



Embedding a sustainable and responsible strategy through our ESG framework

Our approach to sustainability and ESG is directly 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 relevant sustainability and ESG considerations throughout our investments and operations we can enhance our employee experience and business performance, support the financial health of our customers and better support the diverse communities within which we operate. In doing so, we drive our purpose of building better financial futures for all of our stakeholders and deliver sustainable risk adjusted

returns to our investors. During 2021, senior management ensured that ESG ambitions remained in focus as one of the Group's strategic initiatives, adapting to meet the demands of the pandemic and the change of business ownership which saw Arrow become part of the TDR Capital portfolio where the sharing of ESG expertise is already having accretive benefit. Overseeing our ESG ambitions and initiatives, a sustainability governance structure has been established comprising members of the senior team who have organisation-wide influence and day-to-day ownership of key areas of our framework. This forum is responsible for driving and measuring the delivery of Arrow's ESG initiatives, under the guidance of Paul Woods, Arrow's Director of ESG and Sustainability.

Arrow has a track record of working for the good of all stakeholders and playing an active role in the communities where we operate. We continue to build on the investment made to benchmark our approach in conjunction with Deloitte LLP, which included a review of strategic initiatives through to more specific aspects of emerging climate-related reporting. To underpin this, our Sustainability and ESG Forum brings together the existing social and governance activities alongside those new areas of focus that are of increasing importance to support the pressing global environmental agenda as highlighted further during COP26. The Group will continue to look to the guiding principles set out in the United Nations Sustainable Development Goals and has begun dialogue aimed at becoming a

Our ESG framework

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

Building better financial futures



Environment

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

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Social

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

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Governance

We are a responsible business and investor

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signatory. We also continue to monitor the efforts of reporting standards boards and regulators in trying to drive a consistent approach across a range of emerging themes, including 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, communities and investors.

The Group response to COVID-19 during the last two years 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 colleagues, clients and our markets as a whole. Our social commitments were demonstrated as customers received 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 also of key importance during the initial period of the pandemic.

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 this period and into our new era as part of the TDR

Capital portfolio. In each of our markets, supporting our “local local” business strategy and leadership teams is a key focus of our updated operating model and this is underpinned and supported by central teams where this delivers best practice and efficiency gains.

Naturally, the changes to facilitate home working, reducing business travel and office usage have created immediate environmental benefits compared to our 2019 footprint and we see broadly consistent GHG patterns across 2020 and 2021, when allowing for the variable restrictions in each of our operating locations and changes to our office space and usage. Arrow had already invested in a programme supported by third-party expertise to support a more sustainable and flexible set of working practices, underpinned by direct colleague feedback and taking into account the wellbeing of our staff as well as the effect commuting has on the environment. We wish to maintain a human-centric workplace and provide a positive environment for all of our people, supporting a diversity of working styles and appealing to a wider pool of potential future hires, whilst retaining our talented people who want autonomy and choice. We are committed to continuing 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. As we move forward, we hope that the effects of the pandemic ease and we can support our colleagues in finding the most appropriate balance of home and office working, recognising the need to support organisational goals and individual circumstances.



Paul Woods
Director, ESG & Sustainability

“We have a great opportunity for further organisational growth and benefit, aligned to our purpose of building better financial futures. At Arrow, we challenge ourselves every day and ESG will be fundamental to our success as we grow our business.

We are committed to being a responsible participant in our markets through 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”



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 a vertically integrated 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. 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. Senior leaders understand the urgency of the climate crisis and the Group has initiated a long-term plan for identifying, measuring and managing climate-related risk, benefitting from a third-party review of climate and environmental risks and opportunities, coupled with local expertise to enable success aligned with commercial and regulatory needs. Our Sustainability and ESG Forum has been tasked with leading a robust and proportionate response to the climate and environmental risk factors that are relevant to our business, recognising the work of the Task Force for Climate-related Financial Disclosures (TCFD) recommendations, the European Union's Sustainable Finance Disclosure Regulation (SFDR), and a desire to support a pathway to net zero through the use of data, third-party expertise and external standards so that we can hold ourselves to account and evolve our ability to report against progress to our stakeholders. Ensuring that physical and transition risks and opportunities are understood in the

context of our operational activity and our investment programme will be an area of focus during the coming years and we welcome the moves by industry bodies and regulators to push forwards with attempts to increase use of common reporting standards to improve efficiency and transparency.

