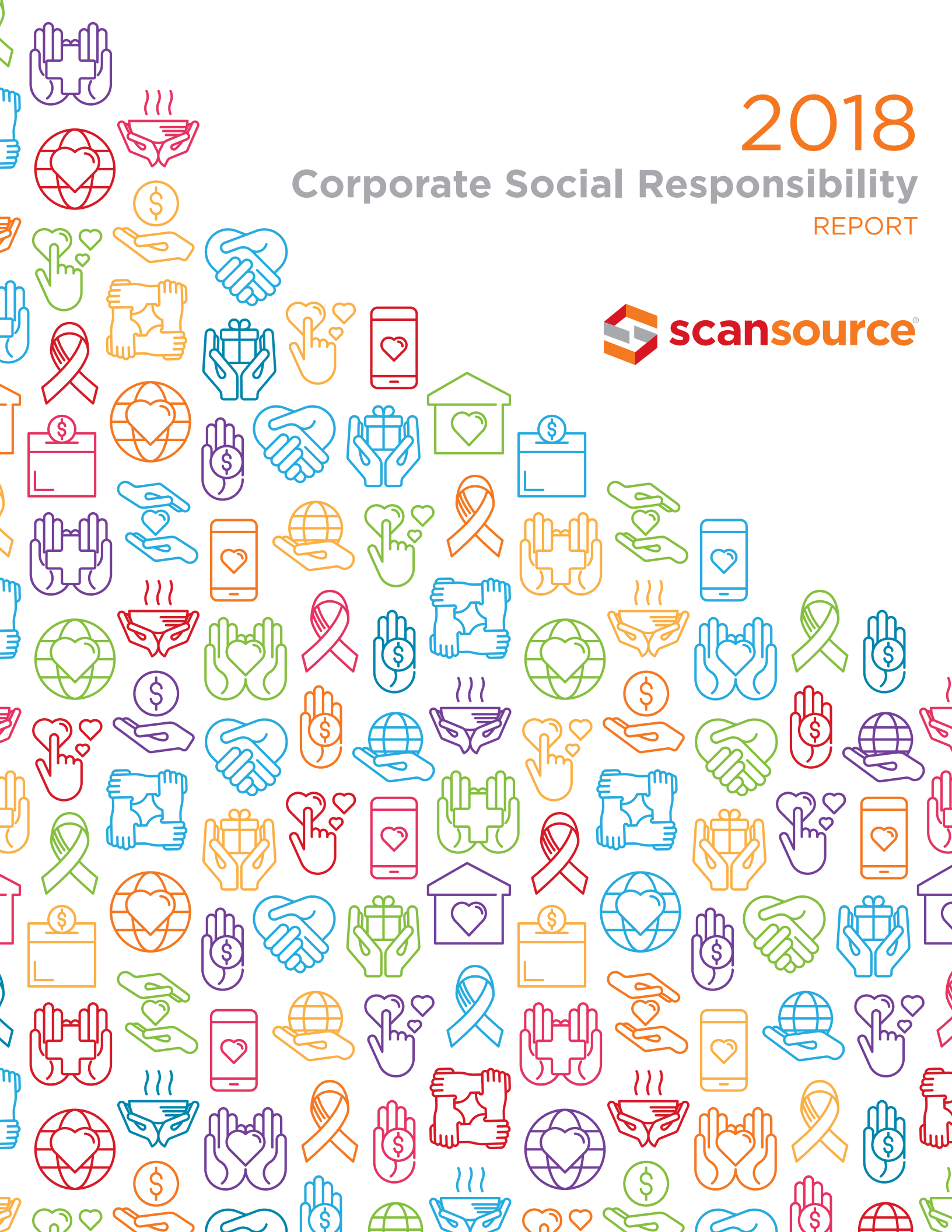
# 2018
# Corporate Social Responsibility
## REPORT



scansource®

## MESSAGE FROM OUR CHAIRMAN AND CEO

I am pleased to share ScanSource's 2018 Corporate Social Responsibility (CSR) report, which provides information on our environmental, social, and governance initiatives. Since our founding more than 26 years ago, we have built the ScanSource culture based on core values that promote positive change in the world while growing a sustainable business. Whether it's making ScanSource a great place to work or making a meaningful difference in our communities, our primary goal is remaining true to these values by ensuring we are a good corporate citizen.

