

Building Better Financial Futures



Aiming to achieve sustainability via our ESG framework

Our approach to sustainability is aligned to our purpose of building better financial futures. We are committed to being a responsible participant in our markets and via our business strategy and we seek to contribute to environmental, social and governance matters in order to both satisfy our responsibilities and be a thought leader regarding issues of sustainability that may impact our stakeholders.

Arrow remains fully committed to meeting our stakeholders’ expectations of being a responsible corporate citizen and addressing key sustainability issues, viewed through the lens of our Environmental, Social and Governance (ESG) framework. We recognise long-term sustainable success is linked to the fortunes of the stakeholders that we serve. As society’s expectation of businesses continues to grow, Arrow aims to stay ahead of those expectations. We believe that by integrating sustainability or ESG considerations throughout our operations we can enhance our business performance, support the financial health of our customers and better support the diverse communities within which we operate. In doing so, we support our purpose of building better financial futures for all of our stakeholders. During 2020, the board ensured that ESG ambitions were embedded as one of the Group’s strategic initiatives and set significant commitments in both the pursuit of our business operations being carbon-neutral by 2030 and delivering 1% profit after tax to charity and good causes aligned with our purpose from 2021. Overseeing our ESG ambitions and initiatives, a board sustainability committee has been established comprising all non-executive directors and chaired by Maria Luís Albuquerque, with a supporting executive sustainability committee, which is responsible for driving and measuring the delivery of Arrow’s ESG initiatives. In addition, a new Sustainability function has been created to manage the delivery of Arrow’s ESG commitments.

Arrow has a track record of working for the good of all stakeholders and playing an active role in the communities where we operate. To enhance our approach in 2020, further investment has been made in conjunction with Deloitte LLP to review activities ranging from strategic initiatives through to specific aspects of climate-related reporting. To underpin this, a board sustainability committee has been initiated to bring together our

existing social and governance activities alongside those new areas of focus that will be critical to support the pressing environmental agenda. In doing so, the Group will continue to look to the guiding principles set out in the United Nations Sustainable Development Goals and supports the FCA adopting an approach consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We welcome broader initiatives aimed at common standards and harmonisation to provide consistent and reliable information for all financial services stakeholders, whilst delivering on key commitments to our customers, clients and communities.

The Group response to COVID-19 has tested the resilience of our purpose and values and we are confident that we have responded in a timely and thoughtful manner, with much success in relation to many of our stakeholders such as colleagues, clients and our markets as a whole. Our social commitments were demonstrated as customers received the additional support as required, with specific COVID-19 customer outcomes provided to help those most in need throughout the pandemic. Communication with our regulators was key during this period. Our colleagues benefitted from swift deployment of working from home protocols supported by our IT, business continuity and crisis management teams. As well as prioritising the safety and well-being of everybody during COVID-19, this informs our operational resilience and colleague engagement plans going forward. It also translates into benefits for both existing and new clients based upon the quality of delivery that Arrow showed even in an unprecedented operating environment – validated by industry accreditation that we are very proud of, as highlighted in the following social commitments section. Our governance focus remained strong throughout 2020, with additional levels of decision-making control being used during the pandemic in addition to our existing country-level, executive and board committees.

Naturally, the changes to facilitate home working, reducing business travel and office usage have created immediate environmental benefits and we have embraced the lessons learned from this experience. Arrow has already invested in a programme supported by third-party expertise to support a more sustainable and flexible set of working practices. Importantly, these changes are based on direct colleague feedback, taking into account the wellbeing of our staff as well as the effect commuting has on the environment. We want to build a human-centric workplace and provide a positive work environment for all of our people, supporting a diversity of working styles and appealing to a wider talent pool whilst retaining our talented people who want autonomy and choice. We are committed to completing this journey and are looking at areas for further environmental gain, such as the way we think about business travel and developing and promoting sustainable workplaces.

Our ESG framework

The following sections provide more information on our sustainability highlights as viewed through our Environmental, Social and Governance framework.



