

United Nations Global Compact:  
Communication  
on Progress



In 2011, Arrow Electronics, Inc. was honored to join the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative. With its emphasis on sustainability and responsible business practices, the United Nations Global Compact is embedded within our company values.

# OUR VALUES

**ETHICAL  
OPEN AND COURAGEOUS  
HIGH-PERFORMANCE, ACCOUNTABLE TEAMS  
WORKING EFFECTIVELY WITH NO BOUNDARIES  
INNOVATE AND EXECUTE  
PASSION FOR SERVICE EXCELLENCE**

The success of Arrow has been built on the application of our core values on a daily basis. Ethics are embedded in our conduct of the company's business, honesty and courage in our business dealings with customers and suppliers around the world, personal accountability for our own actions, and a relentless pursuit of service excellence.

This "Communication on Progress" provides an overview of Arrow's activities in support of United Nations Global Compact Objectives.

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# CEO Statement of Support



Arrow Electronics, Inc. supports the ten principles of the Global Compact in the areas of human rights, labor, environment, and anti-corruption. Arrow's intent is to advance those principles within our sphere of influence. The Global Compact and its principles are part of Arrow's global strategy, culture, and day-to-day operations.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) report that describes our company's efforts to promote the ten principles. We support public accountability and transparency, and, therefore, are submitting our first-year COP.

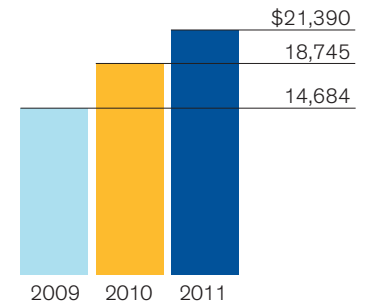
Michael Long  
Chairman, President, and Chief Executive Officer

# ABOUT Arrow

## Arrow Company Profile

Arrow is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions, with 2011 sales of \$21.4 billion. Arrow serves as a supply channel partner for over 120,000 original equipment manufacturers, contract manufacturers, and commercial customers through a global network of more than 390 locations in 53 countries. A Fortune 150 company with 15,700 employees worldwide, Arrow brings the technology solutions of its suppliers to a breadth of markets, including industrial equipment, information systems, automotive and transportation, aerospace and defense, medical and life sciences, telecommunications, and consumer electronics, and helps customers introduce innovative products, reduce their time to market, and enhance their overall competitiveness.

Total Sales  
dollars in millions



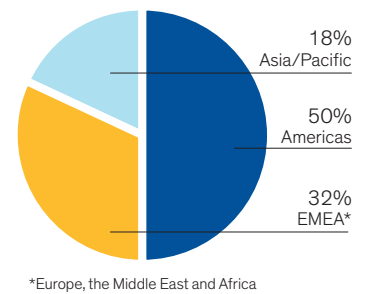
## Arrow Worldwide

Argentina	Estonia	Italy	Norway	Spain
Australia	Finland	Japan	Philippines	Sweden
Austria	France	Korea	Poland	Switzerland
Belgium	Germany	Latvia	Portugal	Taiwan
Brazil	Greece	Lithuania	Romania	Thailand
Canada	Hong Kong	Luxembourg	The Russian Federation	Turkey
China	Hungary	Malaysia	Serbia	Ukraine
Croatia	Iceland	Mexico	Singapore	United States
Czech Republic	India	Morocco	Slovakia	Vietnam
Denmark	Indonesia	The Netherlands	Slovenia	
England	Israel	New Zealand	South Africa	

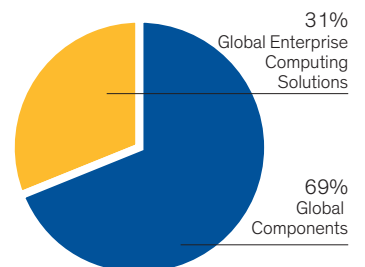
## About This Report

This report serves as Arrow Electronics, Inc.'s first Communication on Progress to the United Nations Global Compact (UNGC). The company joined the UNGC in 2011, and this report reflects our performance and progress towards meeting the Global Compact's principles during calendar year 2011. This document also outlines our goals for continued improvement and plans to further build our corporate responsibility initiatives. Going forward, subsequent reports will annually track our progress against those objectives. For further information about Arrow Electronics, Inc., please visit: [www.arrow.com](http://www.arrow.com).