The Group's emissions for the 2021 period remained broadly stable following a full year of variable working patterns across Europe as our colleagues adapted to the ongoing pandemic. Our reporting processes for the period followed the improved standards implemented during 2020 to how we collect and report our Scope 1, 2 and 3 greenhouse gas emissions (GHG) which forms 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 2021
1	433.8	487.1
2	506.9	436.7
Total Scope 1 and 2	940.7	923.8
3	378.7	332.1
Total	1,319.4	1255.9
Tonne of CO ₂ per employee (using average number of employees for the year)	0.5	0.5

Environment continued

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 2021).

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	2021 '000
Energy consumption		
Group energy consumption	1,853.3	2059.8
UK energy consumption	691.0	554.6
Total CO₂e from energy consumption	506.9	436.7
Natural gas	17.7	40.2
Electricity	1,853.3	2059.8
Kwh per employee (using average number of employees for the year)	733.1	806.8

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 investment portfolio presents a new challenge but one that is recognised as important for the Group. Our Sustainability & ESG forum is made up of key functional experts from across our senior leadership team who will centre on our ambition for business operations to be carbon-neutral and are working to identify third party support to assist with defining our Group's role in the net-zero carbon economy. The Group will work to determine and manage our indirect impact on global warming and establish targets aligned with methodologies that represent good practice for the sectors in which we operate, whilst continuing to report our GHG emissions. 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. We are proud of recent achievements which include a 17% reduction of our office footprint and the move towards recognising ESG goals within our approach to travel, company car schemes and office waste disposal initiatives.



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.

Colleagues

For our colleagues, the unprecedented events of the pandemic tested resolve and put our culture under the spotlight, but we are delighted that we have weathered the crisis in positive fashion.

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, 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/reduced daily commuting and greater flexibility. We are pleased with the adoption of our hybrid home-office model as we look towards a future that permits greater in-person collaboration and office-based work where appropriate.

Encouragingly, when questioned via the Leesman Employee Experience survey in 2020, 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 is consistent with our culture to build a safe, supportive community with family values at its heart.

Diversity & Inclusion

During 2021 a new broader D&I strategy was launched recognising that diversity extends beyond gender targets and one that recognises the importance of building an inclusive environment where colleagues can thrive. We commissioned D&I consultants 'The Clear Company' to conduct a group wide audit of our people practices in relation to D&I and the results have enabled the company to develop a roadmap of key actions that will help drive continuous improvement in this area. Employee welfare continued to be reinforced during the continuation of the Covid pandemic through leadership communications, provision of support services such as 'Lifeworks' and continued awareness raising events and speaker sessions around a variety of health and wellbeing topics.

Raising awareness around the topic of inclusivity has been a key feature for 2021 and we subscribed to 'Moving Ahead Summit Series' which provides content from world-class storytellers and



Social continued



“We are proud to have worked with The Clear Company to gain independent, expert advice on how to further embed a progressive inclusive policies and practices. Arrows commitment to an inclusive culture that values the individuality and brilliance of our colleagues has never been stronger. We will continually champion the ability for our teams to bring their true selves to what we do and how we succeed together. I have no doubt at all that this makes us stronger and adds commercial value to Arrow and those we work with”

Jan Wade
Chief People Officer

subject-matter experts via a series talk and were promoted during Inclusion Week and International Men’s Day. We have also partnered with organisations such as ENEI and ‘Cool 2B Trans’ who have provided education around LGBTQ+ topics. On the back of Pride month in June a group of volunteers from across the organisation worked to develop ‘Arrow’s Pride Plan’ and subsequently launched our first Employee Network Group for LGBTQ+ colleagues and allies called ‘Together with Pride’. The group have led awareness raising initiatives sharing their personal stories and also developing a digital guide to help raise awareness across the business. The company are now keen to introduce further Employee Network Groups as part of our continuing commitment to building an inclusive environment. During 2021 we also supported the 10000 Black Interns Programme placing 2 interns within our investments team during the summer of 2021. The success of the internships have led to the company continuing and building on its commitments to the programme for the future with new intake agreed for 2022.