We are aware of our impact on the natural environment and our effort to improve it

We understand and respond to the needs of our people and customers

We are a responsible business and investor



“Sustainability is central to Arrow’s purpose of building better financial futures. I am pleased to be the board sponsor for this area as we continue to improve our environmental, social and governance capabilities, which is essential in order to meet all of our stakeholders’ expectations.”

Maria Luís Albuquerque
Non-executive director and chair of the board sustainability committee



“Now is the ideal time to build upon Arrow’s successful record as a responsible and socially aware organisation. We have great opportunities to embed ESG principles throughout all facets of our activity as evidenced by our investment in internal and external expertise and a new board oversight committee to ensure we deliver benefits across the Group.”

Martina Swart
Group chief legal and risk officer

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Environment – we are aware of our impact on the natural environment and our effort to improve it

Arrow recognises the responsibility to reduce our impact on the natural world whether that be our use of offices and travel or the products and services we provide to clients. Management of the environmental effect we have and the risks that may face our business today and over a long-term horizon are increasingly in focus.

Climate change

As an asset manager operating across Europe, we recognise that our business has a direct and indirect environmental impact. This section covers how our business is responding to climate change and energy management.

Climate change represents a material financial risk to the global economy. Over this reporting period, the Group has reflected on the climate change focus evident across the global and European political and regulatory landscape including the UK Government’s commitment to be a net-zero carbon economy by 2050. The board were briefed extensively by experts on the urgency of the climate crisis and the Group has initiated a long-term plan for identifying, measuring and managing climate-related risk. Our board sustainability committee has been tasked with leading our response to the Task Force for Climate-related Financial Disclosures (TCFD) recommendations, as part of our commitment to being a responsible business and ensuring that we operate to a common set of international standards that can be deployed across all of our European operations. We understand that UK regulatory and government policy is moving toward integrated reporting on climate-related risk within listed company annual report and accounts. This is a key priority for the Group and will be a long-term focus of our board sustainability committee, its structure reflecting the key areas of:

- 1. Strategy
- 2. Governance
- 3. Risk management
- 4. Metrics and targets

The Group’s emissions for the 2020 period materially decreased, representing a reduction of 53.9%, which was largely a result of the COVID-19 global pandemic. From March, the majority of our offices were closed and all business travel reduced. During 2020, improvements were made to how we collect and report our Scope 1, 2 and 3 greenhouse gas emissions (GHG), forming part of our overall approach to managing climate-related risk. The scopes table below outlines our definition of material GHG emissions by source and the annual CO₂ emissions table includes our current and historic performance.

Scopes

Scope	Type	Reportable items
1	Direct emissions by the Company	Refrigerant, natural gas and owned vehicle fleet
2	Indirect energy consumed but not owned by the Company	Electricity usage
3	Other indirect emissions not included in Scope 2	Business travel

Annual Group CO₂ emissions

Scope	CO ₂ emissions (tonnes) per annum 2020	CO ₂ emissions (tonnes) per annum 2019
1	433.8	485.2
2	506.9	1,499.1
Total Scope 1 and 2	940.7	1,984.3
3	378.7	875.6
Total	1,319.4	2,859.9
Tonne of CO ₂ per employee (using average number of employees for the year)	0.5	1.2

Greenhouse gas emission reporting methodology

In line with previous years, we have followed the requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) to measure and report greenhouse gas emissions. This aligns with the disclosure requirements in Part 7 of the Companies Act 2006 (Strategic report and Directors’ report) Regulations 2013.

The financial control method, which captures the sources that fall within our consolidated financial statements, has been used. Where we operate an outsourced model working with partners, these partners do not work exclusively for the Group and, therefore, it is not deemed appropriate to include emissions outside of the Group consolidated financial statements. The reporting period aligns to the financial period (i.e. the year ended 31 December 2020).