## 2011 Sales by Geographic Region



## 2011 Sales by Business Segment



# PRINCIPLE

## Human Rights

### **PRINCIPLE 1:**

Businesses should support and respect the protection of internationally proclaimed human rights; and

### **PRINCIPLE 2:**

Make sure that they are not complicit in human rights abuses.

## Assessment

Arrow Electronics, Inc. (Arrow) human rights practices are embedded within the company's various policies, including the *Worldwide Code of Business Conduct and Ethics* (the "Code"). Arrow respects all international human rights standards throughout our global operations. All staff are required to review and certify their understanding and compliance on an annual basis. The Code covers all regions and business units. It is also posted on the company's external company website, <http://investor.arrow.com>.

Any concerns about human rights or other issues can be brought to the company's attention via the Arrow AlertLine, a confidential, toll-free telephone hotline, staffed by an independent third party that is available 24 hours a day, seven days a week. Interpreters are available for language assistance. Some countries' laws restrict the type and manner in which information may be reported through the AlertLine. If these laws apply to a location, an AlertLine representative will direct the caller to someone who can assist with the question or concern in a manner that complies with laws of that location. Country-specific guidance is also available through the Compliance Services intranet site on the company's global intranet site. Contact information for the AlertLine is also available on our public website.

Callers may use the AlertLine as a way to report suspected accounting, financial, or audit matters; bribery; and, subject to any restriction that may be

imposed by laws of their home country, potential violations of the Code, Arrow policy, or applicable law; or anything that may affect the vital interest of Arrow or the moral or physical integrity of its employees.

Arrow's Code includes an open door policy and prohibits retaliation for anyone who chooses to report a concern. No employee will be disciplined, terminated, or be retaliated against for asking questions or voicing concerns about the company's legal and ethical obligations when acting in good faith.

# 24/7

**COUNTRY-SPECIFIC GUIDANCE  
AVAILABLE THROUGH**

AlertLine  
Compliance Services

## Goals

**Arrow will conduct an internal review of practices and procedures to fully embed Arrow's commitment against all forms of human rights abuses including all forms of compulsory and child labor.**

# PRINCIPLE Labor

**PRINCIPLE 3:**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**PRINCIPLE 4:**

The elimination of all forms of forced and compulsory labor;

**PRINCIPLE 5:**

The effective abolition of child labor; and

**PRINCIPLE 6:**

The elimination of discrimination in respect to employment and occupation.

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## Assessment

Arrow Electronics is against all forms of compulsory labor. All employees are able to terminate their employment. Additionally, Arrow does not support child labor in any matter or form. Arrow Electronics also recognizes the rights of employees to seek union representation or to represent themselves. Arrow has forged productive relationships with unions and work councils throughout the world, and values their partnership.

Below is excerpted from the company's *Worldwide Code of Business Conduct and Ethics* and demonstrates Arrow's commitment to human rights and the elimination of discrimination in respect to employment and occupation:

### Equal Employment Opportunity

Arrow is committed to equal opportunity for all qualified employees and job applicants. All employment decisions (such as hiring, discipline, terminations, promotions, and job assignments) are to be based on the company's needs and an employee's performance and potential. These decisions must be made without regard to a person's gender, race, color, national origin, age, religion, sexual orientation, or any other characteristic protected by applicable law. Discrimination of any kind based on these personal characteristics will not be tolerated.

### Professionalism and Harassment

Every Arrow employee should treat each person with whom he or she comes into contact on Arrow business with dignity and respect at all times. All employees throughout the Arrow world are entitled to work and to attend work-related events in a professional atmosphere, free from all forms of harassment, including sexual harassment.

No one, at any level of the organization, may in any way threaten or imply that submission to, or rejection of, sexual advances will in any way influence decisions about employment, compensation, promotion, assignments, or any other condition of employment at Arrow. Conduct that may create an offensive work environment or "sexually charged" atmosphere is prohibited. Such an environment can be created in many different ways, including unwelcome remarks, gestures, or physical contact; the display or circulation of sexually explicit or abusive pictures or other materials; sexual or derogatory

jokes; and verbal abuse. None of these behaviors are acceptable in the workplace, whether sexual in nature or based on an employee's other characteristics, such as gender, race, color, national origin, religion, or sexual orientation.

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**If an employee believes they are being harassed or thinks that another employee is being harassed, we encourage reporting it so that rapid and constructive action can be taken.**

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Early reporting and intervention has proven to be the most effective method of resolving actual or perceived incidents of harassment or discrimination. Arrow needs the assistance of its employees to solve the problem before it becomes severe or pervasive.