Our report highlights our CSR initiatives in four key areas: operating with integrity, engaging our employees, protecting our environment, and serving our communities. Our team members build relationships with our sales partners and suppliers as we work to sell technology solutions that solve end-customers' business needs. The ScanSource team has a shared commitment to long-term value creation for all our stakeholders.

I am excited to share our progress with you. We look forward to expanding ScanSource's role in years to come, as we help build a better world for future generations.

Michael L. Baur
Chairman and CEO
ScanSource, Inc.

## KEY AREAS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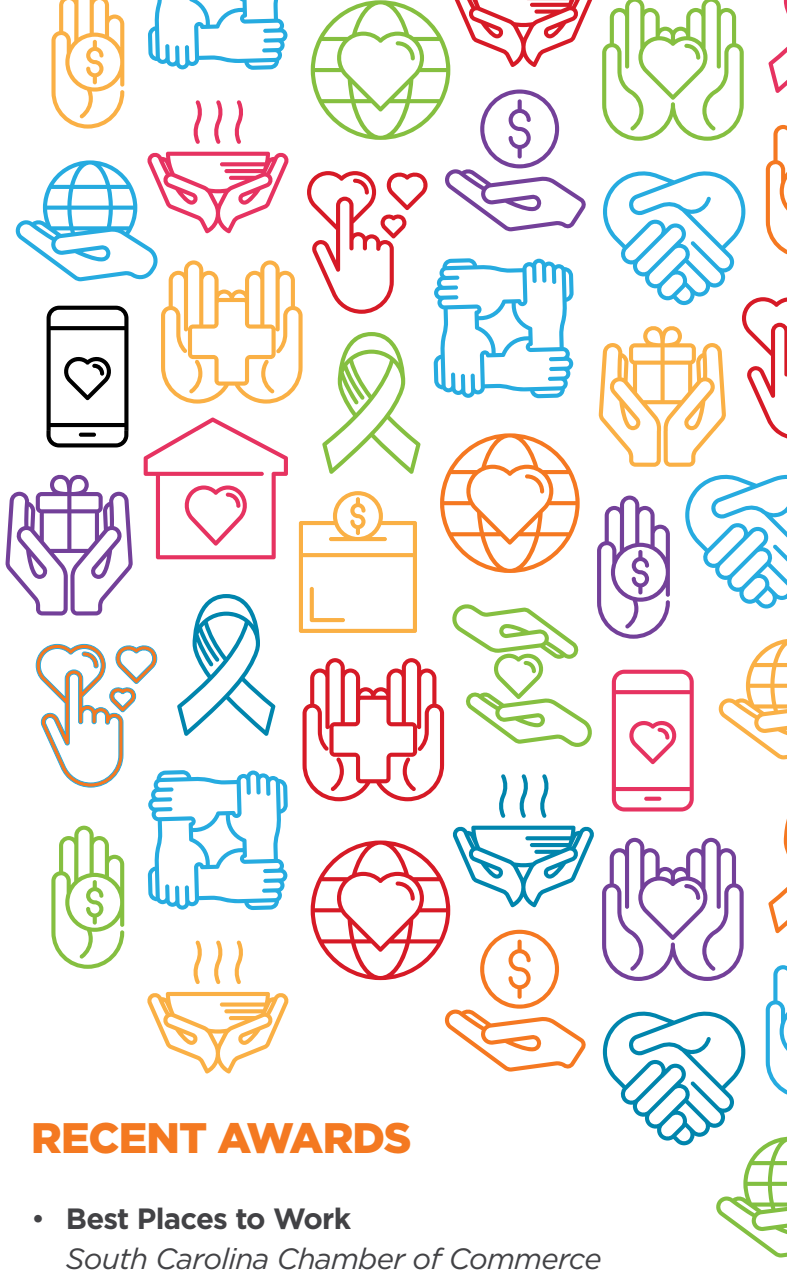
## SCANSOURCE CORE VALUES

ScanSource's core values serve as a foundation for who we are and how we operate.