Energy

In response to the Streamlined Energy and Carbon Reporting requirements, we have included within the energy consumption table below our Group and UK energy consumption for the reporting period. Our business predominantly operates from our offices. We consider our average energy consumption to be in line with the industry and will investigate the possibility of renewable energy solutions across our offices by engaging with relevant third parties (e.g. landlords or energy providers) to determine an appropriate solution.

Energy consumption

	2020 '000	2019 '000
Energy consumption		
Group energy consumption	1,853.3	3,638.2
UK energy consumption	691.0	730.2
Total CO₂e from energy consumption	506.9	1,499.1
Natural gas	17.7	59.0
Electricity	1,853.3	3,579.3
Kwh per employee (using average number of employees for the year)	733.1	1,489.0



Read how we empowered our people with ‘Arrow Everywhere’ workplace transformation on pages 13 to 14 in our 2020 Annual Report.

Our place in a net-zero world

Tackling the climate crisis will require innovative and bold solutions and quantifying the GHG emissions associated with our supply chain and portfolio is a foremost priority for the Group. Our board sustainability committee will continue to scope our decarbonisation strategy, which centres on our ambition for business operations to be carbon-neutral by 2030. We have already identified a number of external partners to support with defining our Group’s role in the net-zero carbon economy. Over the next year, the Group will work to determine and manage our indirect impact on global warming and establish science-based targets for our direct GHG emissions and we are actively pursuing enhanced measures and reporting to support TCFD disclosures during the next annual reporting period. We are committed to being a responsible business and investor and recognise that our plans will need to be refined and updated to keep abreast of the latest intellectual capital and regulatory standards.

S Social – we understand and respond to the needs of our people and customers

At Arrow, we take our sustainability responsibilities seriously. Under our social programmes we aim to understand and respond to the needs of all our employees and customers, but we also extend this responsibility to the communities in which we operate.

Employees

For our employees, the unprecedented events of 2020 tested our resolve and put our culture under the spotlight, but we are delighted that we have weathered an unprecedented crisis in the best way possible.

From the beginning of the pandemic, we mobilised our business continuity plans across the Group, focusing on the wellbeing of our people and compliance with government guidelines. This meant moving all our employees to remote working, within three weeks, and ensuring we provided the right equipment and support. With no certainty to how long the pandemic would last, we also began a significant change programme, Arrow Everywhere, to support longer-term remote working and the retention of benefits such as increased work-life balance, no daily commute and greater flexibility. We will do this through a hybrid home-office model as we look towards the future.

Encouragingly, when questioned via the Leesman Employee Experience survey, over 90% of our people reported working productively from home and 80% noted a healthy work-life balance. This gave us confidence that our employees were resilient to the demands of remote working and comfortable with our response.

Supportive of maintaining full operational resilience, we gave all our people access to LifeWorks, a confidential employee assistance programme covering employees and their families. Recognising that every day brings new changes and challenges, LifeWorks provides professional and personal support 24/7, 365 days a year. The launch of LifeWorks was consistent with our culture to build a safe, supportive community with family values at its heart. It was this ethos that also drove our decision to top up government funding for any employee furloughed to match their existing salary – meaning none of our



Read how we remained resilient and acted decisively for our clients on pages 29 and 30 in our 2020 Annual Report.

employees would be financially worse off. We did this both in the UK and Portugal where we utilised government job retention schemes, although in the UK we have subsequently repaid all furlough claims having delivered a better than anticipated financial performance.

This focus on employee welfare was also reinforced via enhanced leadership communications, dedicated wellbeing and social groups on Workplace – our internal social media platform and the publication of remote working and wellbeing guides. As well as responding to the pandemic, we also closely followed other external events such as the Black Lives Matter movement and our Group chief financial officer hosted discussion groups to surface opinions and identify areas where Arrow could improve as an organisation. Following this, a new diversity and inclusion strategy will be reviewed and evaluated by the board, which will include, amongst other items, participation in the 100 Black Interns Programme, as well as a recognition that diversity extends beyond gender targets. Although we continue to see good progression towards our 40% gender diversity in senior leadership roles, presently standing at 33%, a much broader focus is now reflected in our policies and processes. Inherent in this wider diversity programme, a mental health awareness initiative was launched beginning with Paul McGregor, founder of 'Every Mind at Work', sharing his experiences on normalising mental health conversations in the workplace in support of International Men's Day.