### Open Door Policy

Arrow has an Open Door Policy. If any employee wishes to discuss any matter directly with someone at a level higher than their manager, they are encouraged to do so, without fear of reprisal. They may contact any senior manager, including the chairman of the board, the chief executive officer, the general counsel, any president, the vice president of global human resources, and any other manager with whom it may be appropriate for the matter to be discussed. No manager may restrict or discourage exercise of this policy.

In addition to the Open Door Policy, employees also have the option to discuss this matter with the chief compliance officer or by e-mail at [compliance@arrow.com](mailto:compliance@arrow.com). Employees



## Assessment

may also contact the senior vice president of human resources or use the Arrow AlertLine, a confidential, toll-free telephone hotline, staffed by an independent third party that is available 24 hours a day, seven days a week.

Arrow prohibits retaliation against anyone who reports discrimination or harassment or who participates in an investigation of such reports. Retaliation for reporting harassment or discrimination, or for participating in an investigation of a claim of harassment or discrimination, is unlawful and a serious violation of this policy, and violators will be subject to disciplinary action.

Arrow strongly encourages its employees to report any harassment to appropriate company officials. Employees who believe they have experienced conduct that may be contrary to Arrow policy or who have concerns about such matters may report their concerns to their immediate manager/supervisor or any member of the Human Resources department before the conduct becomes severe or pervasive.

### Global Diversity and Inclusion Statement

As a global company, Arrow's employees, customers, and suppliers come from diverse backgrounds and cultures. At Arrow, we believe a culture of diversity and inclusion positively affects the workplace and drives superior business performance, which allows us to compete successfully in a global marketplace. Diversity provides a broad spectrum of views and experiences for employees to draw on and promotes creativity and innovation.

Arrow fosters a diverse and inclusive environment that encourages an open exchange of ideas, where all employees are included, valued, and respected. We believe embracing and learning from individual differences gives our company a sustained, competitive advantage that makes us better able to serve all customers, suppliers, and employees.

In order to effectively foster an environment where everyone feels included and enabled to reach their full potential, we all work together to ensure that:

- Our workplace mirrors the marketplace at all levels of the organization.
- Our managers are equipped to effectively manage differences.
- Our work environment supports a culture of diversity and inclusion.
- Arrow has over 3,700 online courses available for all employees.

Arrow has over  
**3,700**  
 online courses available  
**FOR ALL EMPLOYEES**

### Training and Development

Arrow University is the company's global learning management system which provides all employees with a wide variety of on-demand, self-paced training and is available in multiple languages. All employees are required to participate in an online training course entitled "Mutual Respect," as well as Arrow's *Worldwide Code of Business Conduct and Ethics* training. The *Worldwide Code of Business Conduct and Ethics* course is a required annual certification. In addition to the required all-employee trainings on the Code, anti-bribery, mutual respect (harassment prevention), and information protection and privacy, there are an evolving list of classes on Arrow University. Currently, that list has over 3,700 online courses available for all employees and at least 20 instructor-led trainings with multiple time offerings.

## Assessment

### Global Career and Talent Management System

CLEAR (SuccessFactors) is Arrow's global career and talent management system which empowers employees to manage many career-related activities in one place. Within CLEAR, employees can create their employee profile, maintain their professional development plan, track progress against their performance goals, complete the steps required for the annual employee performance review process, and search/apply for internal job opportunities around the world. CLEAR is available to all Arrow employees and offers translations in 15 different languages.

### Global Performance Management

Arrow's annual Employee Performance Review (EPR) follows a globally consistent, integrated, end-to-end performance management process and timeline. The process is a "blended" performance management approach that factors in both performance goals and competencies. The majority of employees worldwide participate in the blended performance management approach; there are certain roles like logistics or administrative roles that participate in assessment against competencies only. Within the process, the employee is given the opportunity to provide performance comments, and managers rate employees' performance. The EPR process culminates in a year-end formal performance evaluation discussion.

**ARROW**  
supports employees' volunteer efforts via the company's volunteer **GRANT PROGRAM.**

### Community Service

As active and engaged citizens, Arrow employees across the globe are making a difference in their communities — both through volunteer service and through their charitable donations. That spirit of caring can be found in their charitable giving to organizations that address needs in their community and around the world. For example, Arrow supports employees' volunteer efforts via the company's volunteer grant program, and the company has matched employees' donations, dollar for dollar, for recent relief efforts related to the earthquakes in Haiti and Japan, the Colorado wildfires and Hurricane Sandy.

