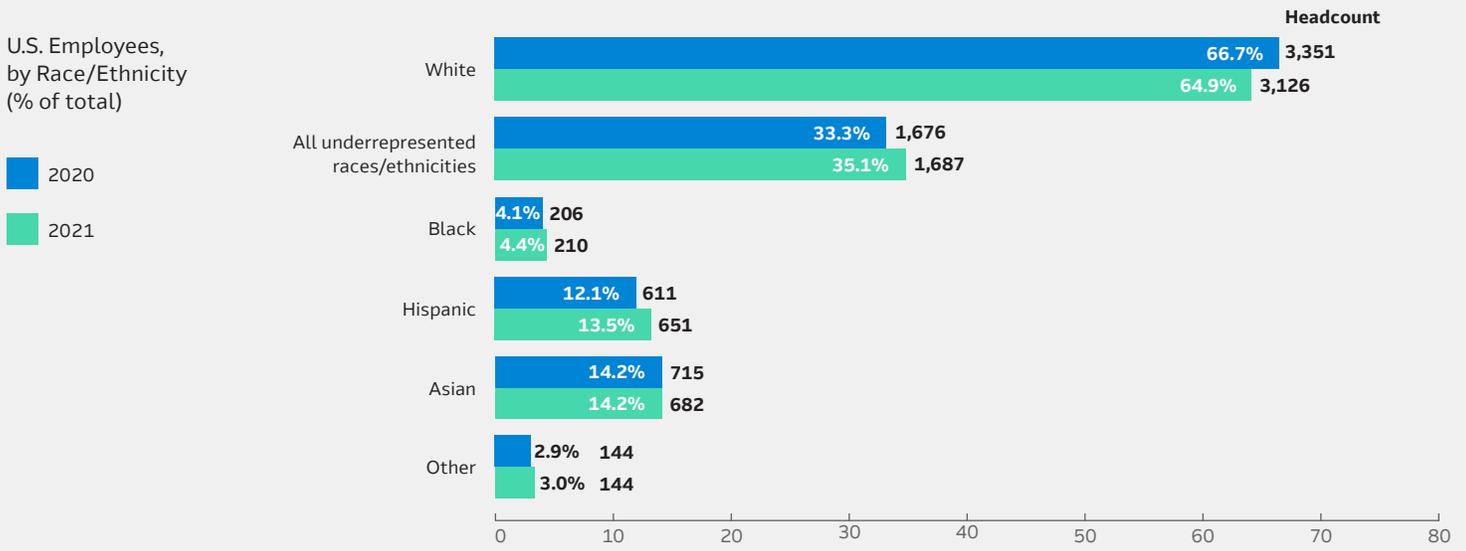


Women by Age Group



7.1.2. U.S. Underrepresented Race/Ethnicity Demographics

Active Employees, December 2021



7.1.3. U.S. EEO-1 Report

Percentage Representation

Female	American Indian or Alaskan Native	Asian	Black	Hispanic	Native Hawaiian or Pacific Islander	Two or More Races	White
Executive/Sr. Officials & Managers	0%	6%	6%	0%	0%	0%	88%
First/Mid Officials & Managers	0%	8%	5%	8%	1%	1%	76%
Professionals	0%	11%	3%	10%	0%	2%	73%
Technicians	0%	0%	20%	20%	0%	0%	60%
Sales	0%	3%	3%	7%	0%	1%	86%
Administrative Support	1%	7%	8%	13%	1%	2%	69%
Operatives	1%	30%	3%	44%	2%	1%	19%
Female Total	1%	12%	4%	16%	1%	1%	65%

Male	American Indian or Alaskan Native	Asian	Black	Hispanic	Native Hawaiian or Pacific Islander	Two or More Races	White
Executive/Sr. Officials & Managers	0%	7%	5%	0%	0%	2%	86%
First/Mid Officials & Managers	0%	17%	3%	7%	0%	1%	72%
Professionals	0%	23%	2%	8%	0%	2%	65%
Technicians	0%	15%	18%	6%	0%	3%	59%
Sales	0%	4%	4%	4%	1%	1%	86%
Administrative Support	2%	6%	7%	14%	1%	4%	68%
Operatives	2%	25%	6%	28%	2%	2%	35%
Service Workers	0%	0%	0%	0%	0%	0%	100%
Male Total	1%	17%	4%	10%	1%	2%	66%

Total	Female	Male
Executive/Sr. Officials & Managers	27%	73%
First/Mid Officials & Managers	37%	63%
Professionals	39%	61%
Technicians	13%	87%
Sales	44%	56%
Administrative Support	63%	37%
Operatives	48%	52%
Service Workers	0%	100%
Total	44%	56%

