

# 2017-2018

## Corporate Social Responsibility

ANNUAL REPORT





## MESSAGE FROM THE CEO

On behalf of the more than 2,500 employees of ScanSource, I am pleased to share with you our inaugural Corporate Social Responsibility (CSR) Report. Our growing CSR and sustainability efforts demonstrate our commitments in four key areas: operating with integrity, engaging our employees, protecting our environment, and supporting our communities.

While our CSR program springs from our desire to operate responsibly and to give back to the communities where we work and live, we are excited about what our efforts can do for ScanSource and its employees. Studies have shown that organizations committed to CSR outperform those that are not, and have higher levels of employee engagement.

We expect our CSR program to grow in depth and scope, and I look forward to reporting that progress to you.

Michael L. Baur, CEO, ScanSource, Inc.



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## ABOUT SCANSOURCE

ScanSource, Inc. (NASDAQ: SCSC) is a leading global provider of technology products and solutions, focusing on point-of-sale, payments, barcode, physical security, unified communications and collaboration, cloud and telecom services. Our teams provide value-added solutions and operate from two segments, Worldwide Barcode, Networking and Security and Worldwide Communications and Services. We are committed to helping our customers choose, configure, and deliver the industry's best solutions across almost every vertical market in North America, Latin America, and Europe. Founded in 1992, and headquartered in Greenville, South Carolina, we were named one of the Best Places to Work in South Carolina for three consecutive years. You can find us on the web at [www.scansource.com](http://www.scansource.com).

### SCANSOURCE CORE VALUES

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

- **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.**
- **We believe in honesty and integrity in everything that we do. There is no alternative.**
- **We highly value our customers and vendors 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.**



## OPERATING WITH INTEGRITY

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

### GOVERNANCE PRACTICES

The Board of Directors for the Company (comprised of six independent directors out of seven directors) provides oversight to the CEO and other senior managers in operating responsibly and with integrity. [ScanSource's Governance Guidelines](#) are publicly available on our corporate website. The summary below includes highlights of business practices that support ScanSource's 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.

### ANTI-CORRUPTION

With a global base of more than 500 suppliers and 35,000 customers, ScanSource is subject to international trade laws and sanctions. To ensure that ScanSource operates in the most legal and professional manner possible, we comply with all applicable legal requirements, both in the United States and countries abroad, such as the Foreign Corrupt Practices Act, 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 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 toll-free global Ethics Hotline—available 24 hours a day in multiple countries and in multiple languages—that employees may use to report such activity anonymously. A confidential global website is also available. Both the toll-free numbers and web access are prominently displayed on the Company's intranet and in each physical office location of the Company. The Company takes all reports seriously and does not tolerate any retaliation against any employee for reporting a concern or potential violations of ScanSource policy or applicable law. The ScanSource Board of Directors reviews reports of hotline communications.

