



ENABLING RESPONSIBLE INNOVATION

ARM

ARM Holdings plc Corporate Responsibility Report 2013

CONTENTS

IN THIS REPORT

Overview

▶ Our approach to corporate responsibility	2
▶ Business overview	4
▶ Chief Executive's statement	6
▶ CR performance highlights	8
▶ Our material sustainability issues	10

Progress

▶ Enabling sustainable technologies	15
▶ Developing our people	19
▶ Our responsible behaviour	22
▶ Our support for innovation	28
▶ Working with communities	33

Performance

▶ Governance at ARM	35
▶ Strengthening our performance	36

REPORTING BOUNDARY

The data covers the period from 1 January 2013 to 31 December 2013, unless otherwise stated. We publish reports annually. Our last report was published in March 2013.

This report includes data from 2013 environmental measurements. Calculations are based on data from our environmental database, which incorporates data from our 31 offices across the globe.

REPORTING STANDARDS AND FORMAT

This report was prepared using the Global Reporting Initiative's (GRI) G.3.1 Reporting Guidelines and achieves a self-declared GRI Application Level B. This represents a more comprehensive reporting scope than in previous years where we self-declared GRI Application Level C.

ARM is a member of the United Nations Global Compact (UNGC) LEAD Advanced Level Reporting Programme. We report annually against the ten Global Compact principles.

A supplement is available at www.arm.com/reporting2013 that includes a comprehensive GRI disclosure and our Communication on Progress against the Global Compact Principles.

FUTURE REPORTING

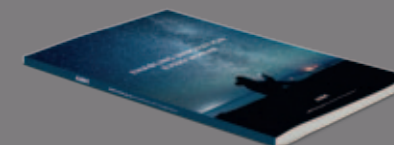
We will continue to align ARM's future reporting with the GRI and UNGC, to provide a transparent overview of our annual Corporate Responsibility (CR) and sustainability progress.

ARM is proactive in understanding future reporting trends, including the focus on materiality and the shift towards integrated reporting. ARM is a member of the International Integrated Reporting Council (IIRC) pilot programme and is contributing to the development of future plans for commercial reporting.

FURTHER READING



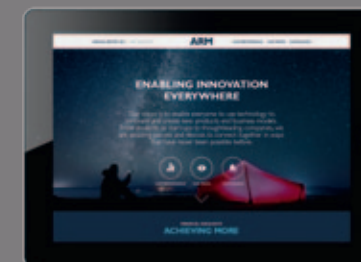
[ARM Strategic Report 2013](#)



[Governance and Financial Report 2013](#)



[Online Annual Report 2013](#)



An aerial night view of a city, showing a dense grid of buildings with various architectural styles. The buildings are illuminated from within, creating a warm glow against the dark sky. The streets are visible, and the overall scene is a vibrant, high-angle perspective of an urban environment.

ARM is making a difference to helping people live more sustainable lives. We have been designing processor technology that supports societal development and reduces energy consumption for nearly 25 years. As we move towards 2020 we have bold ambitions for how we can benefit billions of people through the application of our technology, and through collaboration and partnerships.

This report outlines our performance today, and how we intend to perform tomorrow and beyond as the world's number one processor architecture company, contributing to social impact at a global level.

We contribute to a sustainable society through the combination of our commercial business activity in designing energy-efficient semiconductors, ARM's partnership-based business model and our corporate responsibility programme.

OUR APPROACH TO CORPORATE RESPONSIBILITY

OUR CORPORATE VISION

Our corporate vision is to create a world in which all connected devices and services are based on energy-efficient technology, making life better for everyone

Enabling sustainable innovation: our strategy

Sustainability and CR are an important part of ARM's business. Our products are focused on energy efficiency and our business model is founded on partnership. We are also one of a handful of companies with a far-reaching impact that affects all types of people, from business leaders to the subsistence farmer. These factors add up to a unique opportunity for ARM to achieve a positive global impact.

Products based on our technology are amongst the most used, and useful, in the world. Our ambition is to address global needs, create a lasting impact and connect our partnerships to our long-term business goals.

Our CR strategy is to support the corporate vision by contributing to projects that have the potential to make the vision a reality. We aim to identify and support projects that reach out to individuals, communities and populations, and which, through a combination of ARM technology, partnership and collaboration, can create social impact.

ARM enables responsible innovation by:

- ▶ Demonstrating the role of ARM technology in reducing energy consumption and emissions.
- ▶ Focusing on technology for emerging economies by lowering the barriers to access mobile devices and encouraging the development of connectivity.
- ▶ Promoting Internet-of-Things (IoT), focusing specifically on efficiency gains in energy and healthcare.
- ▶ Building on ARM's unique position as the lead company in an unparalleled ecosystem.
- ▶ Operating as an environmentally aware company.
- ▶ Sharing our expertise on key social issues (in areas such as energy efficiency and through science, technology, engineering and mathematics (STEM)).
- ▶ Supporting a high tech skills base (STEM).
- ▶ Behaving in an exemplary manner towards all our stakeholders.

Our values

Our values shape the way we operate not only as a commercial business, but also in the way we behave in our interactions with others and our approach to delivering meaningful social impact.

Employee performance is measured each year against a set of shared values:

- ▶ Delivery of results.
- ▶ Teamwork and selflessness.
- ▶ Constructive pro-activity.
- ▶ Partner and customer focus.
- ▶ Responsiveness.
- ▶ Innovation.
- ▶ Personal development.

"These values are the foundation on which ARM has built its global success."

Graham Budd
Chief Operating Officer

There are four principal areas of ARM's Corporate Responsibility Programme

- ▶ Developing our people.
- ▶ Our responsible behaviour.
- ▶ Supporting innovation.
- ▶ Working with communities.

The cornerstone of the business of ARM is the design of energy efficient technology. Our impact as a responsible business is not limited to the activities of our CR programmes but includes the enabling technology that sits at the heart of ARM's success. This report therefore includes *enabling sustainable technology* as an additional aspect of ARM's CR programme to present our contribution to a sustainable society in five sections.

OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

This report outlines our contribution to a sustainable society in five sections:

Enabling sustainable technology

This section showcases how ARM is developing and enabling energy-efficient technology. Together with our ecosystem of leading companies, we are creating technology that can connect the world and drive responsible innovation.

 [read more on page 15](#)

Developing our people

It is crucial for our long-term success that we continue to attract and retain the most talented employees in the world. Central to this strategy is the goal that we keep our people safe and well, motivated, engaged, inspired and fairly rewarded. We are always striving to make ARM the best possible place to work by providing fair and equal benefits to inspire and support our people to reach their full potential. Our Sustainability and CR activities help engage and support our employees, while providing opportunities to engage in volunteer work that can challenge their skills.

 [read more on page 19](#)

Our responsible behaviour

ARM recognises that it has a responsibility to protect the natural environment in which it operates. We have established carbon reduction targets and are committed to minimising our impact on the natural environment wherever we can. We also have social and ethical responsibilities and a set of core values that govern the way we conduct our business. This section outlines how ARM employs best practices across its governance, ethics and trust.

 [read more on page 22](#)

Our support for innovation

Our strategy to enable responsible innovation is intended to deliver tangible project outcomes impacting individuals and the wider society. Through collaboration and partnership ARM is helping to design a better future. Our projects range from improving health or agricultural practices in developing economies to helping young children in the UK learn how to write code.

 [read more on page 29](#)

Working with communities

We are committed to encouraging our employees to use their skills for the benefit of the community, and for ARM to provide support to help strengthen the fabric of the societies in which we operate.

 [read more on page 33](#)

BUSINESS OVERVIEW

ARM AT A GLANCE

2,833
EMPLOYEES WORKING
ACROSS 15 COUNTRIES,
AN INCREASE OF 18%

>1000
COMPANIES FORM THE
ARM ECOSYSTEM BUILDING
PRODUCTS AROUND A
COMMON PLATFORM

REST OF EUROPE
LOCATIONS
10
EMPLOYEES
355

ASIA PACIFIC
LOCATIONS
9
EMPLOYEES
624

UK
LOCATIONS
4
EMPLOYEES
1,185

NORTH AMERICA
LOCATIONS
8
EMPLOYEES
669

31
OFFICES AROUND
THE WORLD

>75%
ARM TECHNOLOGY
NOW REACHES
AROUND 75%
OF PEOPLE IN
THE WORLD*

348
CUSTOMERS IN
18 COUNTRIES

In 2013, about 650 billion silicon chips were manufactured globally. Of these about 27 billion contained a processor. The processor is the brains of the chip and controls not just the operation of the chip, but also the operation of the product that the chip goes into. ARM processor designs were in over 10 billion of those chips, representing a 35% market share. The remaining share mainly consists of our customer's own processor designs.

The semiconductor industry sector is worth approximately £150 billion a year to the global economy. The sector's contribution to worldwide growth is expected to contribute to approximately 9% of worldwide GDP growth by 2020**, and enabling the "other" 91%.

