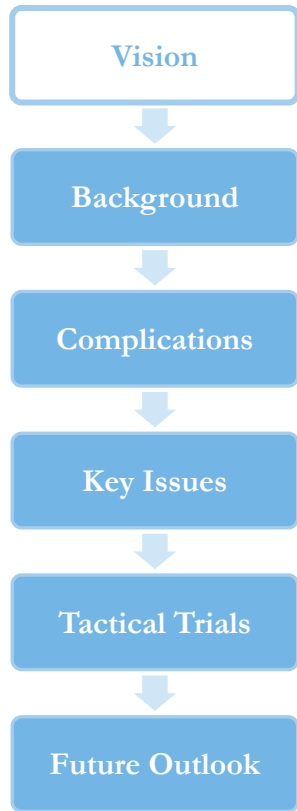




Nature's ROI: Maximizing Arrow Electronics' Global Impact
EcoBalance Ventures



Methodology

- **Situation, Complication, Question, Answer (SCQA)** Consulting Framework to define problems and structure projects

Situational Analysis

- Arrow specific: Operating industries, company background, global footprint, and corporate culture
- Regulatory environment: EU **Corporate Sustainability Due Diligence Directive (CSDDD)**

Complications

- Decisions deferred: Navigating business strategy amid **legal gridlock**
- Innovate or stagnate: Keeping pace with **industry peers** in today's **evolving market**

Key Issues

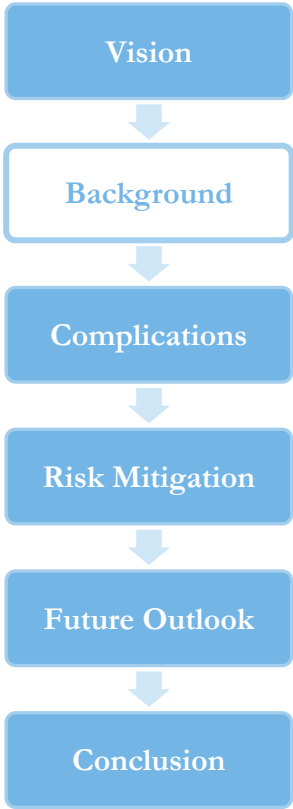
- **What strategic steps** should Arrow take given the regulatory environment and current market conditions?

Solution Spectrum

- Test and refine **three proposed corporate solutions**

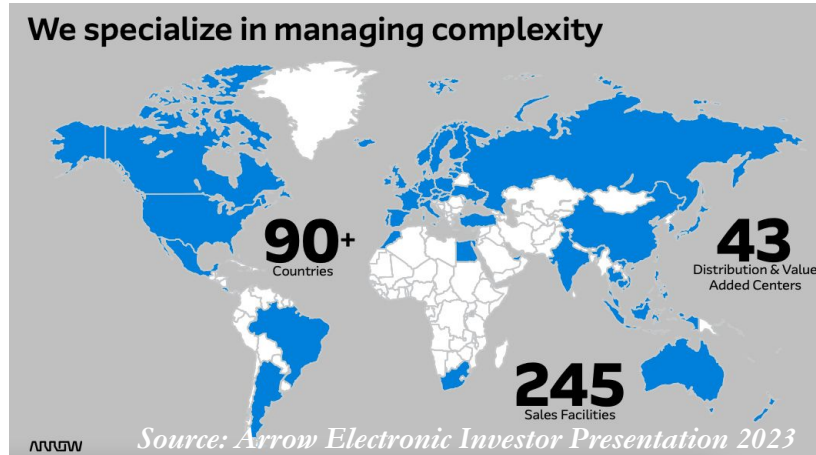
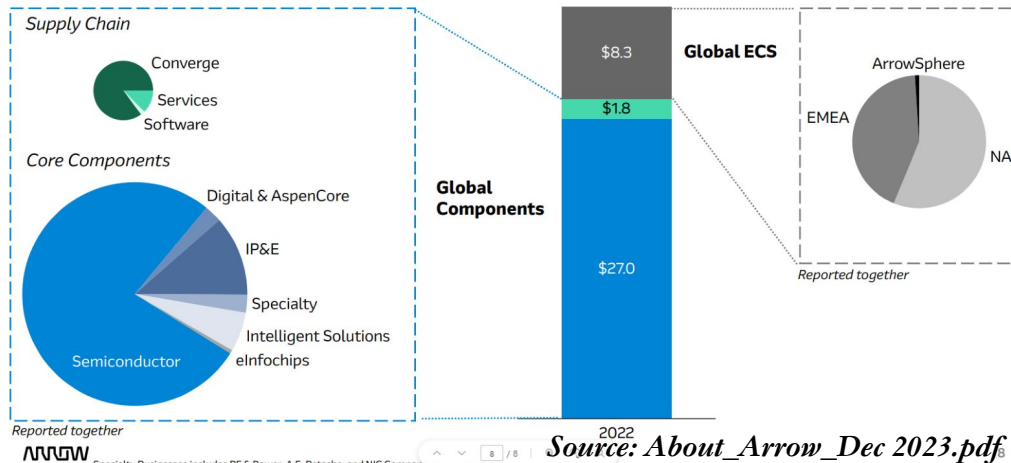
Future Outlook