Moreover, we have enlisted the support of specialist organisations, such as the Clear Company and Moving Ahead, to continuously improve our approach to diversity and inclusion (D&I) across the Group.

We have also invested in a new online tool called Peakon, which allows us to measure engagement and our cultural characteristics across the Group. This tool is central to our strategy of empowering line managers to own engagement themselves and make it everybody's business, not just an executive management or HR initiative. This is a long-term commitment and the continuation of a journey to improve the working lives of all our colleagues across the Group; in particular, helping line managers identify their strengths and priorities and co-create team-based solutions. Our Group-wide engagement score was rated Good (7.5/10) and our management and employees will be working hard to improve this score. Maria Luis Albuquerque, our workforce engagement representative on the board, continued to engage with employees throughout 2020. These immersion sessions covered all geographies and included country-wide, functional and values-based teams. Here, it was also made clear that the work done to keep everyone safe and provide the right support to work remotely was widely recognised across the Group.



Read how we supported our customers through increased forbearance on page 8 in our 2020 Annual Report.

Customers

Our operational resilience and the care we gave our employees naturally flowed through to our customers. It was driven, as always, by our purpose, which is to build better financial futures. Responding proactively to lockdowns across Europe, we implemented actions including the transition of our customer service operations to remote working. Our early intervention here meant we had no outage in service delivery, and we responded to all customer queries at a time when some organisations were struggling to maintain their service levels. To align demand with capacity, we moved to an 'on demand' capacity model, moving from traditional shift patterns and adapting to the changing needs of our customers. Recognising the severity of the situation, we continued with our guiding principle of treating customers fairly, managing the situation based on individual requirements in order to offer support and guidance at a time when they needed us most. Finally, our social outreach was helped by an enhanced digital capability including a new interactive SMS service which allowed customers to contact us when it most suited them.

Irrespective of our COVID-19 response, placing customers at the heart of everything is central to how Arrow operates, and we have always sought to ensure the fair treatment of customers. To help us achieve this, our Group Customer Forum (GCF) brings together the best practices from around the Group with the aim of improving the customer outcomes. The GCF is essential in sharing best practice within each country's operations and driving forward positive change. It is also tasked with ensuring we deliver consistent customer treatment – as evidenced by our COVID-19 response – and using data and learned customer behaviours to guide future strategies and service enhancements. The GCF is currently in the process of devising standardised customer experience metrics including how we utilise vulnerable customer and complaint management information to improve process and policies.

“We do not evaluate our D&I performance based on financial performance or just increasing the number of underrepresented people – this is not our measure of success. Our goal is to take a broader perspective based on whether we can harness diversity in terms of learning, innovation, flexibility, equity and respect and build a truly inclusive culture where everyone within our ecosystem can bring their whole selves to work.”

Matt Hotson
Group chief financial officer

We’re confident our local and Group customer forums are driving real value, and during 2020 we achieved the following:

- increase in our customer satisfaction scores, averaging 7.7 (out of 9);
- customer framework governing our commitment to customers and guiding principles for collection activities;
- unified vulnerable customer strategies which enabled a swift response to the COVID-19 crisis, including an immediate hold on litigation activities, informal payment plans of up to three months, as well as other payment arrangements including a switch to interest-only or a reduction and cessation of interest, depending on circumstance;
- standardised customer key performance indicators, including customer satisfaction, abandonment and breakage rates, complaints and digital uptake;
- expansion of customer payment and communication channels, including SMS, virtual IBAN, customer portals, live chat and online appointment bookings;
- enhancements to our websites, specifically more customer-friendly language and easier access;
- finally, a deep dive of our vulnerable customer strategy found high levels of satisfaction with focused improvements made to the digital experience and customer reviews.