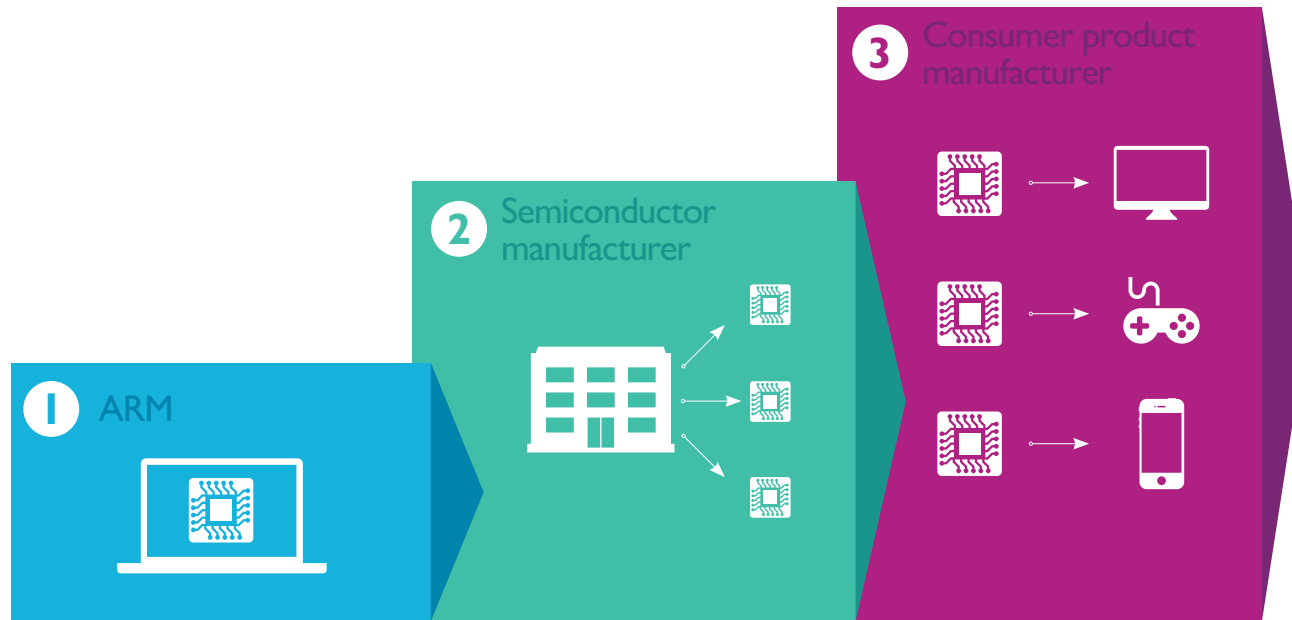
* World Bank report of 2012 on mobile phone use, *Information and Communications for Development 2012: Maximizing Mobile*.

** Global insight, SMART 2020, The Global e-Sustainability Initiative report.

BUSINESS OVERVIEW

HOW ARM CREATES VALUE







ARM is the world’s leading semiconductor intellectual property (IP) supplier. The technology we design is at the heart of many of the digital products sold in the world. It is also fundamental to many of the corporate responsibility projects we support.



ARM designs technology that goes into energy-efficient chip for a broad range of end markets. ARM licenses each design to multiple semiconductor companies. Every company pays an upfront licence fee to gain access to the design.

Semiconductor partner companies will incorporate the ARM technology design into their chip. It can take 2–3 years to build a chip and a further year for an Original Equipment Manufacturer (OEM) to build their product, such as a digital TV or mobile phone, containing the chip. When the chip starts to ship, ARM receives a royalty on every chip that uses the design.

OEM customers build consumer products containing ARM designed energy efficient chips. Each ARM design is suitable for a wide range of end-applications. An ARM design may be used in many different chips and may ship for over 20 years.

 <p>By working with our ecosystem of leading companies we are creating technology that is connecting the world.</p> <p>read more on page 14</p>	 <p>ARM’s partnership with Literacy Bridge has enabled a long-term strategy that seeks to empower millions of the poorest families around the world.</p> <p>read more on page 30</p>	 <p>In partnership with USAID and Invenco, ARM is trying to understand how technology design can be improved to enhance livelihoods in developing countries.</p> <p>read more on page 28</p>
 <p>ARM technology is opening up data streaming for a new generation of gamers, movie fans and on-demand services.</p> <p>read more on page 15</p>	 <p>Code Club projects teach children how to program by showing them how to make computer games, animations and websites.</p> <p>read more on page 31</p>	 <p>ARM technology is shaping the Internet of Things which will connect billions of devices by 2020.</p> <p>read more on page 16</p>

ARM designs technology that would be difficult and expensive for our Partners’ R&D teams to develop for themselves.

We estimate that a major semiconductor company would need to spend over \$100 million every year to reproduce ARM’s work. This represents more than \$20 billion in annual costs for the industry. By designing once and licensing many times, ARM spreads the R&D costs over the whole industry, making digital electronics cheaper and therefore more accessible.

CHIEF EXECUTIVE'S STATEMENT

ENABLING SOCIAL INNOVATION



We have projects and partnerships in place to reach even more people, by helping to make our technology more affordable, and more relevant, even to the most marginalised.



CHIEF EXECUTIVE'S STATEMENT CONTINUED

WE ARE BRINGING TOGETHER EVERYTHING ARM KNOWS ABOUT PARTNERSHIPS, RESEARCH, TECHNOLOGY AND INNOVATION AND APPLYING IT TO HELP MAKE THE WORLD A BETTER PLACE.



ARM is one of the best placed companies to enable social impact on a global scale. A big claim I know; but ARM is one of a handful of companies whose products are used by almost everyone, from the subsistence farmer at the bottom of the economic pyramid to the professionals and entrepreneurs at the top. ARM technology is used in everything from the smallest sensor to the latest supercomputers, and our commercial ecosystem reaches the entire technology sector.

The majority of people in the world benefit from ARM technology today, but not yet everyone. We have projects and partnerships in place to reach even more people, by helping to make our technology more affordable, and more relevant, even to the most marginalised. Every project we are working on has the potential to scale globally and to improve lives.

ARM's designs enable the world's most innovative semiconductor devices, but we do not pretend to understand how to help developing countries best use this technology. That is why we are partnering with USAID, UNICEF, Literacy Bridge, Cambridge University Faculty of Education, ACEEE, UN Global Compact LEAD, Code Club and many others. We aim to bring together our expertise and that of others to crack some of the problems faced in international development.

ARM's work with the Internet of Things (IoT) has particular potential to help address global challenges. IoT is more often associated with smart cities and smart energy, but the impact on rural areas will be just as profound. Through sensor networks and ultra-low cost base stations IoT technologies can start to alleviate issues such as water shortage and the dwindling supply of phosphates for fertilising our crops. The knowledge that can be gathered through these networks can help us use resources more effectively, protect vulnerable habitats and spot problems early on.

In 2014, we will continue to support innovative ideas and research that will help us find the next opportunity. We are bringing together everything ARM knows about partnerships, research, technology and innovation and applying it to help make the world a better place.

Simon Segars
Chief Executive Officer

CR PERFORMANCE HIGHLIGHTS

RESPONSIBLE INNOVATION IN 2013

Across the four principal areas of our Corporate Responsibility programme we made steady progress towards meeting our strategic CR objectives and delivering long-term social impact. Further detail on each of the highlights below can be found in the corresponding sections of this report.

How we measure performance

- ▶ CO₂ emissions per headcount.
- ▶ kWh per headcount.
- ▶ Employee satisfaction.
- ▶ Customer satisfaction.

Developing our people

 [read more on page 19](#)

63
NATIONALITIES



619
TOTAL NEW RECRUITS IN 2013

INCLUDING
163
RECENT GRADUATES



15%
IMPROVEMENT IN EMPLOYEE RETENTION

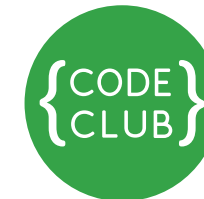
Supporting innovation

 [read more on page 28](#)

LITERACY BRIDGE:
IN 2013, WE PARTNERED
WITH UNICEF ON A MAJOR
18 MONTH PROJECT THAT
WILL ALLOW LITERACY
BRIDGE TO HELP



>40,000
WOMEN IN NORTHERN
GHANA WITH MATERNAL HEALTHCARE.



CODE CLUB:
ARM WAS CODE CLUB'S FIRST
MAJOR SPONSOR. THERE ARE
OVER 1,500 ACTIVE CLUBS
ACROSS THE UK SUPPORTING

22,000
CHILDREN. 100 NEW
CLUBS ARE STARTED
EACH MONTH.

CR PERFORMANCE HIGHLIGHTS CONTINUED

Our responsible behaviour

 [read more on page 22](#)

CARBON INTENSITY:

-19%

REDUCTION IN ENERGY CONSUMPTION PER EMPLOYEE SINCE 2009.