## Goals

Arrow will continue to harmonize its employment policies and programs to ensure consistent administration across all regions while also recognizing regional differences in employment regulations. Additionally, we will enhance the use of human resources information systems as a reliable, single system of employee record providing consistent and accurate reporting of employee information globally.

# PRINCIPLE

## Environment

### **PRINCIPLE 7:**

Businesses should support a precautionary approach to environmental challenges;

### **PRINCIPLE 8:**

Undertake initiatives to promote greater environmental responsibility; and

### **PRINCIPLE 9:**

Encourage the development and diffusion of environmentally friendly technologies.

## Assessment

Arrow is a global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions. We seek to ensure that our products comply with all applicable laws, regulations and approval standards to protect the environment and human life or health. We strive to handle products in our distribution network and provide value-added services in an environmentally friendly way. This means the use of environmentally friendly technologies, avoidance of emissions and waste, and the use of energy-saving solutions.

### Environmental Responsibility

Our framework for defining our environmental objectives and targets and measuring performance encompasses four priorities:

- **Deliver environmentally responsible products and services through our Value Add Programs and global components organizations on behalf of our supplier partners.**
- **Demonstrate environmental responsibility by adopting an environmental position that ensures compliance with future regulations and policies.**
- **Reduce waste and prevent pollution by operating Arrow global facilities in compliance with relevant environmental requirements, and work to conserve resources and minimize harmful environmental impacts.**
- **Continually improve and evaluate our environmental performance and foster a culture of environmental responsibility and employee engagement.**

Arrow's environmental responsibility initiatives encompass a wide range of operational activities, including procurement practices, limits on hazardous substances, eco-efficient packaging, systems to reduce energy consumption and harvest natural lighting, water conservation and recycling.

Our Electronic Asset Disposition (EAD) Business places a strong emphasis on adhering to the highest standards of responsible recycling. This commitment is grounded in a business and compliance model that promotes re-use,

encourages reduction of waste and ensures proper recycling of non-reusable materials. Arrow's EAD Business utilizes an Environmental Quality Management System (EQMS) to maintain the industry's highest standards for operational excellence and continuous improvement. The EQMS is utilized to:

- **Maximize the re-use of electronic assets through refurbishing, rebuilding, repairing and harvesting functional parts.**
- **Strive for zero waste to landfill.**
- **Conduct chain of custody processes that minimize the risk that neither Arrow nor its recycling partners export nonfunctional electronic systems or parts to non-Arrow-approved facilities.**
- **Prohibit prison or child labor to be utilized for any handling or processing of materials.**

Arrow's EAD Business performs internal and external audits to validate compliance with these principles and requires all of its recycling partners to complete an extensive audit to verify compliance with our environmental standards.

Over  
**140,000**  
**POUNDS OF OFFICE-GRADE PAPER**  
 Recycled in the last 12 months.

## Assessment

In 2011, we partnered with a vendor providing confidential shredding services to ensure disposal of our paper waste in an environmentally friendly way. These efforts have reduced landfills by 189 cubic yards, saved 29 thousand gallons of oil, and resulted in 1,072 trees being saved.

### Quality Control Compliance

We measure and track compliance with numerous quality and regulatory standards at our 36 warehouse and processing locations.

Twenty of our locations are certified as ISO 14001 compliant. The ISO 14000 environmental management standards exist to help organizations:

- **Minimize how their operations (processes, etc.) negatively affect the environment (i.e., cause adverse changes to air, water, or land).**
- **Comply with applicable laws, regulations, and other environmentally oriented requirements.**
- **Continually improve in the above.**

Our goal is to certify five more locations in the coming year.

Nine of our locations are certified as OHSAS 18001 compliant. OHSAS 18000 is an international occupational health and safety management system specification. Our goal is to certify two more locations in the coming year.

Eight of our locations are certified as R2 compliant for responsible recycling. The R2 standard is a voluntary, market-based mechanism for ensuring best practices, which would also provide essential information/assurance to prospective customers. The standard builds on an ISO-style, Plan-Do-Check-Act management system as a platform, and integrates environmental, health and safety management, media sanitization, export and disposal restrictions, chain-of-custody accountability, and transportation controls. Our goal is to certify two more locations in the coming year.

# 20

## WAREHOUSE LOCATIONS

### ISO 14001 Compliant

Eight of our locations are certified as Recycling Industry Operating Standard (RIOS<sup>®</sup>) compliant. RIOS provides a framework for a comprehensive, integrated management system that includes key operational and continual improvement elements for quality, environmental, and health and safety (QEH&S) performance for the recycling industry. Our goal is to certify one more location during the coming year.