- **We believe in honesty and integrity in everything that we do. There is no alternative.**
- **We highly value our partners and suppliers and are committed to meeting their needs quickly and fairly.**
- **We believe each employee's opinion counts and deserves respect.**
- **We encourage innovation and creativity from every employee, in every department. Mistakes that arise from good intentions and hard work are distinguished from those arising from lack of effort or carelessness.**
- **We are committed to an environment that respects and values the diverse backgrounds, interests, and talents of our employees.**
- **We protect our Company resources to benefit those who depend on us, such as our employees and shareholders.**
- **We are committed to helping those less fortunate in our communities by giving our time, talents, and resources.**
- **We are committed to managing our financial, social, and environmental risks, obligations, and opportunities.**



## RECENT AWARDS

- **Best Places to Work**
  *South Carolina Chamber of Commerce*
- **World's Most Admired Companies**
  *Fortune*
- **Distributor of the Year**
  *Channelnomics*
- **Tech Culture Award**
  *TechZone360*

### ABOUT SCANSOURCE

ScanSource, Inc. (NASDAQ: SCSC) is at the center of the technology solution delivery channel, connecting businesses and providing solutions for their complex needs. Using a channel sales model, ScanSource brings technology solutions and services from the world's leading suppliers of point-of-sale, payments, barcode, physical security, unified communications and collaboration, cloud, and telecom services to market. ScanSource is committed to helping its customers create, deliver, and manage solutions for end users across almost every vertical market in the United States, Canada, Latin America, and Europe. Founded in 1992, the Company is headquartered in Greenville, SC and ranks #657 on the Fortune 1000.

# OPERATING WITH INTEGRITY

ScanSource continuously enhances its corporate governance to operate its business in ways that build long-term shareholder value.

## GOVERNANCE PRACTICES

The ScanSource Board of Directors provides oversight to the CEO and other senior managers in operating responsibly and with integrity. Each committee of the Board is comprised only of independent directors. ScanSource's Governance Guidelines are publicly available on our corporate website, scansource.com. The sections below highlight our business practices, which support our commitment to ethical business operations and excellence.

## CODE OF CONDUCT

ScanSource is committed to upholding the highest level of ethical conduct in all matters. Our continued success is dependent upon our customers' and suppliers' trust, and our team is dedicated to preserving that trust. ScanSource's Business Ethics and Code of Conduct Policy sets clear expectations for our employees to operate with integrity and make ethical decisions. ScanSource employees regularly confirm compliance with the code. Our internal audit function actively monitors internal compliance with the Business Ethics and Code of Conduct Policy.

As a multinational company, ScanSource is committed to protecting and promoting human rights throughout our global operations. All employees are expected to treat coworkers, sales partners, and suppliers with dignity and respect. ScanSource cultivates a diverse and inclusive work environment with equal employment and advancement opportunities for all persons, regardless of race, age, gender, national origin, sexual orientation, or other factors.

## RISK MANAGEMENT

The Board of Directors actively oversees the risk management of the Company. Management regularly reports to the Board or relevant committees on actions that it is taking to manage risks. In 2018, the Board created a separate Risk Committee to oversee the Company's risk identification, risk assessment, and management practices for strategic enterprise risks facing the Company. Our internal audit department conducts independent assessments of department- and enterprise-level processes and controls and is directly involved in reviewing reported or suspected unethical behavior. Our internal audit department reports directly to the Audit Committee, which oversees financial and operational risk.

To mitigate the risk of business disruption, ScanSource developed and implemented a Business Continuity Plan for employees to follow in the event of a natural disaster or emergency situation.

## ANTI-CORRUPTION

With a global base of more than 500 suppliers and 35,000 partners, ScanSource is subject to international trade laws and sanctions. To ensure the Company operates in a legal and professional manner, we comply with all applicable legal requirements, both in the US and abroad, such as the Foreign Corrupt Practices Act (FCPA), export laws, anti-boycott laws, and embargoes/sanctions. ScanSource prohibits all forms of bribery in all of our business dealings in every country. Our anti-corruption and international business policies and training enable our employees worldwide to understand how to comply with local and international law.

## ETHICS HOTLINE

ScanSource encourages employees and business partners to bring to management's attention any potential unethical or illegal activity or violations of Company policy. ScanSource engages an independent third party to provide a global ethics hotline—available 24 hours a day, seven days a week, in multiple countries and languages—that employees and business partners may use to report such activity anonymously. Both the toll-free numbers and access to our third-party website are displayed on the Company's public website, and in each physical location of the Company. ScanSource takes all reports seriously and does not tolerate retaliation against any employee for reporting a concern or potential violation of ScanSource policy or applicable law. The ScanSource Board of Directors reviews reports of hotline communications.