-18%

REDUCTION IN CO2 EMISSIONS PER EMPLOYEE SINCE 2009 AS WE MOVE TOWARDS OUR TARGET TO REDUCE EMISSIONS BY 30% BY 2020.



42%

IMPROVEMENT:

CARBON DISCLOSURE PROJECT (CDP): WE ACHIEVED A 42% IMPROVEMENT ON OUR 2012 SCORE THIS YEAR, PLACING US IN GRADE C.

IN 2013 ARM BECAME A MEMBER OF UNITED NATIONS GLOBAL COMPACT (UNGC) LEAD ADVISORY BOARD. LEAD IS A GROUP OF 53 MULTATIONALS WORKING WITH THE UN TOWARDS A MORE SUSTAINABLE WORLD.

Working with local communities

 [read more on page 33](#)

TEAM ARM PARTICIPATION:

>50%

OF GLOBAL EMPLOYEES PARTICIPATED IN TEAM ARM EVENTS DURING 2013.

£20,671

RAISED BY ARM UK EMPLOYEES FOR THE DEC PHILIPPINES TYPHOON APPEAL (INCLUDING ARM CORPORATE GIFT MATCHING AND HMRC GIFT AID).

>80%

INCREASE IN CORPORATE RESPONSIBILITY SPEND DURING 2013 FOCUSING ON LONG-TERM STRATEGIC PARTNERSHIPS.

Awards and recognition

 [read more on page 21](#)

UK TECH AWARDS 2013
TECH COMPANY OF THE YEAR BASED ON NOMINATIONS FROM THE CITY AND A JUDGING PANEL MADE UP OF EXPERT ANALYSTS AND COMMENTATORS.



WWW.UKTECH-AWARDS.CO.UK/

ELEKTRA AWARDS 2013
WINNER EDUCATIONAL SUPPORT AWARD
WWW.ELEKTRAWARDS.CO.UK/ FOR CODE CLUB (SEE PAGE 31).



CERTIFIED AS ONE OF BRITAIN'S TOP EMPLOYERS 2013, FOR EXCELLENCE IN CONDITIONS CREATED FOR EMPLOYEES.
WWW.TOP-EMPLOYERS.COM



ARM'S BANGALORE OFFICE AWARDED GOLD LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED) STANDARD IN 2013.



OUR MATERIAL SUSTAINABILITY ISSUES

MATERIAL SUSTAINABILITY ISSUES FOR OUR BUSINESS

At ARM materiality is about deciding what's important to our organisation, our stakeholders and society. This means identifying where we can add the most value while best managing the risks to our business, and capturing the right data to be able to concentrate on "more of what matters".

Our supply chain

Many organisations cite the supply chain as one of their most critical sustainability risks. Given the distinctions between ARM's business model and that of other comparable companies, our situation is slightly different.

ARM is the world's leading semiconductor intellectual property (IP) supplier. We do not manufacture or sell a physical product, and therefore have limited physical inputs. We have 31 offices and employ over 2,800 full time people in 15 countries. We do have a procurement function supplying IT, office equipment and sundry supplies (promotional material, catering, maintenance), but not on a material scale. Risks associated with utility suppliers are managed through our Business Continuity management system which is accredited to International Standard ISO 22301:12.

ARM assesses that the risk from our supply chain is minimal. Where we have identified potential issues we have acted on them (e.g. conflict minerals, see page 25).



Our approach

During 2013 an update of the Corporate Risk Register was undertaken by the ARM Risk Review Committee to identify corporate level risks.

The results of the risk review were considered in terms of corporate responsibility and sustainability to establish the material sustainability issues for reporting.

We identified six material sustainability issues which could potentially impact our ability to deliver on our strategy and goals for sustainability over the short-, medium- and long-term. Equally, a strong performance across these material issues provides us the opportunity to create and deliver significant value for ARM and our stakeholders.

Additional strategic corporate risks were identified, and are included on the Corporate Risk Register. Further details of these and the 2013 risk review process can be found here: <http://ir.arm.com/phoenix.zhtml?c=197211&p=irol-irhome>.

	1 Talent attraction, retention and well-being
	2 Product development (Innovation)
	3 Partnership
	4 Integrity and ethics
	5 Community
	6 Resource efficiency

OUR MATERIAL SUSTAINABILITY ISSUES CONTINUED



1 Talent attraction, retention and well-being



2 Product development (Innovation)



3 Partnership

Why it is relevant?

We rely on the intelligence, skills and abilities of our people to enable us to continue to prosper and succeed. We need to ensure that our people stay motivated, are satisfied in their work and are healthy so that they can reach their full potential.

Our continued business success relies on ARM remaining at the forefront, and often well ahead of global technology mega trends.

ARM relies on its Partners for its revenue streams from licence sales and royalties. To maximise the impact of our CR work we value partnership and collaboration with experts and organisations delivering social impact on the ground.

What are the issues?

Talent acquisition – ensures that a sufficient pool of skilled talent exists, allowing us to select the next generation of ARM engineers and other business critical personnel. ARM is well placed to attract and promote that talent.
Talent retention and personal development – allows us to develop the future employees and leadership and to ensure employees remain motivated, inspired and satisfied.

Products – the development of new intellectual property.
Research – both internal and external insight to deliver new commercial products and applications for our customers.
Sustainability – developing innovative, low cost products and applications to meet the needs of a growing global population.

Mutual trust and growth – close collaboration with our Partners to develop and release the next generation of products.

How are we addressing it?

In 2013 we invested more than ever before in talent management. We continue to offer excellent employee compensation packages at a consistent level for all employees at levels appropriate to the location of the employee. We provide comprehensive, and tailored personal development programmes and training to all employees.

The ARM Connected Community is always talking, listening and sharing insight and knowledge, tracking trends and consumer behaviour. This helps to identify needs and, through our own significant investment in R&D and collaborative working with our Partners, we develop solutions.

Strong and committed customer relationship teams.

For more information see pages 18-20

For more information see pages 14-16

For more information see page 24

How do we measure our performance?

- ▶ Employee engagement survey (see page 20).
- ▶ Employee turnover.
- ▶ % of employees receiving annual development feedback.

- ▶ Number of new licence sales.
- ▶ Number of chip shipments.
- ▶ External recognition.

- ▶ Customer satisfaction survey (see page 24).
- ▶ Engagement with policy makers, regulators and NGOs.

OUR MATERIAL SUSTAINABILITY ISSUES CONTINUED



4 Integrity and ethics

Why it is relevant? Protecting our reputation is very important to us and critical to securing long-term relationships for long-term growth.

What are the issues? **Ethics** – maintaining the highest level of ethical behaviour in all our interactions with Partners, policy makers and communities.

Protecting our reputation – avoiding any damage to our reputation impacting on our business if integrity and ethics are compromised.

Corporate governance – ensures that ARM maintains the highest levels of transparency and accountability.

How are we addressing it? Establishing and updating policies and procedures, and engaging all employees in annual training and relevant learning programmes.

The ARM Code of Business Conduct and Ethics ensures that we act appropriately and responsibly therefore building trust with all stakeholders at all times.

For more information see page 24

- ▶ Customer satisfaction survey (see page 24).
- ▶ Employee engagement survey (see page 20).
- ▶ External recognition.

How do we measure our performance?



5 Community

Why it is relevant? We operate within a global community. We rely on that community as the end-customers for our designs, to provide current and future employees and investors and on the goodwill of the communities in which we have offices.

What are the issues? **Local community** – building relationships with our local communities.

Global community – having a voice in the global debate on public policy issues related to our business. Maintaining a strong reputation as a "good neighbour" with a social conscience on a local, national and global level.

Human rights – respecting human rights in all our engagement with stakeholders, including customers, suppliers and Partners.

How are we addressing it? We engage regularly with stakeholders and invest in charitable and community giving to support the needs of our communities.

For more information see page 24

- ▶ We are working with the London Benchmarking Group (LBG) to record and measure our community investment.
- ▶ In 2014 we will be reviewing how we measure our performance in working with communities. For further information on our plans for stakeholder engagement and performance assessment, see page 13.

How do we measure our performance?



6 Resource efficiency

Why it is relevant? Achieving resource efficiency is essential for ARM, our Partners and our consumers in order to be sustainable in the medium and long term.

What are the issues? **Energy efficiency** – ensuring that our low-power designs drive more efficient use of the world's energy resources.

Our own impact – minimising our own impacts on the natural environment wherever possible.

How are we addressing it? Investment in innovation and in our Corporate Responsibility programme in conjunction with Partners, NGOs and subject matter experts.

For more information see pages 17, 22-23

- ▶ Progress against carbon reduction targets (see page 22).
- ▶ Product performance benchmarking.

How do we measure our performance?