### Hazardous Substances

Arrow is also committed to eliminating hazardous substances and recognizes the importance of such information to our customers, particularly in light of the China Restriction of Hazardous Substances (RoHS) labeling laws, EU Registration, Evaluation, Authorisation and Restriction (REACH) regulation, and both the current and proposed EU RoHS directive. In order to address these issues, Arrow has approached its suppliers to request that they provide us with a method of identifying the RoHS status of products, China RoHS labeling information, REACH, and other relevant hazardous substance information.

We have developed a range of solutions that are intended to support compliancy efforts. In all cases, our suppliers are the original source of this information, and Arrow is making it available to customers via these methods:

- **RoHS compliance status and detailed technical information on a part-by-part basis available through manufacturer datasheets on [www.arrownac.com](http://www.arrownac.com).**
- **EU and/or China RoHS status on a reasonable number of part numbers available through Arrow's local sales offices (dependent upon receipt of this information from the component supplier).**

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## Assessment

### Supply Chain Protection

With regard to addressing counterfeit parts within the supply chain, Arrow maintains processes and procedures to mitigate the risk of receiving, storing, or shipping counterfeit devices. This is accomplished through the management of purchasing, identification, verification, and return procedures. Additionally, Arrow actively participates with industry groups to develop and implement best practices and industry standards aimed at protecting the supply chain.

### Carbon Footprint

Arrow utilizes “telepresence” technology in four strategic locations in order to reduce business travel, which, in turn, reduces the company’s carbon footprint.

All primary distribution centers have in-house recycling programs in place to minimize landfill impact. Consideration of recycled content is given when purchasing commodities to be used within these facilities. Additionally, new equipment purchased is assessed for energy efficiency.

## Goals

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In 2013, Arrow plans to strengthen its recycling initiatives currently under way at facilities across the globe. Additionally, as we undertake the relocation of a major European facility in 2013, we plan to place a strong emphasis on leveraging this relocation as an opportunity to reduce the company’s energy consumption and carbon footprint. Arrow also plans to examine opportunities to expand our usage of high-efficiency LED lighting in its facilities as we seek to further reduce energy consumption.

In 2013, we also expect to add new certifications of our facilities. We plan to achieve:

- Five more ISO 14000 certifications
- Two more OHSAS 18000 certifications
- Two more R2-compliant locations, and
- One more RIOS®-compliant location.

# Anti-Corruption

**PRINCIPLE 10:**

Businesses should work against corruption in all its forms, including extortion and bribery.

## Assessment

*Arrow's Worldwide Code of Business Conduct and Ethics* (the "Code") applies to all employees of Arrow and its subsidiaries, including officers and directors. Every Arrow employee is bound not to violate its terms. No section of the Code will apply where or to the extent that it would violate any applicable law.

Arrow is committed to the principles and guidelines contained in the Code. This is an important part of everyone's job and essential to achieving our goals as a company. Every employee is expected to know and follow the Code. They are encouraged to ask questions, and Arrow's Law Department and Worldwide Compliance Services are at their disposal.

The Code covers such areas as:

- **Dealing with consultants and agents**
- **Gifts and entertainment**
- **Anti-bribery**
- **Confidentiality**
- **Financial integrity**
- **Insider trading**
- **Antitrust and competition**
- **Confidential reporting**

Arrow's Board of Directors reviews the Code each year to ensure it is timely and up to date. It is Arrow's policy to require all employees to review the Code annually, certify that they have read and understood the Code, and agree to comply with it. The certification process is completed via a web-based training and certification program. Once successfully logged in to the course, employees will find links to the Code as well as contact information, should they have questions.

Arrow requires that all employees complete a web-based training program on the subject of anti-bribery. This online training is provided in the employee's local language, is available around the clock, and provides participants with a comprehensive understanding of what is, and is not, permissible as they undertake their responsibilities each day as Arrow employees. In addition to the online curriculum, live, instructor-led training is also provided by Arrow's Worldwide Compliance Services team and the company's Law Department.

Arrow's internal audit team performs anti-bribery audits throughout the year.

Arrow has developed its *Anti-Corruption and Anti-Bribery Statement and Compliance Guide* (the "Guide"). The purpose of the Guide is to educate employees and representatives on Arrow's anti-corruption and anti-bribery guidelines, policies, processes, and expectations. The Guide also serves as a preventive tool to assist employees and representatives in recognizing, detecting, and avoiding potential violations of the various anti-bribery laws by providing examples of actual cases and hypothetical questions. The Guide is updated regularly by Arrow's Worldwide Compliance Services team and is posted on the company's intranet site.