- Effective execution: Transform proven strategies into **actionable plans**



Arrow Electronics at a glance

2022 Revenue



Specialization

- **Technology-centric** solutions provider
- **Go-to-market** and supply chain services
- **Global** reach and scale
- **Innovation** guiding value proposition
- **Broad Portfolio** across power management, design engineering, and aerospace/defense

Corporate Culture

- **Five Years Out Philosophy** Envisions a tangible and improved future Bridges the gap between what's possible and practical
- **Integrity, Authenticity, and Pragmatism** Guard against "greenwashing"
- **Continued Accountability for Corporate Citizenship**



Corporate Sustainability Due Diligence Directive

Source: European Commission

Mission Statement

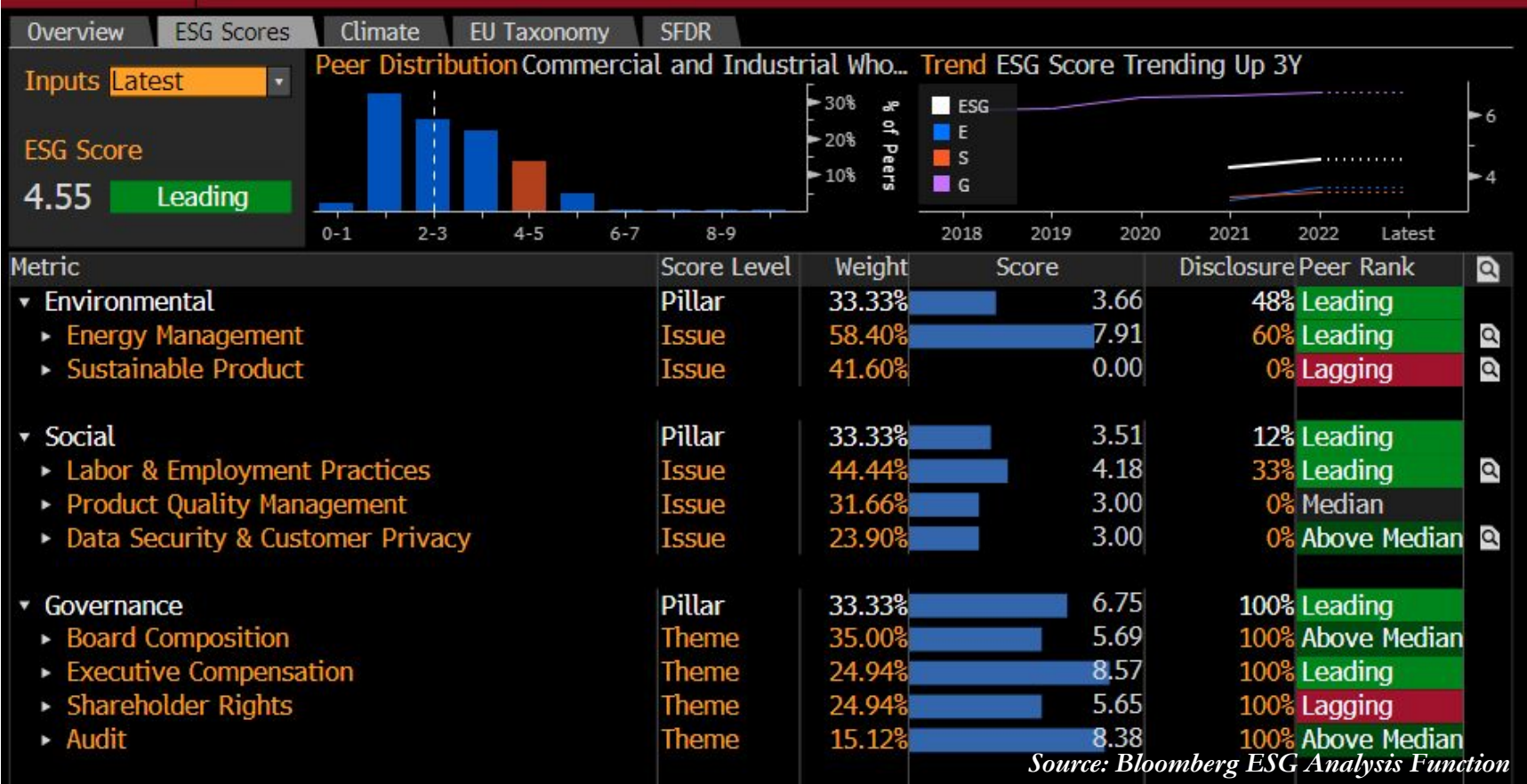
To promote **corporate responsibility** and **sustainability** by ensuring proactive measures to **respect human rights** and **mitigate environmental impacts** across all **operations** and **supply chains**.