With so much emphasis on the customer we were delighted, therefore, to win awards for our customer-service operations. Most notably, we were awarded the Credit Strategy ‘Best Outsourcing and Partnership’ Initiative for Onboarding and Customer Engagement, in recognition of our work with Virgin Money. Following this, we were also pleased to be a four-time finalist at the Credit Strategy Collections and Customer Service Awards, in November. In Portugal, our business was recognised not only as a Top Employer but accredited as the Best Credit Portfolio Management Company (Global Banking and Finance Review), Best Asset Management Servicer (International Investor) and Best Practice Operator of the Year (ACQS, Country Awards 2020).

We are also pleased to report that regular updates are provided to the Group’s board, helping to facilitate a full and transparent disclosure of how we are treating customers fairly, how we listen to them, and how we put customers at the centre of everything we do.

Fulfilling our social commitments more broadly, during the year, we continued to support the activities of the major debt charities which provide free impartial advice to our customers, particularly in the UK where we fully support StepChange, Payplan and Christians Against Poverty by way of FairShare contributions.

Communities

Arrow is also mindful of the role it plays in society and we have continued to support Junior Achievement Europe (JAE), Europe’s largest non-profit provider of educational programmes for financial literacy and entrepreneurial skills for young people.

In the first quarter of the year, we focused on classroom-based learning before we rapidly transitioned to online-based activities; this move was consistent with our broader organisational culture of embracing new ways of working.

In the classroom, we continued with our flagship ‘Learn to Earn’ programme, whereby Arrow volunteers help to equip students with the tools and knowledge to make good financial choices as well as providing them with information on career opportunities for life after education.



Read how we supported our communities alongside Junior Achievement Europe (JAE) on page 40 in our 2020 Annual Report.

“We are proud to partner with Arrow to equip over 11,000 young Europeans this year with financial literacy skills that will empower them to take charge of their economic future. Our joint programmes develop sound financial decision-making skills as well as broader life skills that increase students’ employability prospects.”

Salvatore Nigro
CEO JA Europe

Transitioning online, our focus for the rest of the year has been on educational videos as well as developing a mentoring programme for young people. The educational videos, known as ‘Talking Heads’, see volunteers talk about a range of topics such as interview and presentation skills and CV writing, as well as broader topics covering leadership and entrepreneurship. The videos are subsequently shared across schools helping to instruct thousands of young people with important life skills.

Taking this concept one step further, our Portuguese volunteers delivered an online financial literacy webinar in support of International Student Day that focused on building responsible financial futures. The event reached 65 schools and 1,500 students in major cities including Lisbon, Porto and Viseu. This live tuition has also been replicated in Italy with volunteers tutoring seven schools in the final quarter of the year despite a renewed lockdown.

Collectively, our financial education programme consisting of the classroom and virtual learning has reached 11,636 children – a considerable achievement given that schools were shut for extended periods of the year, and all our employees were working remotely.

In the UK, we complemented our core JAE programme by supporting City Year, a Manchester-based charity, helping to run virtual interview skills workshops as well as involvement in their Bridge Builder mentoring programme that sees Arrow volunteers support the development of new mentors. For the second consecutive year an Arrow employee, Carrie Thompson, won Mentor of the Year, an accolade we are immensely proud of.

Outside of our core financial literacy and mentoring programmes, our colleagues in Portugal continued their sponsorship of a school in the Nampula province of Mozambique, in partnership with Helpo ONG, and they also supported the Make-a-Wish charity helping seriously ill and often disadvantaged children realise their dreams. In Italy, our business supported the San Raffaele Hospital in Lombardy that was at the centre of efforts to treat desperately ill COVID-19 patients. Crowdfunding, we raised over €50,000 to purchase vital intensive care equipment including respirators and monitoring systems, and in the Netherlands, Easter donations were sent to health care workers and other essential workers in care homes as a thank you. In the UK, we organised the collection of toys, books and clothes for the Wood Street Mission for low-income families at Christmas and supported the NSPCC ‘Letter from Santa’ appeal.