OUR MATERIAL SUSTAINABILITY ISSUES CONTINUED

Engaging with stakeholders

At the heart of our business we have dedicated teams managing relationships with customers, Partners, investors and employees to ensure that their needs are regularly addressed. Other stakeholder groups, such as local community leaders, are engaged on an issue-by-issue basis.

Stakeholders are defined as any group, internal or external, that can be expected to be significantly affected by our activities, products, and decisions.

Our approach aims to strengthen stakeholder relationships and demonstrate accountability by:

- ▶ Engaging proactively with all stakeholder groups.
- ▶ Understanding stakeholder concerns.
- ▶ Addressing any existing issues.
- ▶ Identifying new opportunities.
- ▶ Managing risks.
- ▶ Communicating publicly on our performance and our outlook.
- ▶ Communicating both formally and informally in response to stakeholder requests for information.
- ▶ Voluntary disclosure against established and reputable protocols such as the GRI and CDP.

Engaging for tomorrow

Understanding our material issues is an ongoing process. During 2014 we will begin to expand our materiality process by involving and engaging with a broader range of stakeholders. This will form the basis for us to revisit our material issues and prioritise our actions in response to the needs and expectations from all of our stakeholders.

The stakeholder engagement programme will comprise the following elements:

- ▶ Internal consultation and documentation review to identify all relevant external stakeholder groups.
- ▶ Engagement and outreach to ARM's global offices to understand local and regional issues affecting our operations and location specific stakeholder concerns and impacts.
- ▶ Establishing an engagement strategy and plan based on a risk assessment of issues and stakeholder concerns.
- ▶ Engagement with stakeholders.
- ▶ Analysis of results and feedback into internal processes, procedures and policies as appropriate, including how we define, understand and manage our material issues going forward.

Measuring the impact of our work with communities

Our plans to broaden our stakeholder engagement in 2014 will provide the foundation for a related project to measure the impact of our work with communities. This will help us to track the overall effectiveness of our CR strategy and progress towards meeting our objectives. This will be an ongoing process of monitoring and evaluation which will also help us to refine and improve our approach to delivering social impact.



SHARED PURPOSE



James F. Moore is a former Berkman Fellow at Harvard's Berkman Centre for Internet and Society, a visionary on leadership and change and a venture capitalist. He pioneered the term "business ecosystem" in the early 1990s, and was central in developing an ecological approach to business and economic strategy. He has written extensively for the Harvard Business Review and in May 2013 he published an ebook titled "Shared Purpose; a thousand business ecosystems, a worldwide connected community and the future".

As James Moore began talking about business ecosystems, so ARM began creating its own ecosystem which now extends to over 1,000 connected businesses. Moore's 2013 book brings together contributions from academics, current ARM executives and insights from a range of technology companies that collaborate through the ARM ecosystem.

Described as the greatest disruptive technology on the business landscape today, the ecosystem is lauded as being at the core of ARM's success since it was formed 25 years ago. Critically, the success of the ecosystem is measured not only by the success of ARM, but also by the profitability, innovation and success of each and every company within the ecosystem. "Greed spoils business ecosystems" according to Moore, but this ecosystem is thriving and continues to work because no-one has, and no-one is draining the profits out of the ecosystem. This "just enough" philosophy builds trust, which is basis for true collaboration.

An e-book of "Shared Purpose" by James F. Moore is available for free download at www.arm.com/about/company-profile/arms-innovative-and-pioneering-ecosystem.php

www.arm.com/reporting2013

ENABLING SUSTAINABLE TECHNOLOGIES

We develop energy-efficient technology. By working with our ecosystem of leading companies, we are creating technology that is connecting the world.

ARM's low-power technologies have the potential to improve the quality of life for users. They provide opportunities to connect communities, provide access to valuable information, to save time and optimise resources.

ARM technology is also enabling a new generation of low-power server and low-power networking products, that help infrastructure providers and networks operate more efficiently. At the other end of the spectrum, the tiny and super energy-efficient Cortex-M0+ microcontroller has great potential to deliver on the promise of the Internet of Things and the smart cities of the future.

The ARM ecosystem

The challenge of using microprocessors to deliver these opportunities cannot be solved by one company working alone. It requires chip manufacturers, software companies, design

specialists, training suppliers and many others to work together. The ARM ecosystem comprises of over 1,000 companies worldwide who have chosen to work on different aspects of implementing our technology. These companies vary in size from major producers at one end to small start-ups at the other. The business model enables each of our Partners to focus their efforts on where they can best add value. This stimulates more innovation by Partners, more choice for product manufacturers and a wider range of products offering different functions for consumers and businesses.

Effective, mutually beneficial partnerships are vital to ARM's long-term success. The key to creating and maintaining a thriving ecosystem is for all our Partners to see an opportunity to succeed, so that we can all benefit together.



Enabling a streaming generation

A study published by Cisco in October 2013 predicted that network traffic is going to triple to reach 7.7 zettabytes annually by 2017. 7.7 zettabytes is an extremely large number to contemplate, but to try, it is equivalent to every person on the planet streaming music continuously for a year and a half.

According to Cisco, the bulk of that traffic will remain within the data centre, but this still presents two separate challenges to which ARM technology provides solutions.

The first challenge is accommodating this volume of data on servers and managing the financial cost and environmental impact associated with sourcing the energy required to power the data centres.

To address this, ARM and its Partners are developing new high-performing, energy-efficient servers based on the ARMv8 64-bit Architecture. The ARM business model allows its Partners to innovate upon the ARM standard processor cores by adding various accelerators into their SOC designs that are matched to prevalent server workloads, and thereby provide energy-efficient, best-fit, highly integrated solutions for their customers.

The second challenge relates to the transfer of data back and forth between the servers and the end users. To illustrate the issue here, let's look at video data as an example. The burgeoning growth in streaming TV, movies, online gaming, social media (YouTube), and virtual desktop hosting, is one of the biggest single contributors to the

expected rise in network traffic. These services require video processing (the transcoding of video to the proper resolution and the compression of the video stream for transmission) which is based currently on industry standard software methods that are very demanding and inefficient when they are implemented and run unaided on existing general-purpose microprocessor cores.

The ARM Mali V500 is a dedicated video processing unit (VPU) that provides a more efficient and accelerated means of transcoding and compressing video streams in the data centre. These offload engines can be designed into ARM Cortex based SOCs providing best in-class performance and power-efficiency for a video server solution. While this technology is being designed by ARM for consumer devices such as video cameras or set-top boxes, it could apply equally well to video streaming server solutions.

Additionally, building on a technology already provided by ARM for mobile computing, ARM Frame Buffer Compression (AFBC) further reduces the power and throughput requirements of the video processing server, making for a highly efficient video processor in the data centres of the future.

The combination of energy-efficient servers and advanced VPU technology will enable the expansion of data traffic predicted over the next five years. By doing so it opens up streaming to a new generation of users wanting access to personal, business, media and gaming content anywhere in the world, on any device, and on demand. And it delivers it in a way that has less of an impact on the environment.

The global video gaming market is set to grow 11% per year until 2017, boosted by a new generation of consoles and the increasing popularity of online games*. ARM is addressing these challenges to support the streaming generation.

*Findings from IDATE, digital research and consultancy.

ENABLING SUSTAINABLE TECHNOLOGIES CONTINUED

ARM SHAPING THE INTERNET OF THINGS

ARM powered technology can make a world of things come alive by connecting billions of devices to everyday objects.

20 years ago, the first browsers were produced allowing the public to access the World Wide Web for the first time. This created the internet connecting computers together. During the last decade the explosion in mobile devices such as smart phones and tablets, combined with the Cloud, allowed for the level of connectedness to reach around 10 billion units to date, affecting 75% of the planet's population.

The Internet of Things (IoT) refers to the ability to connect individual objects through a series of sensors, devices and computing power in an internet structure. ARM technology is a key enabler for IoT in terms of high-performance, energy-efficient, micro technologies at low cost.

IoT is more complex than the internet system. If the internet is 10 billion units, the IoT will have 30-50 billion units by 2020. If PCs had two form factors, and mobile computing had tens of form factors, then IoT will have millions of form factors.

IoT is the enabling force to add intelligence to millions of everyday objects from a seat on a bus to parking meters, washing machines and sprinkler systems. For business, the opportunities for efficiency improvement, customer intelligence and new market opportunities could be game changing, just as the internet changed the rules for many industries.

By enabling better process control, asset tracking and pre-emptive maintenance, the increasing use of connected sensor technology in industry is already feeding through to lower costs and higher quality services. An emerging generation of consumer products is offering personalised insights and experiences. As more devices become connected, end users are beginning to realise network effects, using web services to create a multitude of diverse applications – an approach ARM is trialling on its own sites through the use of intelligent lighting sensors in its office car parks.