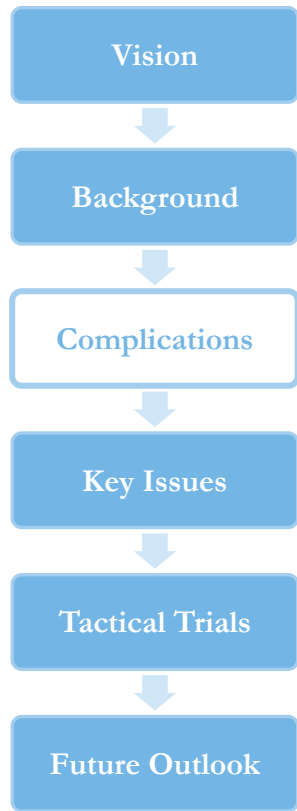
Scope

“**Non-EU companies operating within the EU also fall under the scope of the CSDDD.** This includes **third-country companies active in the EU** that meet the turnover thresholds aligned with the above-mentioned groups, with the revenue being generated in the EU, irrespective of whether they have a branch or subsidiary in the region.”

Implications

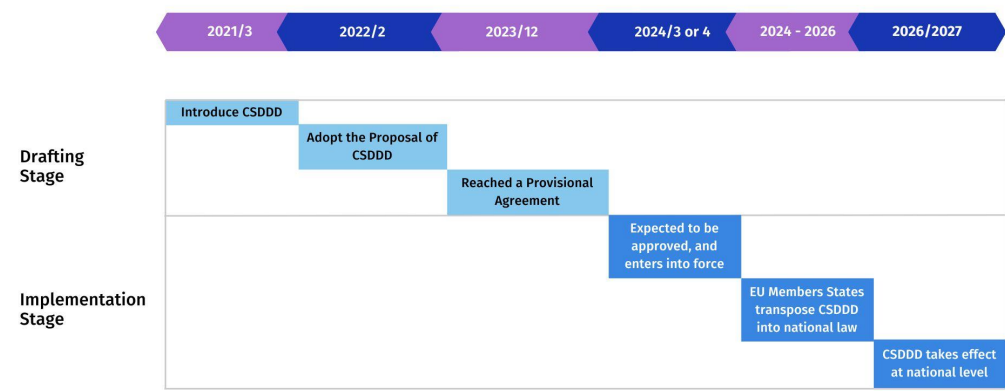
- **Identify** the principal adverse impact
- **Mitigate** identified risks
- **Establish** grievance mechanisms
- **Align** their business model and strategy with the 1.5°C target of the Paris Agreement
- **Publicly report** on their due diligence