## RISK MANAGEMENT

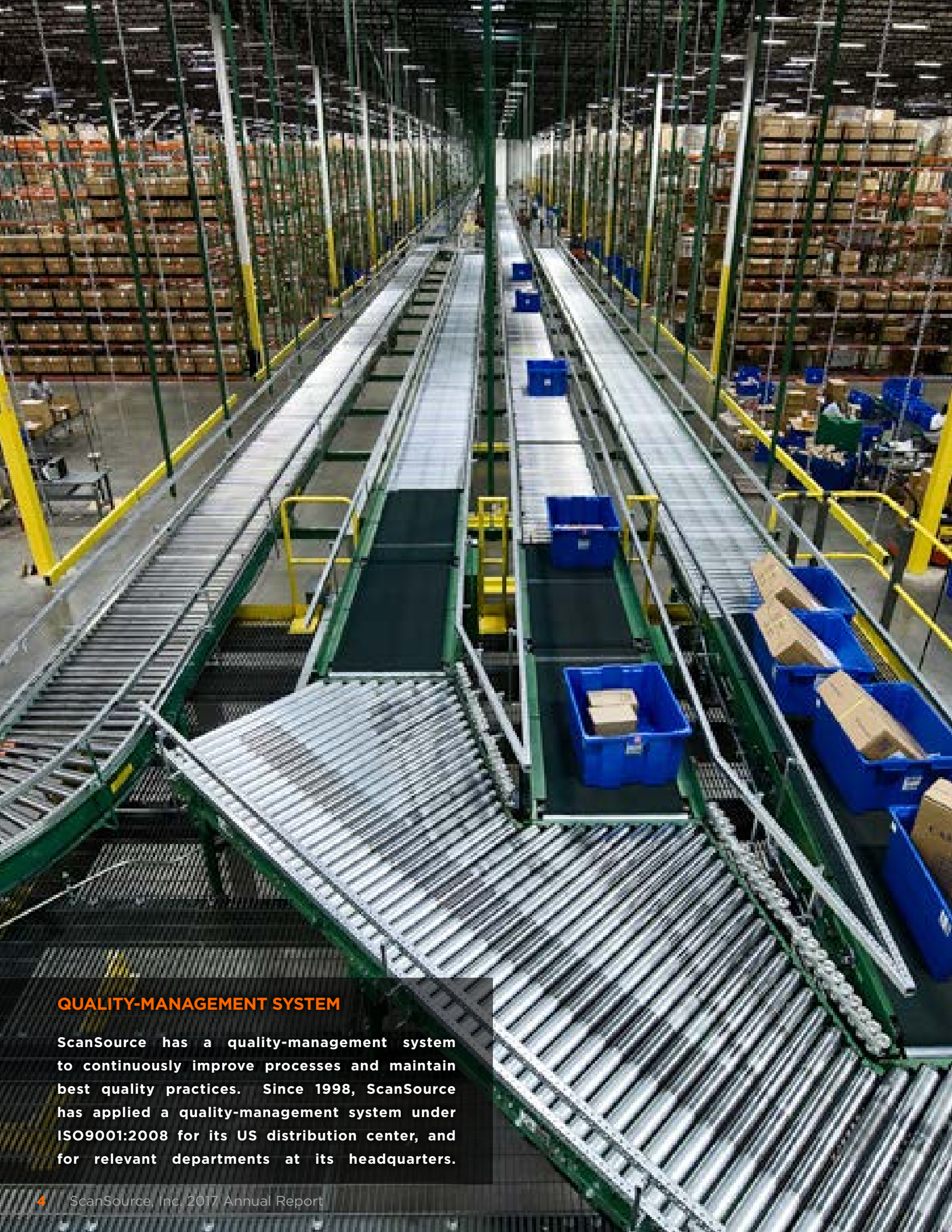
The Board of Directors, acting directly and through committees, actively oversees the risk management of the Company. Management regularly reports to the Board or relevant committees on actions that it is taking to manage these risks. Our Internal Audit Department conducts independent assessments of 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 risks.

## 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 is a distributor of 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.

ScanSource works to identify opportunities to reduce unnecessary packaging, while reducing the risk of damage to the package contents, and to use recyclable materials.



## 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 ISO9001:2008 for its US distribution center, and for relevant departments at its headquarters.



## ENGAGING OUR EMPLOYEES

### WELLNESS AT SCANSOURCE

ScanSource cares about its employees and dedicates resources to helping them create a balanced, healthy lifestyle.

At ScanSource, wellness is a way of living. Our **360you Program**, which began in 2012 in partnership with the Greenville Health System, provides employees with extensive education and training opportunities, wellness challenges, screenings, preventative programs, and other resources.

**360you** has seen tremendous success and employee buy-in through on-site fitness facilities in several offices, an on-site wellness clinic in Greenville, free flu shots for the family, fitness challenges, health fairs, and healthcare-covered preventative exams. Employees in Greenville also have access to an on-site bistro with healthy eating options, a registered dietician, personal health coaching, and fitness classes with personal trainers available on a daily basis.