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Appendix

Headcount Representation

Job Categories	Hispanic or Latino		Not Hispanic or Latino												Overall Totals
	Male	Female	Male						Female						
			White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	
Executive/Sr. Officials & Managers	0	0	37	2	0	3	0	1	14	1	0	1	0	0	59
First/Mid Officials & Managers	31	22	342	14	1	79	1	7	213	13	3	23	1	4	754
Professionals	68	58	583	20	2	205	1	14	415	18	2	63	2	14	1465
Technicians	2	1	20	6	0	5	0	1	3	1	0	0	0	0	39
Sales Workers	21	28	411	19	3	19	0	6	327	10	0	11	0	3	858
Administrative Support	27	42	131	13	1	12	3	7	228	26	4	23	4	5	526
Craft Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operatives	110	161	138	23	7	100	8	9	70	11	7	111	3	2	760
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1
Total	259	312	1663	97	14	423	13	45	1270	80	16	232	10	28	4462
Previous Report Total	291	342	1972	125	24	400	14	58	1470	109	17	273	14	40	5149

7.1.4. U.S. Safety Data

Arrow Injury History	2021	2020	2019	2018
Number of Cases				
Total number of fatalities	0	0	0	0
Total number of cases with days away from work	18	5	23	29
Total number of cases with job transfer or restriction	15	26	29	34
Total number of other recordable cases	10	14	11	16
Number of Days				
Total number of days away from work for all cases	1278	196	1338	1607
Total number of days of job transfer or restriction	717	917	728	1358
Rates				
Total Recordable (TRIR)	1.13	0.9	1.32	1.77
Lost Work Day (DAFWII)	0.47	0.1	0.48	0.67
Days Away Restricted Time (DART)	0.87	0.62	1.09	1.46
Experience Modification (EMR)	0.52	0.51	0.66	0.65

7.2 Governance Data

7.2.1 2021 AlertLine Data

Type	Percentage of Allegations	Number
Employee Relations	62.7%	79
Business Integrity	27.8%	35
Misuse and Misappropriation of Company Assets	5.6%	7
Environmental Health and Safety	4.0%	5

7.3 Environmental Data

7.3.1. GHG Emissions

2021 Phase 1 Controlled Building Energy Usage Data ¹	
Emissions Type	MWh ²
Scope 1 ³	8,763
Scope 2	28,320

1. Phase 1 Controlled data represented 42% of Arrow's square footage as of December 2021.
2. All data has been converted to its MWh equivalent for comparison purposes.
3. Scope 1 building energy usage total does not include fleet data.

2021 Phase 1 Controlled GHG Emissions Data ⁴		
Emissions Type	Portfolio Represented	mtCO ₂ e ⁵
Scope 1	2.8 million sq. ft. and 1,576 vehicles	6,465
Fleet ⁶	1,576 vehicles	4,835
Non-Fleet ⁷	2.8 million sq. ft.	1,630
Scope 2 ⁸	2.8 million sq. ft.	13,163

4. Phase 1 Controlled emissions data represented 42% of Arrow's square footage as of December 2021.
5. Emissions data is calculated using guidance from the Greenhouse Gas Protocol. Emissions factors used to calculate metric tons of carbon dioxide equivalent were sourced from: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, UN GHG Statistics, UK BEIS 2021 conversion factors, Econometrica, the Netherlands List of Fuels and Standard CO₂ emissions factors, the U.S. EPA Emission Factors for Greenhouse Gas Inventories, and the U.S. EPA Emissions & Generation Resource Integrated Database (eGRID)
6. Scope 1 Fleet emissions include direct emissions sources controlled by Arrow (i.e. fuel oil such as diesel or petroleum). Scope 1 Fleet emissions are extrapolated to represent 100% of Arrow's fleet. Data was available for 97.7% of Arrow's fleet and emissions for this portion were calculated using the actual count of vehicles, manufacturer emissions factors for each vehicle, and annual distance driven. Annual distance driven was captured using actual mileage data, where available, or the maximum allowable mileage per Arrow's vehicle contracts. The emissions for the remaining 2.3% of Arrow's fleet were calculated using the average emissions (metric tons of CO₂ per vehicle) from the remainder of the fleet.
7. Scope 1 (Non-Fleet) emissions include direct emissions sources controlled by Arrow (i.e. natural gas, generator fuel).
8. Scope 2 emissions include indirect emissions sources controlled by Arrow (i.e. purchased electricity). Actual utility data was used for 99.6% of the calculation by MWh consumption. Actual utility data was not yet available for the remaining 0.4%, this was calculated using an average of prior year utility bills for the same period.

Information Regarding Forward-Looking Statements

This report includes “forward-looking statements,” as the term is defined under the federal securities laws. Forward-looking statements are those statements that are not statements of historical fact. These forward-looking statements can be identified by forward-looking words such as “expects,” “anticipates,” “intends,” “plans,” “may,” “will,” “believes,” “seeks,” “estimates,” and similar expressions. These statements are based on management’s current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, including, but not limited to, our ESG commitments, strategies and initiatives; our business plans and strategy; our products, services and solutions; and our stakeholder engagement efforts. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While Arrow believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and of course, it is impossible to anticipate all factors that could affect actual results. There are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements herein including, most prominently, the risks discussed under the heading “Risk Factors” in the company’s Annual Report on Form 10-K for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (“SEC”) on February 11, 2022 as well as other factors described from time to time in Arrow’s filings with the SEC. Such forward-looking statements are made only as of the date of this release. Arrow undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events, or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

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