

“Our entrepreneurial drive is complemented by a deep commitment to rewarding work done in the right way, the Arrow way.”

# Employees

“Our shared Purpose, Vision and Values creates a powerful adhesive that binds our Group together and makes us stronger, more aligned.”

### Building employee engagement

2018 was an exciting year for the people agenda with teams from across the business continuing to make great progress in providing learning and development solutions to support our employees’ careers. We deliver this through:

### Strategic and leadership alignment

Aligning leadership teams across the Group around the Mission, Vision and Strategy (our SMART Story) is a key priority, ensuring we strengthen the ‘One Arrow’ family while utilising the competitive advantage each unique business brings. In March 2018, starting with the executive management team, Arrow embarked on a senior leadership development programme DIPS (Define – Insight – Practice – Sustain). The purpose of the programme is strategic, cultural and leadership

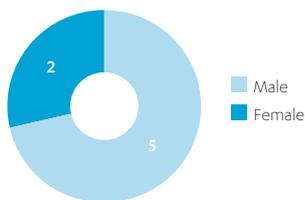
alignment and takes teams through a learning journey over a 9 to 12-month period. In September, as part of our annual leadership conference, we introduced our top 100 leaders to our SMART Story and to the DIPS process. We will continue to roll out the DIPS programme out across the Group during 2019, and beyond.

### Management development

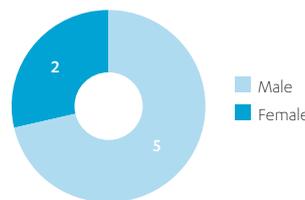
We recognise the critical role our leaders have in inspiring teams and we have worked hard to enhance management development programmes across the Group to build capability and confidence. In the Netherlands, management development is orientated around operational efficiency, or ‘lean initiatives’ that will be taken to other countries in 2019. In the UK, we were one of the first organisations to utilise the UK Government’s apprenticeship levy and we now have a growing management development programme that will, by the end of 2019, consist of four cohorts. Our business in Portugal has also successfully introduced a development programme for line managers.

### Gender diversity at 31 December 2018

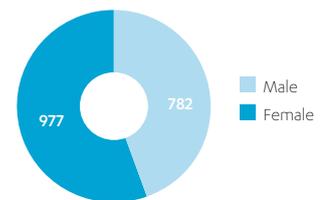
Board



Senior Management



All employees



“Recognition lays at the heart of our business, saying a simple thank you is what we do every day.”



# 104

Employee Recognition Scheme winners across the Group in Ireland, Italy, the Netherlands, Portugal, and UK

### Core capability

Locally, each Learning & Development (L&D) team ensures our employees have the skills to be highly competent in their current roles and provide support to build personal capability and confidence for the future. During 2018, we made enhancements on how we induct new colleagues, deliver regulatory skills requirements and identify development opportunities for future talent. Our ethos for learning and development is ‘doing the core tasks brilliantly’, ensuring quality design and development that is tailored to meet the needs of the learner. We have offered more experiential learning, taking into consideration diversity in generations working for the Group and learning preferences. As we move into 2019, our focus is to accelerate best practice and collaborate on the talent strategy including management onboarding, succession planning and career development pathways, the continued roll-out of DIPS, and creating and embedding the Arrow diversity and inclusion strategy.

### Competitive total reward

Arrow delivers a reward and recognition structure that provides competitive remuneration that is fairly derived and incentivises high performance. There are a suite of benefits that support our employees short, medium and long-term personal goals and circumstances, and an Employee Recognition Scheme rewards and celebrates employees that live our Values. We deliver these items through:

### Remuneration linked to Group and personal performance

Arrow benchmarks salaries across our businesses and locations to ensure we are providing competitive fixed pay that is reviewed and appropriately adjusted on an annual basis. The Group bonus scheme is driven by a combination of Group and personal performance to ensure employees are aligned to the delivery of our strategic objectives and corporate Values and that they are rewarded for delivering exceptional performance against those objectives and Values. Arrow also

operates a Long-Term Incentive Plan to drive long-term engagement and retention of our most talented people.

### Commitment to fairness and inclusivity

Arrow is committed to building a diverse and inclusive workforce and the treatment of Reward and Recognition is central to this commitment. For transparency the 2017/2018 Gender Pay report exceeded the statutory requirements and reported Gender Pay Ratio’s for both the UK workforce and the wider Group. The Group sets clear measurable actions to drive real outcomes. More information on this is available on the Group’s website. The report with April 2018 UK data will be published in April 2019 and included on the Group website in April 2019, in compliance with the UK regulations.

### Competitive benefits provision

Giving our employees the opportunity to select benefits that support their short, medium and long-term personal goals and circumstances is a critical part of our Total Reward package. We have a vibrant and diverse workforce and we provide benefits that span a variety of topics such as health and well-being and retirement provision that are benchmarked across our geographies.

### Employee recognition scheme

Intrinsic reward and recognition are extremely powerful, and they are a key part of creating a truly great place to work. Arrow operates a Group-wide Employee Recognition Scheme where all employees can nominate and are eligible to win. The core drivers are to recognise employees who live our Values, work at a continuously high standard and deliver innovative solutions, build long-term relationships, work collaboratively and seek to continuously improve all we do. Employees nominate colleagues monthly and the programme is supported by our Values Champions, over 50 of whom provide advice and guidance on how to engage in the scheme. Winners are publicly presented with their award in each of our locations on a monthly basis and they, alongside our Values Champions, attend the annual award gala, hosted by our executive committee, to celebrate their successes.