The Guide also serves as a baseline which is used when developing and updating policies of divisions, affiliates, and subsidiaries of Arrow. These policies are subject to central review for consistency with Arrow's overall policy on anti-bribery and anti-corruption.

It is our goal to complete a minimum of two business policy reviews during 2013 at business locations still to be determined. These reviews will be conducted by Arrow's Worldwide Compliance Services team partnering with finance, human resources, and other leaders from the respective businesses.



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## Assessment

### Insider Trading

Employees who have access to confidential information about Arrow, our customers, competitors, or suppliers are not permitted to use or share that information for trading in stocks or for any other purpose except the proper conduct of Arrow business. All information about Arrow, any of our customers, competitors, or suppliers that has not been made available to the general public should be considered confidential or “non-public” information. To use “non-public” information for personal financial benefit or to “tip” others so they can make better investment decisions is unethical and illegal.

If any questions exist about whether an employee may buy or sell stock in Arrow or any of the companies with which we do business, they are instructed to contact Worldwide Compliance Services or the Law Department.

### Antitrust and Competition

All employees must abide by their national laws and Arrow’s policy governing competition and antitrust. Employees who deal directly with competitors, suppliers, customers, or trade associations need to understand how those laws and our policy apply to their work. Questions on this subject may be addressed to Worldwide Compliance Services or the Law Department. The antitrust laws are designed to promote competition by prohibiting agreements or understandings between companies that limit competition, and prohibiting conduct by individual companies that may unfairly create or promote a monopoly or harm other entities.

Arrow’s policy goes beyond the minimum requirements of those laws and prohibits:

- **Setting or even discussing prices, terms of sale, or other competitive information with competitors, or attending meetings with competitors at which such topics are discussed.**
- **Dividing customers, markets, or territories with competitors.**
- **Attempting to dictate or control a customer’s resale prices, or allowing a supplier to dictate our resale prices.**
- **Engaging in any other conduct that violates any applicable antitrust or competition law.**

Employees making decisions for Arrow in the marketplace such as where or how much to buy or sell, with whom to deal, what price to pay or charge, and what advertising, promotion, and credit terms to offer, must do so independently, without any agreement or understanding with competitors, and without imposing requirements which unduly restrict the freedom of our suppliers and customers to make their own independent decisions.

For 2013, Arrow plans to introduce a web-based training program dedicated to the subject of antitrust. The training will be available in employees’ local languages and will be required for employees involved in marketplace decisions such as setting prices for goods and services. Our goal for 2013 is to have employees continue to spend a significant amount of training time on this subject.

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## Assessment

### Corruption and Bribery

The laws of many of the countries in which Arrow companies operate prohibit bribery. For example, the U.S. Foreign Corrupt Practices Act (FCPA) and the United Kingdom (UK) Anti-Bribery Act prohibit bribes to governments and other officials (such as political candidates, political parties and their officials, employees of government-owned business, United Nations officials, etc.). The UK Anti-Bribery Act also prohibits bribes to commercial parties. Both the FCPA and the UK Anti-Bribery Act apply to activities that take place anywhere in the world. A violation can be a serious criminal offense for all involved. A violation can result in fines and penalties for companies, and fines, penalties, and imprisonment for individuals. Accordingly, employees must ensure that payments made by, or on behalf of, Arrow are made only for legitimate business purposes. Under no circumstance is it acceptable for an employee to offer or give anything of value directly or indirectly to any commercial counterparties (including their employees or officers), government officials, government contractors or subcontractors, political candidates, or political parties, in a home country or anywhere else, in order to obtain or maintain business, or to gain any advantage of any kind. Under the anti-bribery laws, Arrow, its employees, and its agents also are prohibited from doing indirectly what we are prohibited from doing directly—we cannot make any payment to a third party if all or any part of the payment will be given to a person for a prohibited purpose. Arrow could be held liable for such payments even if Arrow did not know, but should have known, that the payment was going to a person for a prohibited purpose.

If an employee has knowledge of a violation of this policy, the employee is encouraged to report it to Arrow's general counsel, the chief compliance officer, the Law Department or Arrow's AlertLine.

### Reporting of Financial and Non-Financial Information

We have an obligation to make and keep books, records, and accounts that accurately and fairly reflect our transactions and to strive to prepare financial reports and financial statements that are not false or misleading, and that present full, fair, accurate, timely, and understandable disclosure. Employees responsible for any aspect of our internal accounting controls and financial and tax-reporting systems must be vigilant in recording entries accurately and honestly and in a manner consistent with all applicable legal requirements.