## ETHICAL SOURCING

ScanSource markets approximately 100,000 products from more than 500 hardware, software, and services suppliers. We expect our suppliers to operate responsibly in the areas of human rights, health and safety, the environment, and business ethics. ScanSource provides products manufactured by other companies and does not directly purchase any conflict minerals from any source. We support the objectives of the Dodd-Frank Act to identify, reduce, and eliminate the use of conflict minerals. This includes expecting our suppliers to make a commitment to promote conflict-free sourcing of metals and proactive elimination of conflict minerals from products.

## DIGITAL RIGHTS

At ScanSource, we are committed to safeguarding and protecting customer, employee, and Company data through our cybersecurity measures and controls. When working with personal and private information, employees must comply with ScanSource's guidelines and procedures in addition to the applicable local privacy laws and regulations. As part of managing cybersecurity risks, ScanSource employees receive training in email security, malware awareness, and phishing awareness.

## QUALITY-MANAGEMENT SYSTEM

ScanSource has a quality-management system to continuously improve processes and maintain best-quality practices. Since 1998, ScanSource has applied a quality-management system under ISO9001:2015 for its primary US distribution center and for relevant departments at its headquarters.

# ENGAGING OUR EMPLOYEES

## WELLNESS AT SCANSOURCE

We care about our employees and encourage them to have a healthy lifestyle. That's why ScanSource offers dedicated resources to help foster a work/life balance. Our **360you program**—which began in 2012, in partnership with Prisma Health—provides employees with extensive education and training/coaching opportunities, wellness challenges, screenings, and other valuable resources.

**360you** also features on-site fitness facilities in several offices, on-site wellness clinics in Greenville, SC and Southaven, MS, free family flu shots, fitness challenges, health fairs, and healthcare-covered preventative exams. Employees in Greenville, SC and across the US also have access to an on-site bistro with healthy eating options, a registered dietician, personal health coaching, and fitness classes with personal training available daily.

ScanSource's wellness portal and mobile app allow employees to track their progress (steps, exercise, food intake, etc.) and easily access upcoming challenges and workshops, educational quizzes, local run/walk opportunities, and more.

ScanSource's CSR program also plays an important role in our employee's social and emotional wellness by empowering them to give their time, talents, and/or resources to important causes in their communities. Some CSR initiatives include wrapping gifts/coats and delivering them to underprivileged children; gardening and painting at a local YMCA for Hands on Greenville (HOG) Day; visiting the Prisma Health Children's Hospital on a quarterly basis; and delivering meals to those who are homebound. ScanSource also conducts many drives throughout the year to collect goods for food banks and local animal shelters. And, as part of a stress-free day that happens several times a year, the local humane society visits ScanSource with puppies for employees to play with during their work day. Lastly, a new initiative implemented in 2018 is ScanSource's Work-from-Home policy. Under this policy, ScanSource employees are encouraged by their managers to work from home one day a week.

## WORKPLACE SAFETY

Safety is a high priority at ScanSource. To assist in providing a safe and healthy work environment for employees, customers, and visitors, ScanSource has established workplace safety standards. Employees are expected to adhere to these standards and all applicable safety, health, and environmental rules and regulations. ScanSource has a communications-management system for safety and emergency preparedness. ScanSource keeps employees up to date on important, time-sensitive situations, such as severe weather or emergency alarms, with notifications via phone, emails, and texts. We train employees on health and safety procedures on a regular basis and have voluntary employee representatives on-site for safety and emergency preparedness.

## PROFESSIONAL DEVELOPMENT

ScanSource focuses heavily on the intellectual and professional development of our employees. Our recruiting team works closely with a number of area universities on a highly selective, development-focused, summer internship program. Many participants return to ScanSource for full-time opportunities following graduation.

At ScanSource, we strive to cultivate a diverse and engaged workplace, where we value the varied backgrounds, interests, and talents of our employees.

Department-based onboarding and skills-development programs prepare employees to be successful in their roles. Additionally, employees are given the chance to participate in an individual assessment and coaching program designed to produce a personalized, professional-development plan to guide their careers in years to come.

As employees advance into management, their development needs change. ScanSource Management Academy (SMA) provides a coworker-based, long-term curriculum designed to build a strong foundation of skills. Existing leaders have the opportunity to hone their skills through ongoing leadership-development courses.