Although Arrow operates in the highly specialised alternative investments sector, our social commitments help us be a responsible business, purpose led and an important part of the European financial ecosystem.

Key Performance Indicators (KPIs)

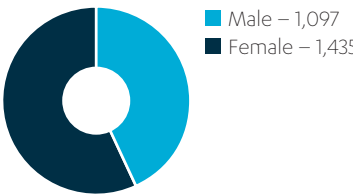
	2020 performance	2025 targets
Employees (internal)		
Group engagement score	7.5/10	8.5/10
Share Incentive Plan (SIP) participation ¹	45% UK	30% Group
Leadership team gender diversity	33%	40% ²
Everyone can be their true self at work	7.8/10	8.5/10
Everyone can use their differences to make Arrow a better, more successful place to work	8.0/10	8.5/10

1. Currently the SIP is only on a UK basis, however the Group is rolling out an international SIP during 2021, and therefore the 2025 target is based on Group participation.
2. 2023 target.

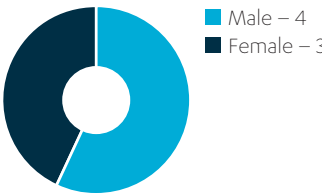
	2020 performance	2025 targets
Customers, communities (external)		
Customer satisfaction	7.7/9	8.0/9
Calls abandoned	6.7%	<5%
Total beneficiaries of JAE programme	11,636	15,000

In addition to FairShare in the UK, the Group will contribute 1% of profit after tax towards good causes by 2021.

Employee gender diversity¹



Board gender/senior manager gender diversity



1. At the 31 December 2020.

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Governance – we are a responsible business and investor

Arrow is committed to achieving our purpose of building better financial futures and to meeting our stakeholders’ expectations on environmental, social and governance issues. We will deliver on these commitments by being a responsible business and investor and by embedding and maintaining the highest standards of business conduct and risk management.

Responsible investment

As part of Arrow’s transformational journey over the last 18 months into a vertically integrated European asset manager, we have continued to focus on further integrating core ESG principles in a systematic manner into all aspects of our Fund and Investment Management business. As part of our commitment to being a responsible investor, we work across functions to assess key ESG considerations from the initial stages of a deal and we carry out a risk assessment as to whether risks related to the transaction including environmental, governance, sectoral or other areas are consistent with the risk appetite and core ESG principles of Arrow and its investors. Identifying and assessing these ESG considerations, and maintaining transparency with our investors, is a core part of our long-term view on delivering value and return to our investors. As we continue to build our Fund and Investment Management business, a key focus will be to continue to embed robust and transparent processes to assess ESG considerations in a manner that is consistent with the evolving vision of the board’s sustainability committee.

Business conduct and risk

Our regulators, customers, employees, suppliers, investors and shareholders expect Arrow to uphold the highest standards of business conduct and risk management. We are committed to meeting and, wherever possible exceeding these expectations and we have developed a robust governance framework which is reviewed on an ongoing basis to suit the size, scale and nature of our business as well as address developing risks. We seek to achieve the highest standards in conduct and risk management, much of which is already part of our values



A new sustainability function, led by Paul Woods, Group head of sustainability, will drive the delivery of Arrow’s ESG commitments.

and governance model as a regulated financial services group and aligns well with our core expertise in areas such as the fair treatment of customers.

Board sponsorship and oversight

A board sustainability committee, comprising all of Arrow’s non-executive directors and the Chair, has been established to oversee the delivery of the Group’s sustainability agenda and to review, challenge and support the Group’s approach and progress against agreed sustainability initiatives. The board sustainability committee reports to the Arrow Global Group PLC board on the Group’s sustainability work and progress on a quarterly basis. The board sustainability committee is supported in its role by the executive sustainability committee which drives the delivery of Arrow’s environmental, social and governance initiatives and the director of sustainability who is responsible for managing the delivery of our ESG commitments. Arrow has engaged with external specialists such as Deloitte LLP to support the development of its ESG policy and during the second half of 2021, a dedicated section of our corporate website will be built to highlight our ESG initiatives and our key performance metrics, which will be independently and externally verified by the end of the year. In addition, Arrow is exploring whether its ESG/sustainability programme might benefit from partnering with third-party ESG rating agencies.