To understand the business drivers for the IoT, we sponsored a business report by the Economist Intelligence Unit (EIU). The report drew on two main sources for its research and findings. In June 2013 the EIU surveyed 779 senior business leaders from around the world, nearly half of whom were C-level executives or board members. This was supplemented by a series of in-depth interviews with executives from some of the world's leading companies.

The EIU report includes insight and anecdotal evidence from business leaders into how IoT is becoming a real phenomenon, albeit one that is still happening in the background away from the direct line of sight of consumers.

The report also highlights the uncertain design of IoT and some of the issues that IoT will raise such as data security and privacy.

There will not be 50 billion of the same devices. There will be millions of different devices and apps: a sensor that you need in healthcare is different to what you need in air conditioning; a temperature sensor is different to the controller in an electric motor. All of which are different to the controllers used in cars.

ARM is well positioned to benefit as the primary technology within embedded computing for IoT. Just as the digital revolution and the advent of the internet have transformed our lives and businesses over the last two decades, IoT is set to impact on the way we live and work in years to come, and it will be ARM shaped.

Just as the digital revolution and the advent of the internet have transformed our lives and businesses over the last two decades, IoT is set to impact on the way we live and work in years to come.



Go to http://www.arm.com/files/pdf/EIU_Internet_Business_Index_WEB.PDF to download the full report.

ENABLING SUSTAINABLE TECHNOLOGIES CONTINUED

CONTRIBUTING TO CARBON REDUCTIONS ON A GLOBAL SCALE

Making a global impact on carbon reduction

ARM technology-based processors have always been designed for energy efficiency. Their low power consumption makes them particularly suitable for use in portable devices. ARM technology is now found in virtually all of the world's mobile phones. It is difficult to envisage what mobile devices would be capable of, or what they would look like, if the ARM architecture had not been invented. Smartphones might not provide the same services that they do now, their battery lives may have been shorter and they could have been heavier. It is also likely that there would have been less innovation and choice, as ARM's unique business model has allowed for a great diversity of products.

In 2013 ARM's Partners shipped more than 10 billion chips. With sales of mobile tablets and phones at approximately 1.5 billion in 2013, the existence of ARM's low-power architecture is likely to have created noticeable energy savings for the planet. It has also been the catalyst for diversity in devices and increased choice for consumers.

The ARM contribution

The Global e-Sustainability Initiative (GeSI) smarter 2020 report published in 2013, gives a more specific assessment of ARM's global impact on carbon emissions.

The GeSI report is the most widely respected analysis of the potential for the Information Communications and Technology sector to reduce carbon emissions. ICTs could deliver 9.1 GtCO₂e of emissions savings by 2020. This represents 16.5% of the total Business As Usual (BAU) amount. The following can be inferred from the GeSI analysis.

Sector	Total emission reduction opportunity for the ICT sector in 2020 (GtCO ₂ e)	The ARM story
Smart motor systems	1.25	22%* of all microcontrollers are currently ARM-based. ARM technology helps enable variable speed drives (VSDs) and intelligent motor control (IMC) which will reduce power use, temperature and cooling needs, weight, material mass and transportation emissions. As all industrial automation and motor control is likely to be through microcontrollers, the estimate for ARM's potential impact here is 0.275 GtCO ₂ e and growing.
Smart logistics	1.94	It is much harder to estimate ARM technology's impact in this space as it is so complex. However, smart logistics is already largely driven by mobile technologies today (for example, satellite navigation where ARM has a >95% share). A very low estimate would be 25% of the opportunity directly related to ARM technology (on the basis that overall approximately 25% of ICT contains ARM) suggesting that ARM contributes a 0.485 GtCO ₂ e reduction.
Smart buildings	1.58	Smart building technologies enable emissions savings from Smart lighting, appliances and energy management. This is an area where ARM technology is taking an increasing market share. A conservative estimate would be 22%*, as much of this is microcontroller related. However the need for connectivity means that ARM is probably used more widely. At 22% the impact from ARM technology would be 0.35 GtCO ₂ e.
Power sector	2.02	Smart grid technologies were the largest opportunity found in the study. Full scale implementation of smart meters is the crucial enabler for the levels of integration necessary to achieve the total emission savings from this sector. Smart meters have the potential to enable half of the sector carbon reduction. Gartner*** estimates that ARM has a 67% share of 32-bit MCUs – these are the chips which put the 'smart' in smart meter. The estimate for ARM's contribution here is therefore 0.67 GtCO ₂ e.

Of course ARM's contribution is only a component within the thousands of different products and services that enable this reduction. However ARM technology, through its focus on energy-efficiency, and the ARM ecosystem, through enabling innovation and choice, is playing an important role in achieving major CO₂ reduction on a global scale.

 Go to <http://gesi.org/> for the full report.



Our approximation is that 1.78 GtCO₂e, or a 3.2% reduction of total global CO₂ emissions, can be associated with the use of ARM technology.

* Based on: MCU market data from IC Insights, and ARM's customers' royalty reports.

** Gartner; Market Share Analysis: Microcontrollers, Worldwide, 2012, Published: 23 April 2013.



WE STRIVE TO CREATE THE BEST POSSIBLE ENVIRONMENT FOR OUR PEOPLE TO LIVE, WORK AND CONNECT



Building a sustainable high performance organisation at ARM

Our workforce is one of the most diverse, skilled, and qualified in the world. It is critical that we provide a culture where talented individuals flourish within an environment that combines hard work and fun with colleagues who challenge and encourage each other to deliver their best work.

Our people strategy is focused on building a sustainable high-performance organisation that supports the ambition of our current employees and makes us the employer of choice for a next generation of job seekers.

Find out more about how ARM is building a sustainable high performance organisation on page 19.

DEVELOPING OUR PEOPLE

EQUAL BENEFITS FOR ALL

We treat our people equally wherever they work for us around the world. This means that we provide the same benefits to all our people, both full-time and part-time, at levels appropriate to the location of the employee. These benefits include bonus benefits, a pension scheme, business travel policy, holiday entitlement, maternity or paternity leave, and sick pay.

We also provide temporary workers, for example workers on fixed-term employment contracts that are usually of 2-12 months duration, with many of the same benefits as permanent employees where practicable. The only benefits that are not provided to temporary workers are those benefits that reward length of service.

Equal opportunities at ARM

We hire people based on their qualifications and experience regardless of gender, religion, race, nationality, or political affiliation. Our employment policies are transparent and well-defined. This ensures that candidates are treated equally and also ensures that our employees are treated equally in terms of promotion, personal development and reward.

Building a sustainable high performance organisation at ARM

Thought piece by Jenny Duvalier,
Executive Vice President People



Our workforce is one of the most diverse, skilled, and qualified in the world. It is critical that we provide a culture where talented individuals flourish within an environment that combines hard work and fun with colleagues who challenge and encourage each other to deliver their best work.

Our people strategy is focused on building a sustainable high-performance organisation that supports the ambition of our current employees and makes us the employer of choice for a next generation of job seekers.

In my experience there are four aspects of organisational behaviour that define a healthy, positive and sustainable system. These are: Clarity, Respect, Agility and Dialogue. Collectively, these aspects can help us to continue to build a sustainable high-engagement, high-performance organisation.

ARM operates in a fast-paced industry where clarity matters even more than it does in slower-paced environments. If we are clear about what we are aiming to deliver, we can make the right decisions, fast. Clarity matters, not just because it is important for each of us to know what is expected of us in our roles but because it enables us to hold ourselves and each other accountable. It helps to identify "white space" areas where we can collaborate productively with others, to maximise both our learning and our impact.

If Clarity signals "what" we are required to do, then Respect describes "how" we seek to engage with others positively and wholeheartedly. Organisations where the culture is characterised by high respect for others tend to be more flexible, more innovative, and more open to learning: all these behaviours are based on a belief that no-one has all the answers, and that appreciating the different experiences and perspectives of others is valuable, enjoyable, and a source of creativity.

These are behaviours inherent to the values on which we place a high price at ARM. Values that have been at the core of our success to date.

Something very special at ARM is how we draw together highly talented but diverse people from different cultures, expertise areas and markets. By creating an environment where collaboration is encouraged, this diversity will generate the innovation we need as a sustainable business. We are well placed to leverage this diversity and our mutual respect for the benefit of our customers and our colleagues.

Agility is the third behaviour that distinguishes the kind of organisation we are building. Agility, like Respect, is an enabler for innovation and contributes to greater customer satisfaction and improved performance. Enabling individuals at all levels in the organisation to have a voice, and then acting swiftly on their ideas and insights, brings genuine Agility. And enabling ideas to flow across the organisation through our extensive internal communication channels can deliver a real competitive advantage while ensuring that organisational capacity, learning, and resources are maximised.

Dialogue is the fourth essential ingredient. Defined as an active conversation, in which all parties are genuinely committed to listening and exploring together, effective dialogue requires Respect, and often enables Clarity and Agility. Without genuine dialogue, groups and organisations can become hollow, lacking a sense of connection and shared direction and purpose. Dialogue takes time, and often requires the suspension of individual perspectives in order to fully appreciate those of others: it may remove individuals from their comfort zone, but that is an essential part of development, change and innovation.