360

you

the power  
of total  
well-being

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

At the same time, ScanSource's CSR program plays a big role in the social and emotional wellness of our employees. Employees are empowered by the Company to give their time and/or resources to important causes in the different communities in which they live and work. Some initiatives within the CSR program include wrapping and delivering gifts and coats to underprivileged children, planting trees during Earth Week, visiting the GHS Children's Hospital on a quarterly basis, and delivering meals to those less fortunate. ScanSource also has many drives throughout the year to collect goods for food banks and local animal shelters. In fact, as part of a Stress-Free day that happens several times a year, the local humane society visits ScanSource with dogs for employees to play with during the work day.

## PROFESSIONAL DEVELOPMENT

ScanSource also focuses heavily on intellectual and professional development for our employees at all levels. The Company offers a number of **continuing education** opportunities to employees, such as partial tuition reimbursement or monetary support towards advanced degrees, professional accreditations, and certificates. In addition to opportunities for current employees, ScanSource has a professional internship program, which leads to many full-time hires each year.

ScanSource recently launched **Leadership 2020**, a four-year program that is training current managers to become the future leaders of the Company. Each year, new managers enter the program and have the opportunity to learn from some of the top leadership curriculums and programs. Challenged by the ever-changing needs of our customers and suppliers, our teams must think even more broadly and creatively to build more effective results for our partners.





# LEADERSHIP 2020

BUILDING EFFECTIVE RESULTS THROUGH AND WITH OTHERS



**Leadership 2020** aims to do this by informing, inspiring, and equipping our employees with the critical leadership attributes needed to prepare ScanSource for future challenges.

**ScanSource Leadership Institute (SLI)** is another program that focuses on developing the next wave of directors and executives for the Company. The program brings 12 hand-selected professionals from different global offices to Greenville for a two-week course, and sessions with current Company leadership. It is considered a great honor to be selected as a participant in the annual SLI program.

Members of the ScanSource leadership team have participated in **Leadership Greenville**, a program designed to develop qualified leaders for Greenville County. Alumni of the program include corporate and nonprofit leaders, city council, county council, school-board members, and lawmakers, among others. New classes are formed each year, and members are nominated to participate in projects that look at managed growth, the economy, quality of life, education, human services, and local and state governments.



## PROTECTING OUR ENVIRONMENT

At ScanSource, we understand human behavior is critical to sound environmental practices. Therefore, we continue to develop educational communications and programs designed to encourage sustainable practices.

### RECYCLING

ScanSource understands the value of waste elimination and has been undertaking a number of initiatives to reduce its waste stream. Our goal is zero waste and we will continue to educate and engage our employees and suppliers to help determine the best initiatives to achieve this goal.

Two years ago in the Greenville office, we worked closely with our waste partner to implement a new recycling program that is really making a difference. Currently, ScanSource averages about three tons of recyclable material every month. That's three tons per month of material that was previously making its way to a landfill to be buried in the ground for hundreds of years, slowly rotting and/or polluting our water supply.

Our Southaven, Mississippi facility, also partners with a local provider for its recycling effort. In 2017, our provider reported nearly 96% of all waste generated was recycled.

Items recycled at our distribution center include:

- Cardboard
- Stretch film
- Mixed paper
- Metal
- Lamps and ballasts
- Wood pallets
- All electronic waste

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

- Deskside recycle bins that accept paper, cardboard, plastic and aluminum
- Battery recycling and cell phone donation bins located throughout the offices in Greenville.
- Light bulbs (recycle about 1,400 bulbs per year)
- E-waste (recycle approximately 14,000 lbs. per year)
- Printer cartridges and toners
- Donations of unused promotional items, furniture, and office equipment to organizations such as Goodwill, Salvation Army, and Miracle Hill.



## ELECTRIC CHARGING STATIONS

In 2011, ScanSource installed an electric charging station at the Company's Greenville office. The station allows ScanSource employees, suppliers, and customers who drive or are considering driving electric vehicles to have convenient access to state-of-the-art charging. More importantly, the installation of the station has promoted the benefits of environmentally friendly vehicles and clean, electric-powered transportation, something ScanSource's leadership team has been a strong proponent of for years.