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, customer forums in each market allow for a focus on best practice with the aim of improving the customer experience and outcomes.

Social continued

We are confident our customer focused teams continue to drive real value and provide great service to our customers and our proud of recent achievements which include:

- Increasing our customer net promoter scores, averaging 7.9 (out of 9);
- Embedding of our customer framework governing our commitment to customers and guiding principles for collection activities;
- Providing adaptable customer strategies to manage our response to the ongoing COVID-19 crisis including forbearance and considered use of litigation activities
- Regular review of 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 online functionality, specifically more customer-friendly language and easier access;

With so much emphasis on the customer we were delighted, therefore, to win awards for our customer-service operations. Following the success of being awarded the Credit Strategy 'Best Outsourcing and Partnership' Initiative for Onboarding and Customer Engagement for our

work with Virgin Money in 2020, our UK team followed this by winning 'Best Contact Centre Team' at the 2021 Credit Strategy Collections & Customer Service Awards. We were also a finalist in the 'Agent of the Year' and 'Excellence in Training' categories. In Portugal, our business was again recognised as a Top Employer and secured several awards including 'Best Asset Management Service Provider 2021' (International Investor), 'Excellence in CSR 2021' (International Investor), 'Asset Management Company of the Year – Portugal' (Global Banking & Finance Review), 'Most Reliable Asset Management Services – Portugal' and received The European Magazine 'Honorable Mention' from the Kaizen Institute for the efforts dedicated to continuous improvement.

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 and agreed a proof of concept trial with UK-based IncomeMax – a social enterprise focussed on identifying ways for customers to increase income, reduce bills and deal with any problem debts.

Communities

At Arrow, we are mindful of the role our organisation plays in society and the communities in which we live and operate. We have continued our support for Junior Achievement Europe (JAE), Europe's largest non-profit provider of educational programmes for financial literacy and entrepreneurial skills for young people. We are very proud of our association with JAE and their role as part of the entire JA network in helping Junior Achievement Worldwide receive a nomination for the Nobel Peace Prize 2022.

2021 saw us support classroom-based learning and online-based activities; consistent with our broader organisational culture of embracing new ways of working.

Since the beginning of the partnership in summer 2018, JA Europe and Arrow Global have equipped almost 25,000 young people with employability and financial literacy skills to succeed in a global economy. More than 630 Arrow Global volunteers have been working with JA to implement activities. For 2021 alone, almost 10,000 young people benefitted from the support of Arrow colleagues – more than 37% higher than target – and the range of activity continues to grow as does the role of the Arrow volunteers.



"I supported both classroom-based teaching and remote learning. Naturally, there was a big difference in experience for both students and the Arrow volunteers, but I was pleased to be able to support both initiatives and know that we could still help young people – even in unprecedented times."

Nick Jones
Corporate Communications Director

Social continued

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. In addition, our colleagues were able to engage further through activities which included mentoring, financial boot camps, support for business planning and innovation and virtual job shadowing!

Our group wide efforts with JAE are supplemented but locally inspired charitable and volunteering efforts, each driven by our colleagues in our platforms. We also supported charities including Kaleidoscope and UNICEF with contributions generated for every colleague that responded to our employee engagement survey.

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.

In addition, each of our locations supported various local causes through the year. 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.

"As the global pandemic persists and continues to impact the education systems and job markets, the opportunities provided jointly by Arrow Global and JA Europe are more necessary than ever before. Together with more than 130 business volunteers from Arrow Global, we equip 10,000 young Europeans every year with critical financial decision-making and entrepreneurship skills that enable them to succeed in the global economy even during times of disruption."