Original Plan and Timeline Unveiled

CSDDD TIMELINE

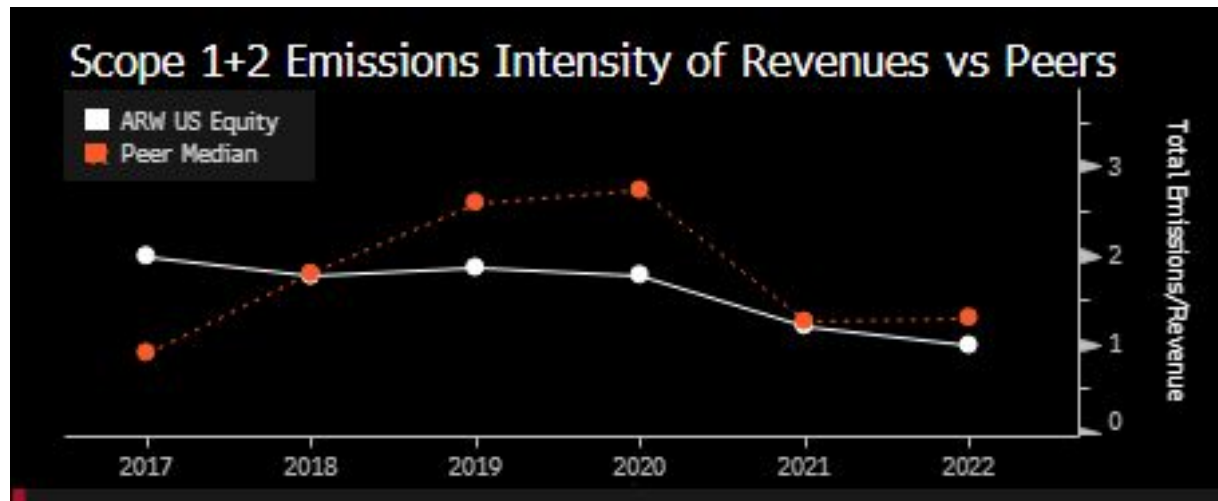


Unforeseen Obstruction



Source: <https://blog.worldfavor.com/eus-corporate-sustainability>

Revenue Emissions Ratio: Insights into Environmental Responsibility and Profitability



Source: Bloomberg ESG Analysis Function

Peer List: Avnet, Inc., TD SYNNEX Corp., Global Digital Niaga Tbk PT,
Ryoyo Electro Corp etc.