The ScanSource Leadership Institute (SLI) is another important program that focuses on identifying and helping to develop the next wave of senior leaders for the Company. The SLI program brings together twelve hand-selected leaders from ScanSource's global offices for a two-week program of intensive training and development—with many sessions led by current senior executives. An integral part of the program is working on team projects, culminating in team presentations to the senior leadership team.

The Company also offers employees a number of continuing-education opportunities, such as partial tuition reimbursement or monetary support toward degree and certification programs and professional accreditations.

# PROTECTING OUR ENVIRONMENT

Leading by example, ScanSource encourages and promotes sustainable practices through educational communications and programs focused on creating sound, Company-wide environmental policies.

## RECYCLING

ScanSource has a lofty but attainable goal of achieving zero waste—so we continue to educate and engage our employees and suppliers to help us determine the best ways to achieve that goal.

For example, at our Greenville, SC headquarters, our waste partner helped us implement a recycling program. As a result, we have reduced our waste output at our Greenville office by approximately 50% through recycling almost five tons of material each month—material previously buried in a landfill.

Our Southaven, MS facility works with a local waste partner on its recycling efforts. According to that partner, nearly 94% of Southaven's waste was recycled into steam in 2018.

Our business waste-management practices include recycling the following items at our distribution center:

- Cardboard
- Stretch film
- Mixed paper
- Metal scrap
- Poly foams and plastics
- Lamps and ballasts
- Wood pallets
- Electronic waste

## PACKAGING

As part of ScanSource's commitment to minimize its environmental impact, we partner with our suppliers to identify opportunities to use more eco-friendly materials and eliminate all unnecessary packaging. Recyclable boxes and packaging materials are used at our distribution centers. We continually explore new ways to improve our packaging materials to eliminate unnecessary packaging while reducing the risk of damage to the package contents. At our primary US distribution center, we have implemented a dimensional, weight-reduction process focused on reducing package fill content, which also helps to lower freight expenses.

**Other recycled items and material throughout ScanSource's global offices include:**

- **Desk-side recycle bins that accept paper, cardboard, plastic, and aluminum**
- **Battery-recycling and cellphone donation bins located on our Greenville, SC campus**
- **Light bulbs ( ~1,400 bulbs recycled per year)**
- **E-waste ( ~14,000 lbs. recycled per year)**
- **Printer cartridges/toners**
- **Used fryer oil from our Greenville, SC bistro**
- **Donations of unused promotional items, furniture, and office equipment to nonprofit organizations such as Goodwill, Habitat for Humanity, The Humane Society, Miracle Hill, and The Salvation Army**

## ELECTRIC CHARGING STATIONS

At our Greenville, SC office, we have two convenient, electric-car charging stations that allow ScanSource employees, suppliers, and partners access to state-of-the-art charging. The mere presence of the stations continues to promote the benefits of environmentally friendly vehicles and clean, electric-powered transportation—which our leadership team continues to promote.

## ENERGY CONSERVATION

ScanSource is focused on reducing our energy consumption across our global footprint. In addition to recycling light bulbs, we have implemented an initiative to replace fluorescent lighting with longer-lasting LED lighting to conserve energy, reduce light bulb waste, and improve the lighting within our facilities. Approximately 25% of the lighting in our corporate headquarters is currently comprised of LED lighting. We also utilize computerized, energy-efficient heating and air systems within our facilities. Each year, we conduct an energy audit to ensure we are actively optimizing our energy consumption. ScanSource uses occupancy sensors in many of its buildings to automatically turn off lights and adjust the heating and air systems when areas are not in use.

## EARTH WEEK

Each year in April, ScanSource plans a week-long Earth Week event that supports the environmental segment of the Company's CSR initiative. Activities center on environmental sustainability, community service projects, and giving our time and resources to local charitable partners, such as the following:

- Clothing and household items donated to Greer Relief
- Donated books for Greenville Literacy Project
- Employee blood donation for The Blood Connection
- Lunch 'n' Learns with the Greenville Zoo and Greenville County Animal Care
- Employee strolls to clean up litter on the ScanSource walking trail
- Go-Local Day—which included vendors who sell locally made and organic products

## GIANT ANTEATER CONSERVATION PROJECT

What do anteaters and scanners have in common? Both were part of this year's iMAGINE Upstate—held April 7, 2018 in downtown Greenville, SC. ScanSource has been a presenting sponsor of the Science, Technology, Engineering, Arts, and Math (STEAM) festival for four years. This year we teamed up with the Greenville Zoo to present ScanSource STEAMFARI—a zoo-inspired exhibit featuring hands-on activities that blended our technology with zoological education. Along with the many interactive displays and activities in our exhibit, attendees had the chance to vote for one of five global conservation efforts at our "Conservation Station." One such effort was the "Anteaters and Highways" initiative, which seeks to preserve the iconic, South American mammal that is prominent in the Brazilian cerrado. ScanSource's donation provided students throughout Brazil with educational books to teach them about giant anteaters.

