
ANNUAL TAX STRATEGY

Corporate Tax Strategy

The mission of Arrow Electronics, Inc. and its subsidiaries and affiliates (collectively referred to as “Arrow”) is to increase shareholder value and service our customers while complying with tax laws wherever we do business.

Responsibility for Arrow’s tax strategy ultimately resides with the Chief Financial Officer. The Arrow Corporate Tax Department has the responsibility for day-to-day management of the worldwide tax affairs of Arrow companies.

1. Corporate Tax Policy

1.1. Arrow is committed to conducting its tax affairs consistent with the following objectives:

- 1.1.1. Comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate. This includes compliance with OECD Transfer Pricing Guidelines, and adherence to international tax treaties.
- 1.1.2. Ensure the tax strategy is at all times consistent with Arrow’s overall strategy, its approach to risk, and its core values.
- 1.1.3. Apply professional diligence and care in the management of all risks associated with tax matters and ensure governance and assurance procedures are appropriate.
- 1.1.4. Foster constructive, professional, and transparent relationships with tax authorities, based on the concepts of integrity, collaboration, and mutual trust.
- 1.1.5. Use incentives and reliefs where in line with Arrow’s substantive business activities, but not where the purpose is inconsistent with the intent of the legislation.

2. Corporate Tax Principles

The Corporate Tax Principles outline how Arrow is expected to operate with respect to tax matters in support of the above Corporate Tax Policy. These principles are set out in detail below.

2.1. Compliance with Applicable Law

- 2.1.1. Arrow is committed to observing the letter and the spirit of all applicable laws, rules, regulations, and reporting and disclosure requirements.
- 2.1.2. Where there is ambiguity in relation to the law or its application, Arrow will determine the appropriate course of action based on both the plain language and the intent of the law.
- 2.1.3. A dedicated internal tax team with appropriate experience and skill sets will collaborate with Arrow’s businesses to provide advice and guidance necessary to ensure compliance and will obtain external advice where necessary.

3. Consistency with Corporate Strategy

Key business decisions should be made cognizant of the tax consequences and with the aim of complementing the company’s overall strategy.

4. Governance and Tax Risk Management

- 4.1. We operate our tax affairs within Arrow’s broader governance and control framework. This includes maintaining clear policies and guidelines and implementing processes and controls that are subject to regular business control reviews.
- 4.2. Arrow’s Board of Directors maintains strong oversight of operations and is informed of material tax issues.

5. Relationships with Tax Authorities

Arrow is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever we operate around the world. All dealings with tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. Arrow strives to resolve disputed matters by agreement, and to achieve certainty wherever possible.

6. Use of Incentives and Reliefs

- 6.1.** Arrow will utilize tax incentives or opportunities for obtaining tax efficiencies where these:
- 6.1.1. appropriately reflect Arrow's business activities in the jurisdiction;
 - 6.1.2. are aligned with the intended policy objectives of the governments which introduced the incentives; and
 - 6.1.3. are aligned with business or operational objectives.
- 6.2.** Arrow does not engage in transactions that have the sole purpose of evading tax liabilities.
- 6.3.** Arrow's tax strategy will be reviewed periodically in light of changes in applicable law or regulation, Arrow's business activities, and the wider industry landscape.

7. UK Tax Statement

- 7.1.** Arrow Electronics Ltd., an affiliate of Arrow Electronics, Inc., is the leading company of the Arrow UK Sub-Group of affiliated companies (collectively referred to as "Arrow UK"). This section represents the annual tax strategy for the UK Sub-Group in compliance with the provisions of Finance Act 2016, Schedule 19.
- 7.2.** Arrow UK is committed to the tax principles as published by the CBI with regard to the conduct of the tax affairs (inclusive of all taxes to which Arrow UK is subject) of all Arrow companies operating in the UK. Specifically, and in keeping with our general Corporate Tax Principles, Arrow UK commits to the following:
- 7.2.1. Approach to risk management and governance arrangements in relation to UK taxation: Arrow's governing board enjoys an open collaborative relationship with management and maintains strong oversight of operations firm-wide. Accordingly, the governing board is informed of material tax issues and is actively involved in tax risk management. Arrow UK commits to maintaining and conducting its tax affairs within a strong governance, reporting and control framework, including clear policies and guidelines. Arrow UK will identify, assess and manage tax risks and account for them appropriately. Arrow UK will implement risk management measures including controls over compliance processes and monitor their effectiveness. A dedicated internal tax team will provide advice and guidance necessary to ensure tax compliance. There are clear management responsibilities, backed up by regular monitoring and review, carried out by tax team members with the necessary experience and skill set.
 - 7.2.2. Attitude toward tax planning with respect to UK taxation: The principal directive of Arrow UK's tax planning activities is to comply with all applicable laws, rules, regulations, and reporting and disclosure requirements, wherever there is a requirement to do so as a result of business presence and transactions. Arrow UK's secondary directive is to engage in tax planning which advances tax efficient business operations. Transactions are structured to yield tax results that are consistent with the economic consequences and with the intentions of applicable laws, rules, and regulations of Parliament. Where appropriate, tax advice and assistance is obtained from external service providers in tax compliance matters, often related to evolving tax laws, in order to manage tax risk.