Salvatore Nigro
CEO JA Europe



Social continued



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	2021 performance
Employees (internal)		
Group engagement score	7.5/10	7.4/10
Everyone can be their true self at work	7.8/10	8.0/10
Everyone can use their differences to make Arrow a better, more successful place to work	8.0/10	8.1/10
Customers, communities (external)		
Customer satisfaction	7.7/9	7.9/9
Customer Complaints Upheld	N/A	31%
Total beneficiaries of JAE programme	11,636	9,833

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 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 as applicable to each Investment opportunity. From the initial stages of a deal we carry out a risk assessment as to whether risks related to the transaction including environmental, social and governance, and any other factors that are consistent with the risk appetite and core ESG principles of Arrow and its

investors. Identifying and assessing these considerations, and maintaining transparency, is a core part of our long-term view on delivering value and return to our investors. As we continue to build our 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 firm. As part of Arrow, AGG Capital Management Limited (AGGCM), the investment manager of the thirdparty discretionary fund management business within Arrow including as investment manager of Arrow Credit Opportunities Scsp SICAV-RAIF and related funds, is committed to delivering a responsible and sustainable approach to investing in line with its purpose of building better financial futures. The alignment between our internal approach and the 6 key principles of the UN's Principles for Responsible Investment (PRI) mean we were delighted to be accepted as a signatory to the PRI in Q4-21 and look forward to continuing our evolution within this community.

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 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

In the first quarter of 2021, a board sustainability committee, comprising all of Arrow's non-executive directors and the Chair, was 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 reported to the Arrow Global Group PLC board on the Group's sustainability work and progress on a quarterly basis. The board sustainability committee was supported in its role by the executive sustainability committee which drove 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. A dedicated section of our corporate website was launched to highlight our ESG initiatives and our key performance metrics. Following completion of the acquisition of Arrow Global by TDR, the business has updated our governance approach to reflect the new business structure, evolving the previous structure for 2022 to maintain a senior leadership focus via our Sustainability and ESG Forum who will support the relevant boards in determining and delivering Arrow's ongoing ESG strategy and commitments.

Arrow's sustainability function, led by Paul Woods, Director of sustainability and ESG, continues to drive the delivery of Arrow's commitments, now working with our Sustainability & ESG Forum to leverage engagement and sponsorship of key initiatives from across our senior leadership team.

Governance continued

Group values

Our shared 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 and clients 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.

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. The company statement on Modern Slavery can be found here: <https://www.arrowglobal.net/content/dam/arrowglobal/>

corporate/Documents/Investors/Corporate_Governance/Modern%20Slavery%20Act%20Statement%202020_FINAL.pdf.downloadasset.pdf

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.

Tax transparency

The board and senior management are committed to managing its tax affairs in a responsible and transparent manner, to comply with relevant legislation and minimise risk whilst ensuring efficient utilisation of legitimate reliefs and incentives. This objective is aligned to the broader vision and values of the Group. 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 [Tax strategy \(arrowglobal.net\)](https://www.arrowglobal.net/content/dam/arrowglobal/corporate/Documents/Investors/Corporate_Governance/Modern%20Slavery%20Act%20Statement%202020_FINAL.pdf.downloadasset.pdf).

KPIs

KPIs	2020 performance	2021 performance
Number of cases of confirmed financial crime and corruption	No confirmed cases	No confirmed cases
Whistleblowing cases reported	2	2
Whistleblowing report upheld/prosecuted	No cases upheld or prosecuted	No cases upheld or prosecuted
Tax paid £000	6,491	8,408

Effectiveness reviews

The effectiveness of Arrow's sustainability governance framework is subject to Arrow's internal risk and governance processes. Where periodic reviews of the key elements of Arrow's sustainability programme are undertaken, findings would be reported to the Audit & Risk committee for consideration.



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