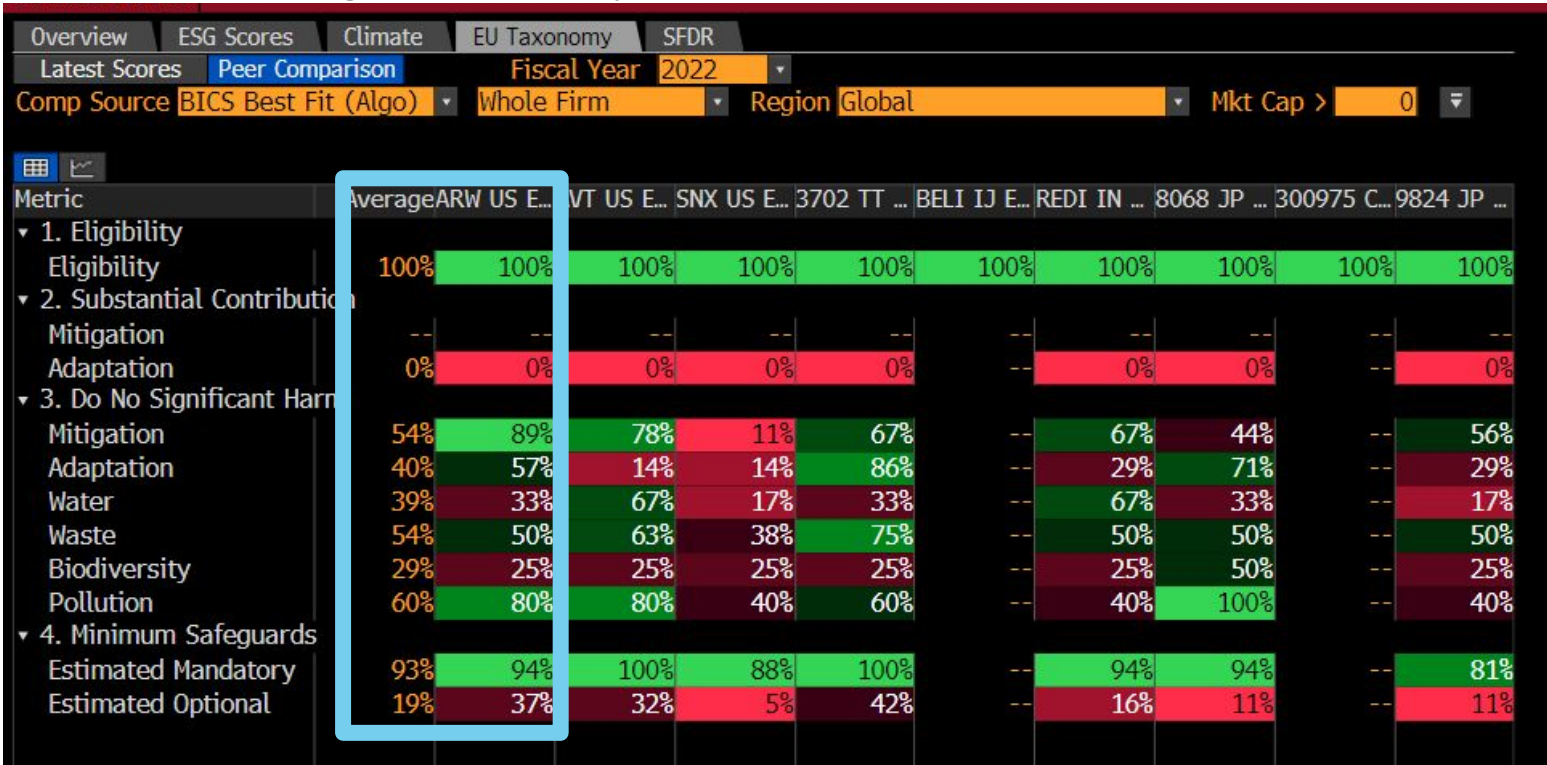
*Scope 1 + 2
Emission Intensity of Revenue*



Revenue's Carbon Footprint

How effectively a company is managing its emissions relative to its revenue, indicating its environmental performance and efficiency

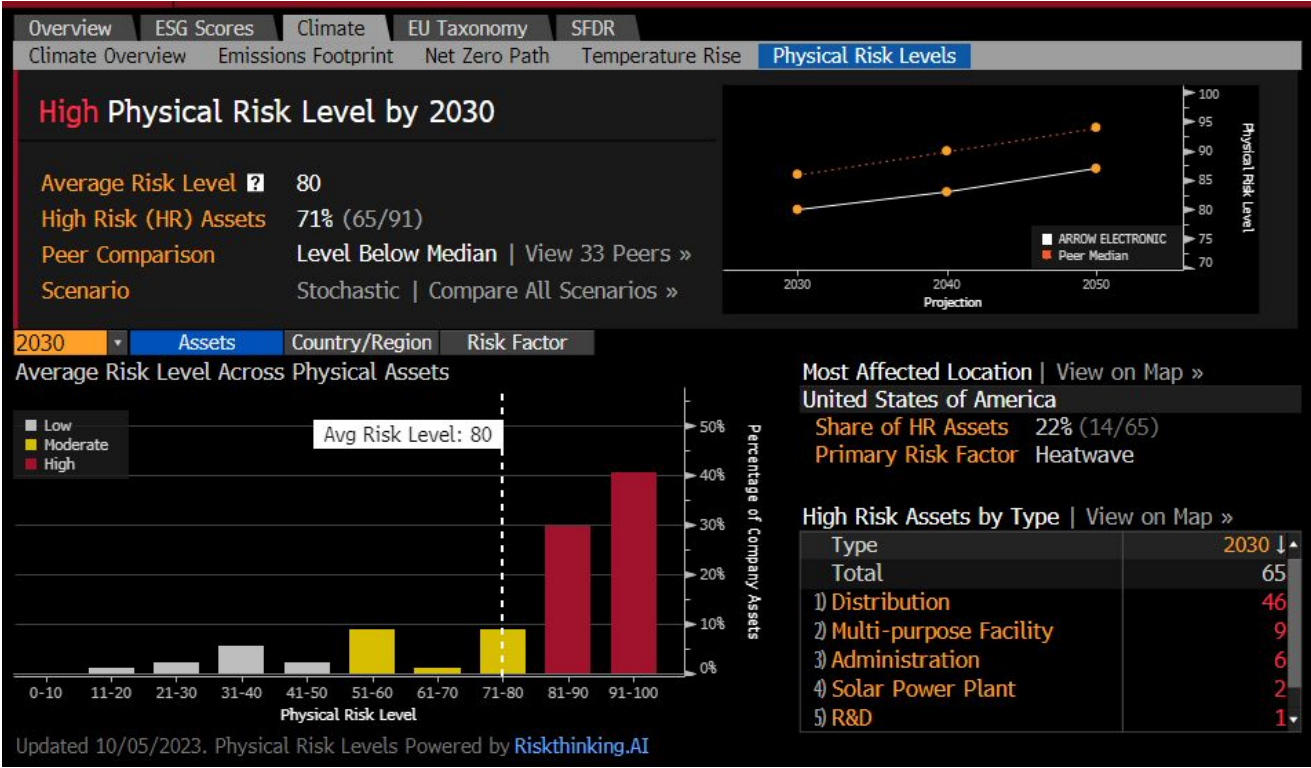
Charting Sustainability: Corporate ESG Performance in Color