- 7.2.3. Level of acceptable UK tax risk: Arrow UK's tax risk management operates with rigid levels of acceptable tax risk. This policy is driven by a collective commitment to adhere to all applicable tax laws, rules, regulations, and reporting and disclosure requirements. Accordingly, the level of acceptable risk carried by Arrow UK, with respect to UK taxes, is low.
- 7.2.4. Approach to dealings with HMRC: Arrow UK is committed to the principles of openness and transparency in its approach to dealing with HMRC. All dealings will be conducted in a collaborative, courteous and timely manner, with an emphasis on full transparency with respect to tax risks and tax events, and collaborative and reasonable interpretation of tax laws.

8. Australia and New Zealand Tax Statement

Arrow Electronics Australia and New Zealand Holding, an affiliate of Arrow Electronics, Inc. (collectively referred to as "AEANZH Group") is committed to the tax principles as published by the ATO with regard to the conduct of the tax affairs (inclusive of all taxes to which the AEANZH Group is subject). Specifically, and in keeping with our general Corporate Tax Principles, the AEANZH Group commits to the following:

8.1. Board Level Controls:

- 8.1.1. The governing boards of the members of the AEANZH Group (collectively referred to as "AEANZH Boards") have formalized and endorsed the Board Tax Policy, which describes the risk management framework and procedures to identify risks, implement internal controls to mitigate these risks, and monitor and report on the operational effectiveness of the internal controls.
- 8.1.2. The AEANZH Boards understand their responsibility and possess the necessary skills and authority to clearly communicate the controls in place to new board members as well as management, and to provide ongoing support to independent committees where appropriate.
- 8.1.3. The AEANZH Boards are fully informed through regular updates on tax risks, their effect on the effective tax rate, any misalignment of tax paid and the consequences on business results. Specifically, the board is aware of and understands the effect of significant new transactions and understands all influences resulting in different accounting and tax results.
- 8.1.4. The AEANZH Boards periodically review internal controls testing to assess the adequacy of the internal control framework to effectively manage income, excise, and indirect tax compliance risk.

8.2. Management Level Controls:

- 8.2.1. Management of the members of the AEANZH Group (collectively referred to as "AEANZH Management") ensures that it has the capacity to enforce policies and implement strategies approved by the AEANZH Boards by developing and implementing systems that identify, assess, manage, and monitor tax risks.
- 8.2.2. AEANZH Management is confident in the capacity and capability of its tax governance processes and personnel to manage the AEANZH Group's income, excise, GST, and other indirect taxes.
- 8.2.3. AEANZH Management periodically reviews transactions and arrangements with a significant tax impact to ensure appropriate identification, categorization, and reporting.

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- 8.2.4. AEANZH Management ensures that data transfers between various accounting/subsidiary systems are subject to internal control processes to protect data integrity. The IT function ensures that appropriate ITGCs are in place to support the various operations of the business including tax.
 - 8.2.5. AEANZH Management is committed to procedures to support record keeping for tax requirements as prescribed by law and/or guidelines and ensures complete and accurate flow of information from accounting records to the relevant tax return, excise return or business activity statement.

9. Accessibility of this Policy:

9.1. This Policy is made available on the Arrow website at:

<https://www.arrow.com/en/fiveyearsout/company/reporting-and-governance>

10. END