## EARTH WEEK

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

- **Blood Donations**

Employees have the opportunity to donate to a blood bank that distributes blood all over the US.



- **Adopt-a-Garden-Bed-Day**

ScanSource has its own garden, and employees can adopt a ScanSource garden bed to grow their own vegetables at work. The Company has also held lunch and learns with a master gardener, so employees can learn how to maintain their garden beds and successfully grow vegetables and flowers.



- **Tree Maintenance on the Swamp Rabbit Trail**

ScanSource coordinates with Trees Greenville to create opportunities for employees to help plant new trees, and re-mulch previously planted trees, on the Swamp Rabbit Trail in Greenville.



- **Adoptable Dogs from Greenville Animal Care**

A few times a year, Greenville Animal Care visits ScanSource with adoptable dogs from the shelter.

- **Go-Local Day**

ScanSource invites several local vendors to set up shop in the Greenville office's courtyard, and employees come out to shop, mingle, and try new things. Past vendors have





included a local honey maker, doughnut/coffee shop, plant and vegetable grower, an organic dog-food company, a local banana-bread company, a custom card maker, a local soap company, and more.

During Earth Week, employees are also encouraged to donate to a few local causes that directly support our charitable partners.

- **Cell-phone donations to the Julie Valentine Center**

The Julie Valentine Center is a private, 501(c)(3) organization that provides free, confidential services to victims of sexual assault and child abuse. ScanSource

collects working cell phones from employees to donate directly to the Julie Valentine Center, where they can be used to help the adult clients seen at the center. These cell phones sometimes become the only lifeline for clients to get in touch with the Center when they are in danger or need support.

- **Pet-Supply Donations**

In addition to Greenville Animal Care visiting with adoptable dogs, ScanSource also collects pet supplies each year to donate to the organization at the end of Earth Week.





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## SUPPORTING OUR COMMUNITIES

### 23 YEARS OF PHILANTHROPY

At ScanSource, good works. Since our inception in 1992, ScanSource has invested more than \$15 million in the communities where we live and work, in the areas of education, welfare of children, workforce development, environment, leadership development, and community enrichment. That commitment—which initially began from our leaders' desire to help our communities—is amplified by our employees' passion to give of their time, talent, and treasure. In 2017, more than \$850,000 was contributed to organizations in communities around the globe where our offices are located, along with an immeasurable amount of kindness from our employees.

Finding the organizations that need the most help and support isn't always easy, but our team both seeks out and responds to groups that will truly benefit from the assistance of committed volunteers and funding.

Every day, our employees are making an indelible mark on countless lives. And, in turn, those whom they serve are making an indelible mark on our employees.



## ORGANIZATIONS SUPPORTED IN 2017



|   |  |
|---|--|
| Alzheimer's Association                             | Fenix Association                                  |
| A Child's Haven                                     | Flint Michigan Relief Support                      |
| American Heart Association                          | Fostering Great Ideas                              |
| Artisphere  | Fountain Inn                                       |
| Beaver Ridge Elementary                             | Kid Enrichment (FIKE)                              |
| Bilingual Academy                                   | Fred Collins Foundation - Crime Stoppers           |
| Bob Jones Museum and Gallery                        | Georgia Teen Institute                             |
| Camperdown Academy                                  | Go Pink!   |
| Chambre in Canada                                   | Greenville Chamber ACE Awards                      |
| Children's Wish Foundation International            | Greenville Chamber of Commerce                     |
| Clarity Speech Hearing and Learning Center          | Greenville Chamber Women at Work                   |
| CommunityCode                                       | Greenville Drive Partnership                       |
| Community Foundation - Greenville Heroes            | Greater Greenville Forum                           |
| Compass of Carolina                                 | Greenville Health System (GHS) Children's Hospital |
| Diversity Dinner - Greenville Chamber               | Greenville Humane Society                          |
| Dream Center of Pickens County/ Opportunity Village | Greenville Swamp Rabbits                           |
| Dream Flights                                       | Greenville Tech                                    |
| Dunbar CDC  | Greenville Track Club                              |
| Ecuador Earthquake Disaster Relief                  | Greer Relief                                       |
| Endeavor  | Gwinnett Police                                    |
| Enlisted Association, National Guard                | Harvest Hope Food Bank                             |
| Estrella Foothills Robotics                         | Hope Center for Children                           |
| EU-American Chamber of Commerce                     | iMAGINE Upstate                                    |
|   | InDwellings  |
|   | Investor Kids Gala                                 |