### Protection and Proper Use of Arrow Assets

Part of every employee's job is protecting and making efficient use of all of Arrow's property, including information, computing and communication equipment and systems, materials, supplies, software, hardware, and facilities, among other items. Among the most valuable of these items is the company's "intellectual property," including our trade secrets, our trademarks and copyrights, business and marketing plans, engineering and manufacturing ideas, designs, databases, records, salary information, and any unpublished financial data and reports. All of Arrow's assets are to be used for Arrow business only. Every Arrow employee with access to Arrow's information or property has an absolute responsibility to manage these Arrow assets with the highest level of integrity and to avoid any misuse of such assets. Fraud, theft, embezzlement, or other improper means of diverting corporate funds is, of course, illegal as well as unethical. Preventing the theft, misuse, or misappropriation of Arrow's property by others should be a concern of every Arrow employee. Such losses can often be limited through normal precautions, through handling Arrow assets in a prudent manner, and through compliance with our established internal control procedures and processes.

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## Assessment

### Conflicts of Interest

Employees must act in the best interests of Arrow and avoid conflicts of interest. A conflict of interest arises when an employee's private interests either conflict, or appear to conflict, with Arrow's interests. Employees may not take for themselves or others business opportunities that have been discovered because of their position with Arrow or the use of Arrow property or information. No employee may compete with Arrow directly or indirectly. It is not possible to list all potential conflicts of interest, but the following are some examples of unacceptable conflicts:

- **Profiting from a personal business transaction that involves Arrow.**
- **Doing work for, or getting paid by, a supplier, customer, or competitor of Arrow.**
- **Having a financial or other type of interest in a supplier, customer, or competitor of Arrow (a shareholding of less than three percent in a publicly traded company is permitted).**
- **Conducting Arrow business with a family member, or taking a business action that is intended to benefit a family member.**
- **Permitting an employee to work in any situation where a member of that employee's family is in a position to influence the terms or conditions of his or her employment.**
- **Dating or conducting a romantic relationship with a fellow employee if in a position to influence the terms or conditions of that person's employment or if that employee can influence the terms or conditions of employment.**
- **Giving or accepting special treatment from any supplier, customer, or competitor of Arrow. This includes giving or taking money, personal gifts, non-business travel, discounts, and loans.**

These examples do not include all possible conflicts of interest, and some minor or apparent conflicts may be acceptable if they are fully disclosed and approved by management. (For certain types of conflicts, only Arrow's board of directors may waive these requirements.) If an employee is dealing with a situation that they suspect might be a conflict of interest, or requires a waiver for an existing conflict, they must contact Worldwide Compliance Services or the Law Department.

### Employee Political Activity

Personal political activities must be kept separate from Arrow. Any such activities should not be carried on in a way that interferes with job responsibilities or creates a conflict of interest. If an employee holds or seeks political office, they must do so on their own time and cannot give the appearance of acting or speaking on Arrow's behalf. Similarly, if making a political contribution, an employee may not refer in any way to their employment at Arrow or use Arrow funds in connection with their contributions. They may not accept a political position based on their status as an Arrow employee without first obtaining written approval from the chief compliance officer or the general counsel.

### Relationships and Fair Dealing

Customers, suppliers, competitors, and colleagues must be dealt with fairly. We avoid at all times manipulation, concealment, abuse of privileged information, misrepresentation of facts, or any other practice that could be considered unfair dealing. We treat customers and suppliers honestly and fairly. Sales and purchasing decisions should be based on price, product quality, service quality, and the consistency and dependability of customer and supplier relationships involved. Giving or receiving any kickbacks, bribes, or a similar payment of any sort is prohibited. Speak honestly of customers, suppliers, and competitors. We avoid exaggeration, damaging or misleading remarks, and the improper or unnecessary disclosure of confidential information.

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## Assessment

### Gifts and Entertainment

Gifts and entertainment should be offered or accepted only as a means of showing good will and never to gain an inappropriate business advantage. We do not want to gain a business advantage through improper means. Business gifts that compromise, or even appear to compromise, our ability to make objective and fair business decisions are inappropriate. Gifts to existing and potential customers and suppliers should generally be limited to small promotional items. Business entertainment should be in keeping with the policy of each specific Arrow company and must be legal, in keeping with the highest standards of business conduct, and not extravagant. If an employee receives a gift that is not appropriate under Arrow policy, they should return it with an appropriate explanation. If it is not possible to do so, the gift should be turned over to the Arrow's Law Department.