These four organisation behaviours (Clarity, Respect, Agility, Dialogue) are not, of course, in themselves sufficient to create the high performance organisation, there are other fundamentals such as having the right capabilities and resources in the right places, at the right time, and in the right balance. But if we can live out these four behaviours, we increase our chances of success over the longer term.

Jenny Duvalier



We promote the development of everyone to achieve their potential, enhance their ARM experience, and enable them to contribute to our wider success.

DEVELOPING OUR PEOPLE CONTINUED

Personal and professional development

As a leader in our field, it is important that we ensure that we keep our best at their best. We aim to provide an engaging environment for our people where they can develop and achieve their personal and collective potential better than anywhere else.

Continual self-improvement through reflection and feedback, coaching and mentoring, and training and education, is the lifeblood of our employee programme. We promote the development of everyone, both individually and in teams, to achieve their potential, enhance their ARM experience, and enable them to contribute to our wider success.



Average hours of training per employee



A variety of global programmes combined with individual development plans through regular feedback and development reviews enable our employees to map out their own career path and connect with other talented colleagues on challenging projects. Some of the global development programmes include:

- ▶ **Global Induction Programme:** A consistent global programme aimed at ensuring the strong connection to ARM and broader understanding of what we do as a company and their role with ARM.
- ▶ **Graduate Development Programme:** Designed to induct the individual into the organisation and provide the necessary insights and skills development that will enable them to contribute productively within their teams.
- ▶ **ARM Leadership Programme:** A comprehensive and structured programme designed to develop leaders within ARM including those in specific disciplines such as technical leadership, project management and functional management. The programme combines self-development, and on-the-job reflection and learning to ensure that our leaders and managers truly embody the ARM values and create an engaging environment in which our people can flourish.
- ▶ **Commercial Development Programme:** A new programme for 2013 to introduce our engineers to various elements of commercial activity, such as marketing, licensing and sales. It is intended that this programme will provide individuals with the opportunity to progress into a commercial role within the business.

Employee engagement

The ARM Employee Engagement Survey has a 13-year history. The survey usually takes place biennially with an interim survey taking place in the in between years.

During 2013 we decided to identify a new provider for our survey in order to take us to the next level of implementation. In the process of identifying the provider, we realigned the timing of our survey to better balance the workload across the business.

As a consequence of realigning the timing there was no engagement survey carried out during 2013. A thorough employee engagement survey process is beginning in the first quarter of 2014.

We encourage open communication

We promote a culture of open and honest communication at all levels of the organisation.

Formal feedback on professional performance takes place through the ARM Feedback and Development System (AFDS) process. In 2013, 100% of eligible employees received AFDS reviews.

We also encourage employees to meet informally with their line manager on a regular basis, at least monthly. These one-to-one sessions provide the opportunity for relaxed conversation about all aspects of the individual's well-being, motivation and overall satisfaction at work.




The environment in which our ecosystem operates is incredibly dynamic, undergoing constant change and ferocious price pressure. We need people who are agile, able to respond quickly, to be flexible and open minded.

Simon Segars
ARM Holdings CEO



OUR RESPONSIBLE BEHAVIOUR

The new ARM office in Bangalore was awarded the Leadership in Energy and Environmental Design (LEED) LEED ID+C Gold rating in 2013. This was the first ARM office to obtain LEED Gold Certification through retrofitting post construction. The Bangalore office houses more than 400 Physical IP and Processors Division employees, as well as a small sales staff and IT support.

A photograph of a modern, multi-story office building with a glass facade and concrete balconies. The building is set against a clear blue sky with some light clouds. A sign on the building reads 'ARM' in large, bold letters, with some smaller text above it in a non-Latin script. The building's design features a grid of windows and prominent horizontal concrete slabs.

ಅ ಆರ್ ಎಸ್
ARM

OUR RESPONSIBLE BEHAVIOUR

ENVIRONMENTAL REPORTING

OUR RESPONSE TO CLIMATE CHANGE

Our business model means that we have a small environmental footprint relative to our size in terms of employee numbers and our headline financial numbers. We do not manufacture physical products, but create intellectual property that is used by others to build technology. In addition, we are serious about minimising our environmental impacts wherever possible, and will continue to do so as part of our moral obligation to the planet.

Energy and carbon reduction

ARM has participated in the Carbon Disclosure Project (CDP) for the past three years. It is important for us to be part of the CDP to demonstrate our commitment to reporting and managing our carbon impacts. 2013 saw a very positive change in our overall performance score, moving from Grade E to Grade C, an increase of 42% over our 2012 score. Highlights of our 2013 disclosure were the ability to communicate how the governance and strategy of our environmental stewardship is embedded into the organisation, along with our ability to report emissions. In both those areas, ARM scored highly relative to the FTSE350 and in particular within the Information Technology Sector. Our performance in emissions management was another highlight where we were placed ahead of the FTSE 350 average.

Targeting carbon reduction

We have made steady progress towards our corporate environmental goal for energy use.

Our energy intensity based on kWh per employee has decreased globally by 19% against our 2009 baseline. This has been achieved through our commitment to better energy performance from our buildings alongside improved utility of our estate.

We also targeted a 30% reduction in carbon emissions per employee by 2020 against 2009 levels. At the end of 2013 we had achieved a reduction of 18%.

Further detail on our emissions and the Group's management of those emissions can be found in our Carbon Disclosure Project Submissions.

Total tCO₂e per headcount (Scope 1, 2 and 3)



kWh per headcount



Reported emissions	2013	2012
Scope 1 and 2 emissions		
Combustion of fuel, operation of facilities and electricity and cooling purchased	11,067 tonnes CO ₂ e	10,547 tonnes CO ₂ e
CO ₂ e intensity		
Tonnes CO ₂ e per employee	3.37 tonnes CO ₂ e/Head	3.82 tonnes CO ₂ e/Head
Scope 3 emissions		
Business travel	10,186 tonnes CO ₂ e	10,112 tonnes CO ₂ e

Our methodology

Our report covers emissions within operations that fall within ARM's financial control. Therefore the data used represents our global operations accurately, with regional conversion factors applied as required. We apply Defra/DECC GHG Conversion Factors for Company reporting. Our reporting year is 1 January 2013 to 31 December 2013.

Our environmental impact assessment of ARM's operations includes energy use and air travel as our material CO₂e contributors. We have excluded non-material emissions related to refrigerant losses in air conditioning systems, emissions related to motor vehicle use and emissions relating to waste streams.

During 2013 we adjusted all our environmental data starting from our baseline of 2009. This restatement was made in order to account for material changes to the conversion factors provided by Defra for company reporting purposes. In particular, the replacement of the five-year rolling average with a single average emission factor for a particular year. We remain committed to our carbon reduction targets for a 30% reduction in intensity by employee headcount by 2020.

OUR RESPONSIBLE BEHAVIOUR CONTINUED

Addressing our carbon reduction barriers

We set ambitious carbon reduction targets in 2009. Since then we have made good progress towards achieving those targets but we acknowledge that we have some real challenges ahead if we are to meet our targets for 2020.

We are a growing business and consequently our office capacity must grow to accommodate our people. Historical performance data shows that we have improved our per capita emissions and energy consumption, largely through better use of existing space. Maintaining this trend as we increase our office capacity will be challenging.

Our Bangalore office employs over 500 people. Coal is the primary fuel for electricity generation in India. This means that the carbon intensity of the electricity used to power operations in India is one of the highest in the world, and this has an impact on our global per capita emissions.

We are exploring how we can use renewable energy sources as a way to cut both our absolute carbon emissions and our per capita emission intensity.

Flight miles continue to be an environmental challenge for us. Face-to-face interactions remain one of the most effective means of sparking new ideas and enabling innovation. An important part of our success to date is down to our strong relationships with our Partners who expect personal interactions with us. Connecting remotely is possible in many cases, but the value of personal contact in maintaining existing relationships and building new ones cannot be underestimated.

We have conducted comprehensive internal reviews of our travel patterns, but without finding solutions that would provide a significant impact on our business flight miles. We encourage the use of video conferencing, and all business travel is subject to approval procedures to control costs, to manage our people's time effectively, and to monitor air mile emissions.

During 2014 we will continue to identify and implement opportunities for energy and carbon reduction across our business, including flight miles. We remain committed to meeting our carbon emission reduction targets for 2020.

Environmental governance

The ARM Energy Use and Climate Change Committee (EUCCC) brings together all the strands of activity within ARM in relation to its environmental aspects and impacts. The EUCCC meets twice a year and comprises function heads such as the Property Director, IT Operations Director, Travel Manager, Senior Operations Managers from Business Groups, and the Director of Sustainability. The Chief Operating Officer represents the Executive.