Source: Bloomberg ESG Analysis Function

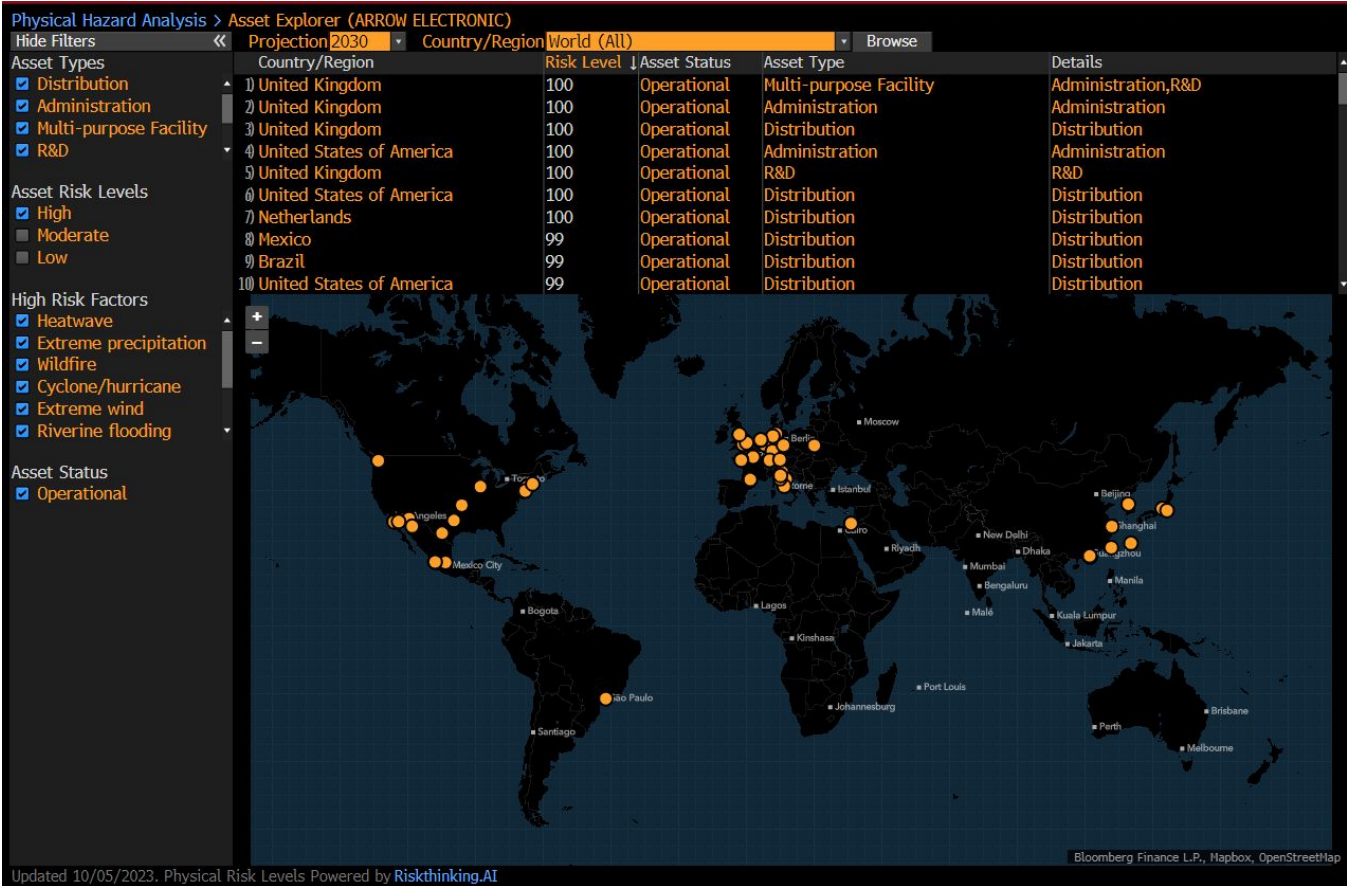
Peer List: Avnet, Inc., TD SYNEX Corp., Global Digital Niaga Tbk PT, Ryoyo Electro Corp