# SERVING OUR COMMUNITIES

## *A QUARTER CENTURY OF PHILANTHROPY*

ScanSource's desire to give back to the communities in which our employees live and work began shortly after our founding in 1992. Since then, ScanSource has invested more than $18 million focused on community enrichment, education, environment, leadership development, recruiting, welfare of children, and workforce development. We are overwhelmed by our employees' dedication to giving back. In 2018 alone, we contributed more than $2 million to communities in which our offices are located—along with an immeasurable amount of caring.

ScanSource seeks out and responds to nonprofits around the globe that will benefit from the assistance of our committed volunteers and our funding. Our employees generously donate their time and, by doing so, positively affect their communities in innumerable ways.

## AREAS OF FOCUS FOR GIVING BACK

- COMMUNITY
- EDUCATION
- ENVIRONMENT
- WELFARE OF CHILDREN
- WORKFORCE DEVELOPMENT

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# EMPLOYEE COMMUNITY IMPACT

**128**
nonprofits supported (financially or through volunteering/drives)

**180**
employees in six Corporate Shield races

**600**
global volunteers

## DUNBAR CHILD DEVELOPMENT CENTER NIGHT AT THE NORTH POLE

A Night at the North Pole **350** gifts donated to infants and kids aged up to 12 years

**150+++++** volunteers

## PHOENIX ASSOCIATION

Employees in Brazil volunteered with this organization focused on preventing violence and supporting its victims

## MEALS ON WHEELS

**1,400** meals delivered annually

**53** Greenville employee volunteers

## MENTOR UPSTATE

**57** Employees at area schools

## MACMILLAN CHARITY RACEDAY

START

UK employees participated in Macmillan Charity Raceday—an event that raises money for a cancer-support organization

## CHILDREN'S HOSPITAL

**4** parties hosted by ScanSource annually

**278** pediatric patients served

**67** volunteers

## ALZHEIMER'S ASSOCIATION

**$8K+** collected

**53** walkers including friends and family

**#4** in Greenville fundraising

## EARTH WEEK

**24** bags of clothing and household items for Greer Relief

**285** employees cleaned up walking trail

**15** VENDORS at go-local day

**32** pints of blood collected

## REPAIR CAFÉ

**10** Employees in Europe created Repair Café—offering free monthly services (e.g., IT support) to those who can't afford them

## WINTER COAT DRIVE

**460** coats donated

**38** Schools received coats infants and kids aged up to 18 years

**All of the stats above pertain to CY 2018*

## SUPPORTING DIVERSITY

### DIVERSITY LEADERS INITIATIVE (DLI) AT THE RILEY INSTITUTE AT FURMAN UNIVERSITY

Since 2014, ScanSource has selected a member of its executive team to participate in DLI—a unique, highly interactive, multi-award-winning program. Participants learn to understand their diversity and inclusion "blind spots" and how to suspend their assumptions. They come away with better-focused decision-making skills, and deeper knowledge of how to effectively manage and lead increasingly diverse workers and clients.

DLI graduates become Riley Fellows—members of a powerful, cross-sectored, statewide network. Riley Fellows are diverse themselves, but are united in their commitment to South Carolina's progress. They gather at their state-wide event, OneSouthCarolina®, to examine issues critical to SC and how to drive positive change.