The EUCCC Body is defined within the ARM Management System, which is accredited to ISO9001. Its place within the Management System ensures complete interaction with a number of other ARM Management Reviews such as:

- ▶ Estates Review (built environment lifecycle management and energy use within those environments).
- ▶ Business Continuity Management Review (risks associated with climate change and business Operations working to BS25999/ISO22301).
- ▶ Information Security Review (IT led review body working to ISO27001 with accountability for data centre performance and associated impacts).
- ▶ Operational Review (business operations across the organisation).

The ARM Management System also provides appropriate management bodies for the escalation of any issues concerning business operations. These bodies therefore cover climate change activity as well as compliance and corporate level risk management.

OUR RESPONSIBLE BEHAVIOUR CONTINUED

ETHICS AND TRUST

Ethical behaviour

The ARM Code of Business Conduct and Ethics is the foundation of how we interact with all of our stakeholders. All directors and employees are required to act fairly, honestly and with integrity and to demonstrate that they have read and understand ARM's Code of Business Conduct and Ethics, a copy of which is published on the corporate website at <http://ir.arm.com/phoenix.zhtml?c=197211&p=irol-govconduct>.

The Code governs how we provide full, understandable and accurate content in our public disclosures as well as complete compliance with all applicable laws and regulations. Our corporate policies prevent sponsorship of illegal activities including those that violate equal opportunity and discrimination laws and best practice. In 2013, there were no incidents of non-compliance with regulations or voluntary codes.

Our updated Human Rights Policy is now incorporated in our Code of Business Conduct and Ethics. As part of our commitment to the highest standards of business conduct and ethics, we have implemented enhanced communication and training programmes to ensure that all employees worldwide understand the requirements of both the Bribery Act 2010 (and its global reach) and the principles of and importance of compliance with competition law and anti-trust law.

Marketing and communicating responsibly

We must be clear, fair and complete in the way we market our products. The continued success of the ARM ecosystem relies on mutual trust and respect. How we market and communicate our products in an honest and transparent manner is a critical aspect of maintaining that trust and respect.

Our contribution to public policy

During 2013 ARM engaged with policy makers in London, Brussels, and Washington DC on issues relevant to ARM and the digital economy. These included:

- ▶ Spectrum allocation, where we would like to see frequencies made available for Internet of Things devices.
- ▶ Cyber Security, where we want to ensure policy makers understand what technology can do to help.
- ▶ Data protection and privacy, including working on Codes of Conduct for Cloud computing and looking at a framework for data driven economic growth.

We take a collaborative and interactive approach to public policy discussion. Through our engagement we seek to help and inform decision making by contributing knowledge for the benefit of our industry, consumers and other stakeholders.

Measuring and monitoring performance

We use customer satisfaction surveys to measure our performance in serving customers and in how we interact with them.

In April 2013 we reviewed and updated how we measure and manage customer satisfaction. We extended the scope of our surveys to include questions on product and product delivery satisfaction. These questions are in addition to existing questions on satisfaction with support and documentation. We also adjusted our baselines and targets for quantitative measurement of satisfaction.

The target for customer satisfaction for 2014 is 90% of returned surveys marked Very Satisfied or Satisfied in response to the question: "How satisfied are you with the support you receive from ARM?" This is based on our achievement of 85% customer satisfaction rates in 2013.

Area	Satisfaction 2013	Target 2014
Support	85.0% (+0.1%)	90%
Product	82.1% (-0.8%)	90%
Documentation	66.5% (-0.4%)	75%
Delivery	67.0% (-0.0%)	75%

Data is regularly reported to ARM's Executive Committee and the Holdings Board and any issues are reviewed and followed up with suitable action plans until issues are resolved.

Benchmarking our community investment

We have been members of the London Benchmarking Group since 2012. To date this has involved benefitting from benchmarking data so we can better understand our CR investment and impacts.

During 2014 we will review how we measure our community investment. As part of this review we will consider improvements to the way we record the time and money we spend on community-based activity. We will also work with other LBG members, and external experts where required, to develop quantitative approaches to measuring the outcomes of our community investment and our wider CR strategy.

Whistleblowing procedures

ARM operates a whistleblowing policy that lets employees report concerns about any unethical business practices to senior management in strict confidence or, if they prefer, anonymously through an independent third-party telephone line. They can do so without fear of recrimination.

OUR RESPONSIBLE BEHAVIOUR CONTINUED

Respecting human rights

There is growing interest worldwide in the issue of the impact of business on human rights. Reflecting this, ARM has worked this year with Shift, a specialist non-profit organisation working on business and human rights, to understand more about this area and the key guidelines provided by the UN Guiding Principles on Business and Human Rights.

We are confident that our risk in this area is low. But no company can afford to be complacent, and we have therefore adopted a general Human Rights Policy. This is in addition to related existing policies including those on conflict minerals, business ethics and discrimination. The new policy is informed by the United Nations Guiding Principles on Business and Human Rights and underlines our commitment to avoiding adverse impacts on human rights in the way we conduct our operations.

Our position on conflict minerals

As a player within the e-technology supply-chain, ARM takes the issue of conflict minerals very seriously.

The technology that ARM designs does not require the use of conflict minerals and the metals created from them (such as gold, tantalum, tin and tungsten). Therefore, this issue does not apply to our core designs directly. However, within our System Design Division, we produce a small number of tools and development boards that do use some of these mineral types. We also use a limited number of hardware products in the development of processor designs and provide development boards to a small number of customers.

ARM's policy for sourcing these boards is to use the Electronic Industry Citizenship Coalition/Global e-Sustainability Initiative template for the collection of sourcing information relating to conflict minerals. Should any device using conflict minerals be detected we would then take immediate and appropriate steps to eliminate those sources from our supply chain. We have not identified any issues of concern to date.

Transparency in taxation

We recognise that the payment of corporate taxes is a social responsibility as well as a legal obligation. ARM has its headquarters in Cambridge (UK) where it employs the largest proportion of its global workforce and pays the majority of its corporate taxes.

ARM fully meets all of its corporate tax obligations in accordance with the laws of those countries in which it operates.

Disclosure of taxes paid and due in respect of business activities during 2013 can be found on pages 85-88 of our Governance and Financial Report.

Information security

ARM is certified to the ISO 27001 information security standard. Being certified to this standard is one way we demonstrate to the world that we take information security seriously and that we have put in place the processes and controls that help ensure that we operate in a secure manner.

OUR RESPONSIBLE BEHAVIOUR CONTINUED

Our reporting framework includes our own annual report and accounts and our submissions to public reporting initiatives including:

FTSE4Good



FTSE4Good is an equity index series that facilitates investment in companies that meet globally recognised Corporate Responsibility standards. ARM is included in the FTSE4Good Index Series.

Carbon Disclosure Project



In 2013 we saw our overall performance score moving from Grade E to Grade C which came from a disclosure score increase of 42% over 2012.

Annual Communication on Progress for the United Nations Global Compact



ARM is a member of United Nations Global Compact (UNGC) LEAD. LEAD is a group of 53 multinationals chosen out of the 7,000 UNGC members because of their history of engagement with the UN and commitment to corporate responsibility.

ARM is represented on both the global LEAD and UK network advisory boards, keeping us in touch with our peers and informing how we can contribute to sustainability in our immediate operations, our ecosystem, and more broadly.

As a LEAD company we submit an annual Communication on Progress (COP) against the advanced criteria that support the ten Global Compact principles. We reported our 2012 COP publicly in March 2013. We will be publishing our 2013 COP through the UNGC protocols in March 2014. These reports are available on the UNGC website, www.unglobalcompact.org.

Our approach to implementing the ten Global Compact Principles across the 21 contributing criteria is published separately as a supplement to this report.

Member of London Benchmarking Group



London Benchmarking Group (LBG) is the internationally recognised standard for measuring corporate community investment. LBG comprises over 125 core global member companies using the LBG (framework) methodology to measure, manage and report.



COLLABORATING TO INSPIRE FUTURE GENERATIONS OF SCIENTISTS AND ENGINEERS

ARM has connected Villiers Park Educational Trust, the Arkwright Scholarships Trust and The Smallpeice Trust, facilitating discussions that have potentially far-reaching consequences for young people who are interested in science, technology, engineering and mathematics (STEM), particularly those from disadvantaged backgrounds.

We hope that the collaboration between these three Partners, all experts in their own fields, will lead to an increase in the number of young people accessing STEM opportunities at school and college, and subsequently to an increase in the number of young people going on to study STEM subjects at degree level.

By capturing the most able young people (regardless of background) and steering them into a STEM pathway, we have the potential to enable “joined up” provision from Year 6 to Year 13, through interventions in schools, continuing professional development and working with parents. We hope that this new partnership will enable the sharing of resources, knowledge, skills and facilities to the benefit of the young people. In turn, this networking opens up opportunities for joint match funding applications, strengthened by economies of scale.