|   |                                     |
|---|-------------------------------------|
| IT-ology  | Rivers Edge Retreat - Columbia      |
| Judson YMCA                                     | Rock'n on the Runway                |
| Kellie Rynn Academy                             | Ronald McDonald House               |
| LEAD Academy Charter School                     | Roper Mountain Science Center       |
| Leadership Greenville                           | SC Chamber of Commerce              |
| Lost Our Home Pet Foundation                    | SC Children's Theatre               |
| Mentor Upstate                                  | Sevier Middle School                |
| Metropolitan Arts Council                       | Special Olympics                    |
| Meyer Center                                    | Telecom for Change                  |
| Mill Village Farms                              | Ten at the Top                      |
| Mothers Against Drunk Driving                   | TreesGreenville                     |
| Multiple Sclerosis Association of America       | The Family Effect                   |
| National Alliance on Mental Illness (NAMI)      | The Frazee Center                   |
| National Children's Cancer Society              | The Honor Foundation                |
| Neighborhood Focus                              | The Julie Valentine Center          |
| NEXT High School                                | The Turning Point of South Carolina |
| Nova Mente Institution                          | Unicef                              |
| Partnership Against Domestic Violence           | United Breast Cancer Foundation     |
| Peace Center                                    | University of South Carolina        |
| Pendleton Place                                 | Upstate Circle of Friends           |
| Public Education Partners                       | Upward Foundation                   |
| Red Cross                                       | Upstate Warrior Solutions           |
| Rede Esperanca                                  | Upstate Forever                     |
| Reedy River Concert Series - City of Greenville | Woodland Elementary School          |
| Reedy River Rivalry at Fluor Field              |                                     |





## SUPPORTING VETERANS

### **The Honor Foundation**

ScanSource and other local businesses partnered with The Honor Foundation to establish an employer network for veterans in Upstate South Carolina. The Honor Foundation (THF) is a San Diego-based nonprofit that offers career coaching and professional development classes to current and retired special operators, to help them transition to their next jobs. THF also establishes employer networks in cities to help SEALs and other special operators connect with potential employers or find mentors within the business community. About 90 percent of THF graduates are Navy SEALs.

### **Upstate Warrior Solutions**

Since 2014, ScanSource has contributed to Upstate Warrior Solutions to help provide outreach and care coordination services for pre-9/11 warriors and their families. During this time, more than 750 veterans have received assistance through the program, resulting in access to housing, employment, financial stability, education, and family support.

## SUPPORTING DIVERSITY

### **Upstate Diversity Leadership Awards Dinner**

ScanSource participated in the thirteenth annual Upstate Diversity Leadership Awards Dinner, hosted by the Greenville Chamber of Commerce and the Riley Institute at Furman, in partnership with Upstate Chambers, to recognize organizations and individuals for outstanding achievement in promoting diversity and inclusion in Upstate South Carolina.

### **Women at Work**

As a sponsor of the Greenville Chamber's Women at Work program, ScanSource supports events and programs focused on professional development, learning, and networking for women professionals and entrepreneurs of all ages and career levels.



## RECENT AWARDS

- Best Places to Work | South Carolina Chamber of Commerce
- Who's Who award - "The Company" | Upstate Business Journal
- Distributor of the Year | Channelnomics
- Healthy Workplace Gold Award | LiveWell Greenville
- Public Education Partner of the Year | PEP of Greenville County
- Community Partner Award | Furman University