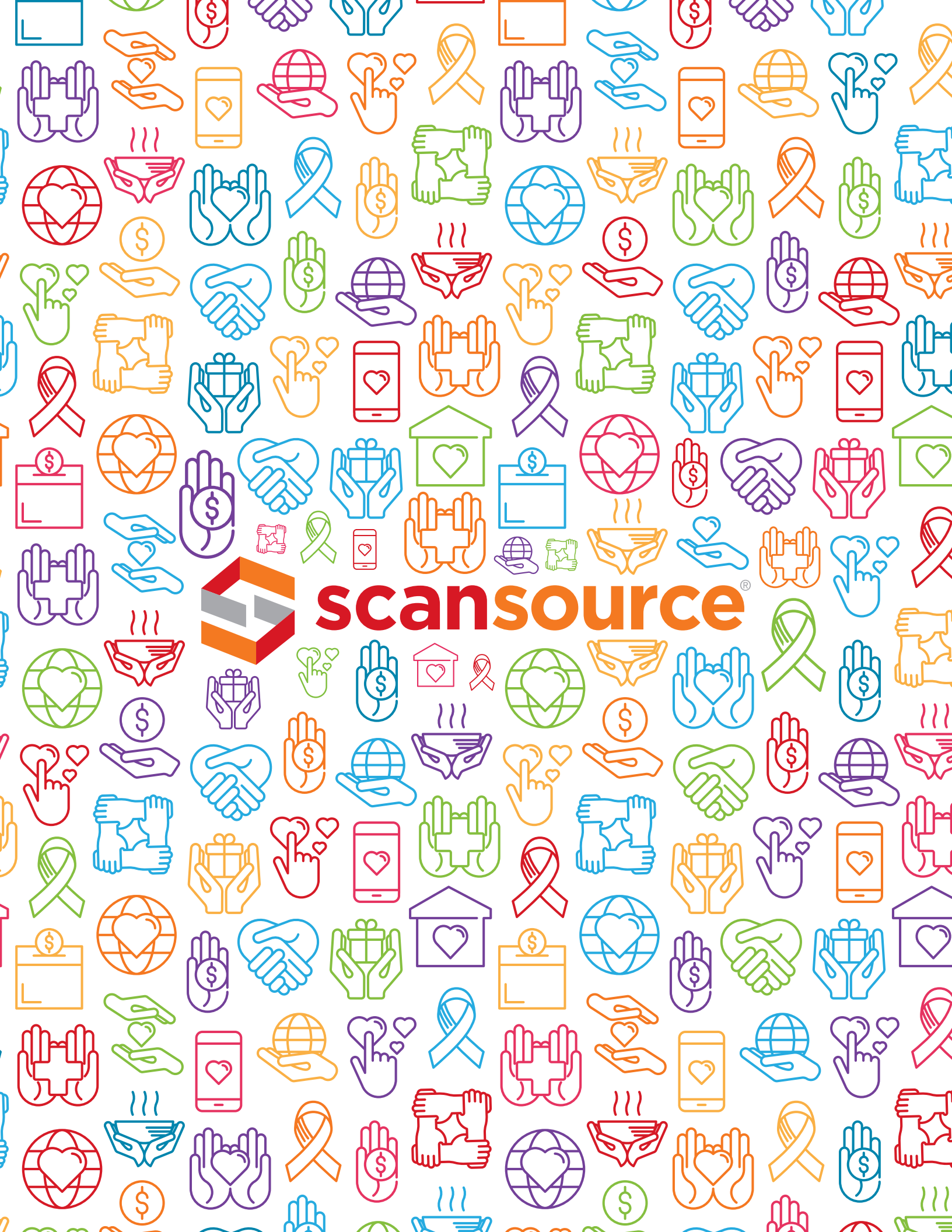
### GREENVILLE CHAMBER OF COMMERCE DIVERSITY AND INCLUSION SUMMIT

ScanSource is proud to be a founding sponsor of this Diversity and Inclusion Summit. Now in its second year, it features an agenda filled with inspiration, encouragement, challenges, and connections—all presented in a learning environment. Summit attendees enrich their lives and their businesses through this unique opportunity to hone their skills as authentic, intentional leaders of diversity.

### INTERNATIONAL AFRICAN AMERICAN MUSEUM (IAAM)

Located in Charleston, SC, the IAAM will be a place that commemorates and celebrates the foundational role that Africans and their descendants played in the making of America. As one of the IAAM's key technology solutions advisors and investors, ScanSource is working with the museum staff to provide expertise and lend support during the planning, designing, and building stages of the facility—slated for completion in 2021.

ScanSource is honored to support the IAAM as it showcases this rich history and culture. The technology-centric museum will engage visitors with interactive multimedia learning experiences—while outreach and programming opportunities will extend its lessons to benefit local and regional communities.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