### Consultants, Agents, and Representatives

Arrow may in certain circumstances utilize the services of independent third parties, such as consultants, agents, and representatives, to assist in its business activities. These persons or entities can have a significant impact, not only on Arrow's sales, but also on its image and reputation.

Accordingly, it is important that these persons and entities be selected and screened carefully. Prior to engaging consultants, agents, or representatives, a due diligence process should be undertaken that identifies the ownership and reputation of the entity, as well as securing

a commitment to abide by all relevant anticorruption laws, including the United States Foreign Corrupt Practices Act, and provides for inspection of the consultant's or agent's business records by Arrow. All engagements require the approval of an employee's business unit president or the managing director of their region, as applicable. Any engagement in which an independent registered public accounting firm is to be retained requires the consent of the chief financial officer. Any engagement of an IT consultant requires the consent of the chief information officer. Before retaining any outside legal firm, an employee must obtain the consent of the general counsel. Similarly, the engagement of a human resources consultant requires the consent of the senior vice president of human resources.

### Finance Code of Ethics

Additionally, Arrow has a Finance code of ethics because we are committed to ensuring ethical conduct in the practice of financial management throughout the world. The chief executive officer and senior financial managers hold an important and elevated role in corporate governance. They are in a unique position to ensure that all stakeholders' interests are appropriately balanced, protected, and preserved. This code provides principles to which the chief executive officer and financial managers are expected to adhere and advocate. It embodies rules regarding individual and peer responsibilities, as well as responsibilities to Arrow, the public, and other stakeholders.

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## Assessment

# CODE

## OF ETHICS FOR FINANCE

The chief executive officer and all Arrow senior financial managers and their staff will:

1. Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
2. Provide information that is accurate, complete, objective, relevant, timely, and understandable.
3. Comply with rules and regulations of federal, state, provincial, and local governments, and other appropriate private and public regulatory agencies.
4. Act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
5. Respect the confidentiality of information acquired in the course of one's work, except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage.
6. Share knowledge and maintain skills important and relevant to constituents' needs.
7. Proactively promote ethical behavior as a responsible partner among peers and subordinates, in the work environment, and the community.
8. Achieve responsible use of and control over all assets and resources employed or entrusted.
9. Be accountable for adhering to this code of ethics.
10. Promptly bring to the attention of the chief financial officer (or alternatively the general counsel, chief executive officer, or audit committee) any information the financial manager may have concerning:
  - (a) any violation of this code, including any actual or apparent conflicts of interest between personal and professional relationships involving management or other employees who have a significant role in the company's financial reporting, disclosures, or internal controls;
  - (b) any significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarize, and report financial data;
  - (c) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's financial reporting, disclosures, or internal controls;
  - (d) any evidence of material violation of the securities or other laws, rules, or regulations applicable to the company and the operation of its business by the company or any of its agents; or
  - (e) whether any material information of which the financial manager may become aware affects the disclosures made by the company in its public filings or otherwise requires disclosure.

Any employee who fails to comply with the disclosure requirements in this code or the recommended action that the company deems necessary to resolve a conflict, or otherwise violates this code, is subject to disciplinary action up to and including termination of employment, in accordance with local employment laws. It is understood that the board of directors shall determine appropriate actions to be taken in the event of violations of this code by the chief executive officer or the company's senior financial officers.

In 2013, Arrow plans to introduce a *Business Partner Code of Conduct*. The Business Code will address subjects including, but not limited to, compliance with laws, professionalism and harassment in the workplace, health, safety and environment, labor practices, universal human rights and confidential reporting through Arrow's AlertLine. Upon its implementation, Arrow will expect all new resellers, consultants and agents to adopt Arrow's *Business Code* or certify that their own internal policies do not conflict with Arrow's Business Code.

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## Assessment

### Goals

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In 2013, Arrow plans to introduce a *Business Partner Code of Conduct* that will apply to all new resellers, consultants and agents of the company and its subsidiaries (the “Business Partners”). The code will address subjects including, but not limited to, compliance with laws, professionalism and harassment in the workplace, health, safety and environment, labor practices, universal human rights and confidential reporting through Arrow’s AlertLine.

In 2013, we also plan to continue to expand our internal anti-bribery training initiatives. Our objective is to build even greater awareness of the company’s legal and ethical requirements in regard to anti-bribery across our global workforce.



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