Group values

Inherent in our culture statement (see page 15), our values play an active role in life at Arrow and help us act in an ethical and responsible way. They are Arrow’s North Star and coupled with our culture, they guide the organisation towards achieving its purpose and serving our customers in the best way possible. Launched in 2016, our values are fully embedded across the Group and help us reward the behaviours that will make us more sustainable and more successful. See page 15 for further information on our purpose, values and culture.

Whistleblowing

Arrow aims to maintain the highest standards of openness, integrity and accountability in its work. All employees or consultants who work for or with Arrow are encouraged to be vigilant for signs of wrongdoing or criminal activity by individuals or organisations working with Arrow, and are encouraged to report such behaviour using our dedicated anonymous whistleblowing reporting line, which is managed by independent ethics and compliance specialist, Navex Global.

Financial crime

Arrow is committed, in the jurisdictions in which it operates, to the prevention of financial crime such as money laundering, the funding of terrorist activity, bribery and corruption, prevention of sanctions breaches, fraud and market abuse. Through risk-based internal procedures, policies and systems and controls, we strive to ensure that high standards of financial crime prevention and awareness are maintained by all employees and consultants, whether under a contract of employment or otherwise. Our procedures include the screening of new and existing customers against sanctions and PEP watchlists and monitoring existing customers through a daily monitoring regime, which ensures timely and immediate reports of any potential instances. These activities are supported by annual financial crime training, which is mandatory across the Arrow Group for all new and existing employees.

Human rights and modern slavery

Arrow operates in accordance with all relevant laws and regulations, including those relating to human rights, which are specially addressed through a range of colleague-facing policies with oversight by the Group chief people officer and senior management in each jurisdiction. In addition, each year the board reviews and approves the Group’s Modern Slavery Act (MSA) Statement. The existing MSA Statement was approved in May 2020. The board considers that the actions being taken by the Group to identify and/or address any potential modern slavery or human trafficking within its supply chain continue to be appropriate.

It is pleased to report that the assessments undertaken in respect of the Group’s supply chain to date have not identified any modern slavery or human trafficking activity. In addition, all of Arrow’s senior managers completed modern slavery training during the year.

Data privacy and security

Cyber threats facing industry and supply chains are continuing to grow and evolve at a rapid rate, even more so during COVID-19. Arrow manages this growing threat by having a robust information security framework aligned to the international standard for information security – ISO 27001, which is commensurate with a group of our size and the highly regulated sector in which we operate. For further information, see the section on risk management on page 44.