Risk Assessment & Management: *Asset Level*

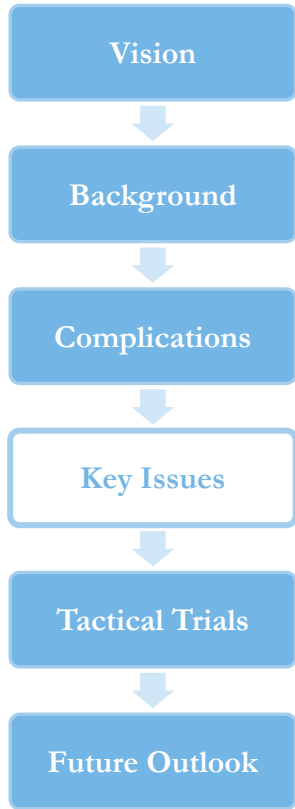


Source: Bloomberg ESG Analysis Function

Risk Assessment
& Management:
Regional Level



Source: Bloomberg ESG Analysis Function



What strategic steps should Arrow take given the regulatory environment and current market conditions?

Option A:

Cautious Contemplation:
The *'Wait and See' Approach*



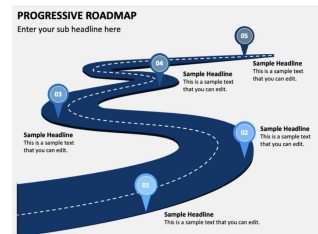
Option B:

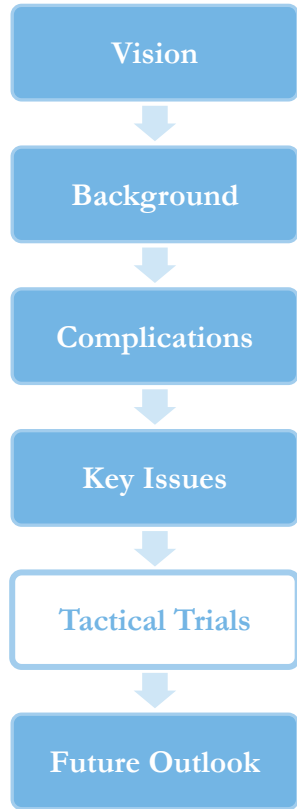
Hands-Off Approach:
Embracing *'Not My Problem,
Not My Concern'*



Option C:

Strategic Momentum:
Advancing with *High-Level
Strategies and Adaptive
Implementation*





Challenge	Recommendations
Financial impact: Upfront investment	<ul style="list-style-type: none">• Drive innovation with sustainable products and eco-tech• Avoid legal risks from environmental damage• Secure market share with sustainability focus
Shareholder sentiment: Criticisms on poor business judgements	<ul style="list-style-type: none">• Leverage early social responsibility for competitive advantage• Prioritize transparent communication for risk mitigation
Political tension: Punish companies for moving in the opposed direction	<ul style="list-style-type: none">• Proactively communicate with stakeholders• Provide transparent decision-making rationale• Solicit feedback for collaboration and alignment
Misinterpretation of industry trends	<ul style="list-style-type: none">• Long-term strategic vision• Adaptability and flexibility• Diverse considerations

Challenge

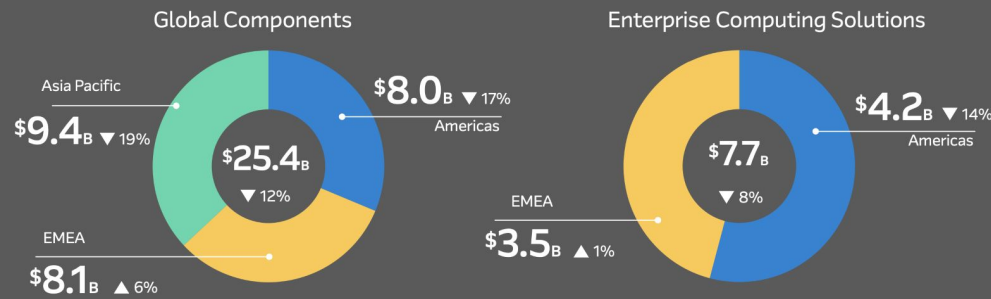
US businesses shouldn't be limited by EU leaders

Capitalism free market versus regulatory forces

Recommendations

- Contribute to global environmental sustainability through global business network
- Exemplify universal business ethics through biodiversity strategy
- Free market spurs innovation, but regulations safeguard ecosystems
- Regulatory oversight preserves biodiversity, ensures sustainable growth

FY 2023 revenue (\$33.1B consolidated)



High-Level Strategies and Adaptive Implementation

Financial gain



Environmental benefits



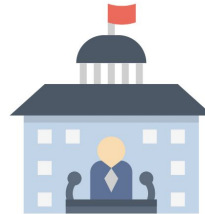
Competitive advantage



Consistency with company track records

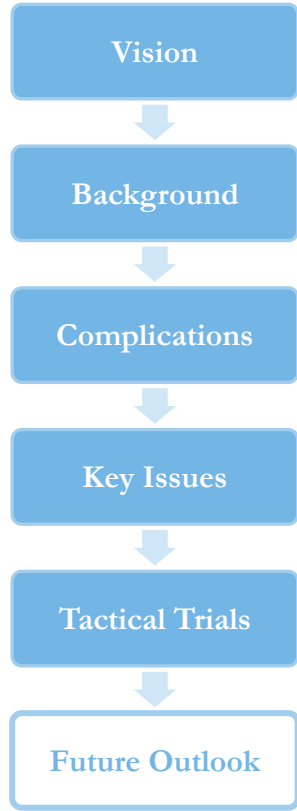


Political momentum



Support across parties







Global Biodiversity Initiatives Proposal

Climate & Energy

Renewable Energy:

- Boost renewable energy usage to cut Arrow's carbon footprint
- Invest in *on-site renewable projects* or purchase *energy credits*

Energy Efficiency:

- Apply energy-efficient technologies and practices
- Conduct regular energy *audits for optimization*

Carbon Offset:

- Back CDR projects to *offset unavoidable emissions*
- Explore partnerships for *nature-based carbon removal*

Sustainable Partnership

Supplier Collaboration:

- Integrate *biodiversity requirements* into the supply chain
- Incentivize *sustainable practices* among suppliers

Industry Engagement:

- Collaborate with industry organizations on biodiversity initiatives
- Contribute to industry-wide biodiversity standards

Global Initiatives Support:

- Participate in global biodiversity initiatives
- Align corporate goals with international frameworks

Employee Engagement

Biodiversity Training:

- Offer employee training on biodiversity and company strategy
- Cultivate an environmentally responsible culture

Volunteer Engagement:

- Facilitate tree planting and biodiversity projects
- Encourage local community volunteering for conservation

Sustainable Practices Incentives:

- Introduce incentives for sustainable workplace practices
- Recognize and reward contributions to biodiversity initiatives