Tax transparency

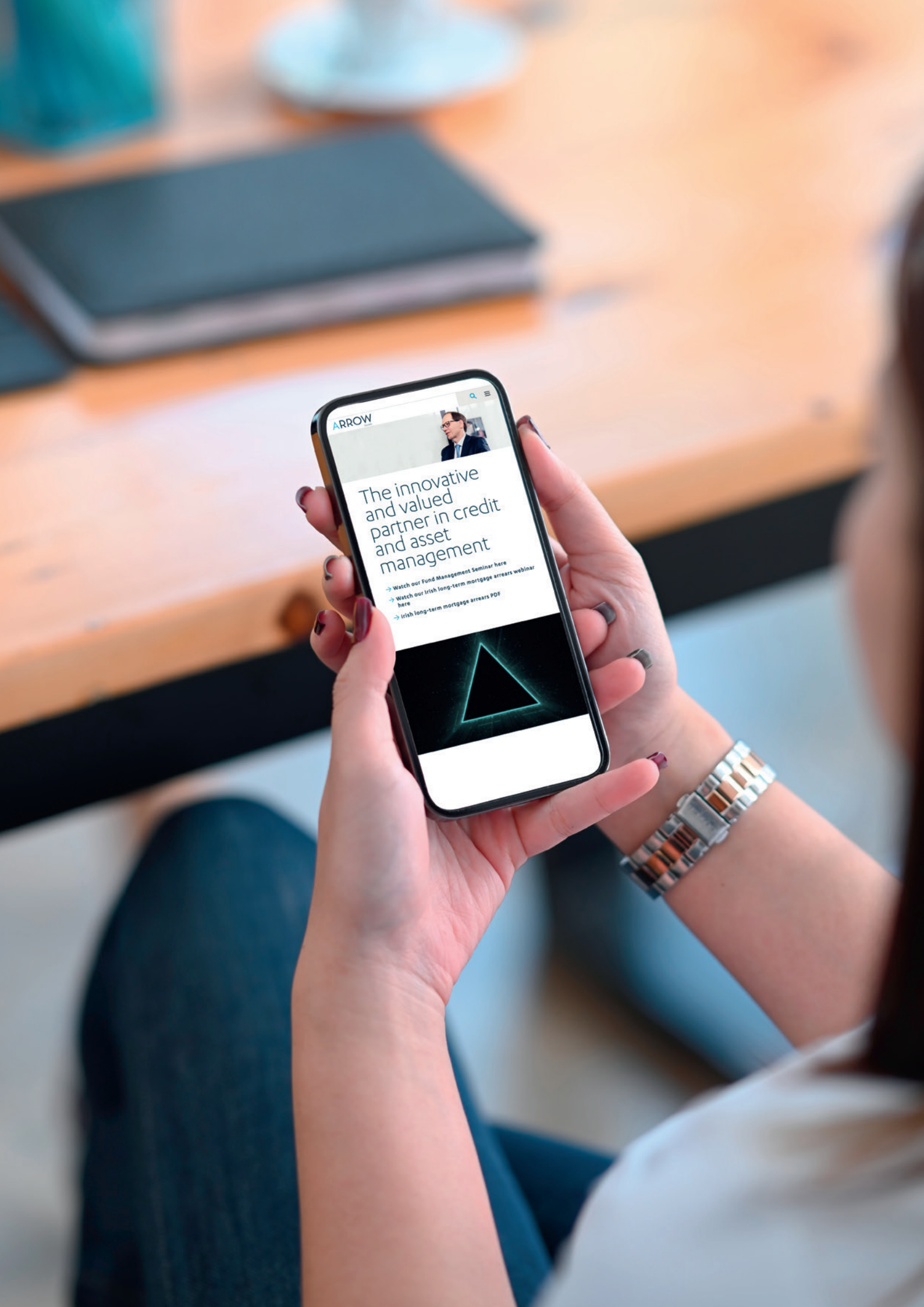
The board and senior management are committed to a sustainable tax strategy which embeds core principles of integrity, compliance and the discouragement of aggressive tax avoidance policies. The tax strategy is aligned to the broader vision and values of the Group and includes ensuring that all taxes are paid where they fall due, and full compliance with applicable legislative and governance requirements. The Group’s effective tax rate is reflective of the profit mix and tax rates in the jurisdictions in which it operates. The Group publishes its tax strategy on its website, which clearly sets out the aim of managing its tax affairs in a responsible and transparent manner, meeting all reporting and notification obligations and working closely with the tax authorities in the countries in which it is a taxpayer. The tax strategy can be found here <https://bit.ly/3sDwZMq>.

KPIs

KPIs	2020 performance
Number of cases of confirmed financial crime and corruption	No confirmed cases
Whistleblowing cases reported	2
Whistleblowing report upheld/prosecuted	No cases upheld or prosecuted
% of the top 25 suppliers who participated in the modern slavery act questionnaire process	100
Tax paid £000	6,491

Effectiveness reviews

The effectiveness of Arrow’s sustainability governance framework is subject to Arrow’s internal assurance processes. Periodic reviews of the key elements of Arrow’s sustainability programme are undertaken by the Group internal audit team and the findings of these audits presented to the audit committee for consideration.



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