<http://www.villierspark.org.uk>



<http://www.smallpeicetrust.org.uk>



<http://www.arkwright.org.uk>

OUR SUPPORT FOR INNOVATION

WORKING WITH OTHERS

Business has an important role to play in addressing global sustainability issues and supporting charitable initiatives. It is expected that the 2015 United Nations Sustainable Development Goals will re-emphasise the role of business and partnerships as a key enabler for sustainable change.

We welcome opportunities to bring charities and businesses together. As a company, without the constraints affecting government and charitable foundations, we are able to take more risks and try out new ideas. Risk is a necessary part of research, development and entrepreneurship; subjects that are at the heart of the ARM culture.

We support programmes that tackle the issues most important to us.

- ▶ Science, Technology, Engineering and Mathematics education (STEM) in order to promote these subjects to a new generation of engineers, programmers and developers.
- ▶ ICT for Development (ICT4D) to ensure that the benefits of technology are widely shared and used with the greatest efficacy for the greatest impact on those most in need.
- ▶ Environmental projects designed to protect and improve the natural environment and encourage energy efficiency.
- ▶ Local community support for projects that have personal meaning to ARM, the communities in which its people live, and to those in crisis and urgent need.

Our approach

To deliver our strategy and maximise the positive impact we have through collaboration we:

- ▶ Work on long-term, strategic partnerships.
- ▶ Use external expertise to define the areas of greatest potential.
- ▶ Co-ordinate and drive collaboration between the projects we support.
- ▶ Consider community needs and other causes that have personal meaning to ARM and its employees.
- ▶ Remain flexible and responsive to urgent or critical needs on a local and global scale.

Information Communications Technology for Development

We support initiatives that use information and communication technology to help enhance livelihoods in developing countries. To try to understand how technology design can be improved for people in these areas we sponsored a research project, *What are the systemic issues causing ICT to fail in developing countries?* This project was match funded by a donation from USAID to increase its scope. The project was run by Professor Laura Hosman, an expert in ICT4D from the Illinois Institute of Technology in partnership with Inveneo. The objective of the research is to help ARM and other donors and organisations to increase the effectiveness of the use of ICT in developing countries and its positive impact on their people.

Inveneo is a social enterprise, whose mission is to get the tools of ICT, such as computers, telephony and internet access to those who need it most – people and organisations in rural and highly underserved communities in the developing world.

OUR SUPPORT FOR INNOVATION CONTINUED

SUPPORTING TECHNOLOGY ADOPTION IN EMERGING ECONOMIES



David Ferguson of the United States Agency for International Development (USAID) describes the collaboration with ARM and Inveneo that is seeking to maximise the benefits of technology adoption in emerging economies.



One of the big opportunities USAID has identified is getting companies interested in products and services that meet customer needs in the developing world. This is also a great challenge, as many of us do not understand the needs of poor communities and therefore cannot design appropriate products.

Many companies are also sceptical about whether there is a real market "at the bottom of the pyramid". With the right products and services, there is a sizeable commercial market that is as yet largely untapped.

One of the big success stories in this space has been the mobile phone. No-one expected mobile phone services to penetrate the African markets so quickly. Africa is now the most profitable region for operators in the world. This is because mobile phones met a real need for poor communities. How might USAID catalyse the next big commercial and developmental success?

This aim is the foundation for our work with ARM Holdings. ARM recognises how common it is for traditional IT solutions to not meet the needs of developing markets. If we can understand why existing products fail, we could design more appropriate technology that would work well and

satisfy customers in these markets. If we design appropriately at the right price point, there is a very large market available for ARM's Partners.

So our research effort with ARM and Inveneo is focused on identifying the limitations of existing technology to meet needs in these markets. An analysis will then be drawn up that ARM can share across its ecosystem to encourage innovation. ARM and USAID share the belief that innovation in this space will lead to compelling new technologies that can have both developmental and commercial success in emerging economies. ARM and USAID hope that this collaboration will be the start of some exciting new developments and we are looking forward to seeing the output of the research in 2014.

Deputy Director, Office of Science and Technology, USAID

A handwritten signature in black ink that reads "David D. Ferguson".



www.arm.com/reporting2013

Enabling innovation through education

ARM supports a range of educational initiatives designed to inspire and encourage future generations to engage with STEM subjects. The principles of collaboration and partnership, embedded into our Company strategy, are applied to our education programmes. We encourage the involvement of our employees in education volunteer programmes, where participation is an opportunity for personal development as well as a contribution to our local communities. The projects highlighted in this section represent some of our proudest and most successful collaborations during 2013.

We will continue to support these programmes in 2014, through charitable donations and by sharing knowledge, skills and our technology where possible. We are also exploring other opportunities for collaboration on strategic educational projects with long-term impact.

OUR SUPPORT FOR INNOVATION CONTINUED

LITERACY BRIDGE

Literacy Bridge uses “Talking Book” technology to provide those living in extreme poverty with education on health and agriculture to reduce maternal and child mortality, hunger and chronic malnutrition. ARM has been working with Literacy Bridge to develop a long-term strategy for empowering the world’s poorest families. In 2013, we partnered with UNICEF in Ghana on a major 18-month project that allows Literacy Bridge to prove their model at a scale of over 40,000 people.

UNICEF and ARM have funded the maternal health component of the project, in essence giving the kind of information that a midwife would provide but where a midwife would not be available. ARM also suggested the inclusion of Literacy Bridge’s prior work on agriculture, which was outside the remit of the original UNICEF project, and provided the additional support needed. This is an example of a

company’s freedom to look at the big picture, and across different issues, something that is difficult for sector-focused charities and donors.

Initial data suggests that educational information from Literacy Bridge can help people achieve a 48% increase in their crop yield. For a subsistence farmer this increase is life-changing.

In a small health trial in the Jirapa District, people adopted 90% of applicable health messages from the Talking Book.

ARM will continue its support for Literacy Bridge in 2014, focusing on supporting monitoring and evaluation work to establish the effectiveness of the approach and on R+D to use the ARM Cortex M0 within a new chip developed specifically for Literacy Bridge by Michigan University.



There were so many things we didn’t know about raising healthy children but due to the Talking Book, we listen and learn healthy ways to raise our children.

Nadowli Kuubataanono

Traditional birth attendant in the Jirapa District, Ghana

Thoughts on ARM’s Approach to Sustainable Development

by Literacy Bridge founder Cliff Schmidt



More than any other corporation or foundation we have engaged with, ARM’s partnership with Literacy Bridge has enabled investment in a long-term strategy for empowering millions of the poorest families around the world.

The problem with the approach that many corporations and foundations take is that they focus on short-term results and often require one-off changes to our programme or to specific geographic areas that the programme must address. In contrast, ARM has taken the time to understand Literacy Bridge’s vision and strategy for using ICT to empower the very poorest families with health education to reduce maternal and child mortality and farming education to reduce hunger and chronic malnutrition. ARM listens to our goals and plans and then offers to provide funding to support tangible aspects of our work and to accelerate our pace.

Another unusual approach that ARM takes, which many other organisations could learn from, is that of investing in infrastructure, scale, and also individual families. ARM has supported our R&D efforts to use ARM’s Cortex M0 within a new chip that will drastically reduce the manufacturing costs and power consumption of the ICT devices that are used by rural farming families living on less than \$1.25 per day (UN definition of extreme poverty). In parallel with that, ARM has boosted our capacity to allow us to prove our model at a scale of 40,000 people – a critical milestone since the majority of NGO projects fail after the pilot stage. And finally, ARM chooses to also directly support our entire programme for hundreds of people in the village of Nyeni. This multi-pronged approach ARM has taken invests in the long-term while enabling us to address the scale issue early. The approach also provides ARM with a connection with why and how our partnership really matters to individual families in one of the poorest villages in Africa.



Farmers in Ghana’s Upper West Region learning agricultural best practices through the Talking Book

ARM’s strategic approach to funding has enabled Literacy Bridge to partner with UNICEF in an initial project to reach 40,000 people with maternal and child health education. In addition, ARM has provided the additional funding to leverage that investment by layering on agriculture education to the same villages. This provided us with the resources to properly understand the needs of these farming families, and to work with Ghana’s Ministry of Food and Agriculture to develop the right education, and to create and distribute audio recordings through our Talking Book devices. We have then also been able to monitor usage statistics, user feedback and impact on farming practices, to further refine and improve our approaches.

ARM’s plans to connect Literacy Bridge with other organisations it supports also shows the unusually thoughtful approach that ARM has to making a difference in the world. Beyond funding or employee engagement, ARM is catalysing new partnerships by connecting organisations that might not otherwise meet. This reminds me more of the work of organisations like Ashoka than any corporate social responsibility programme I’ve encountered.

Cliff Schmidt, Founder, Literacy Bridge

OUR SUPPORT FOR INNOVATION CONTINUED

CODE CLUB

Inspiring the next generation of engineers

People often make career decisions based on their experiences and the opportunities available to them as children. ARM supports STEM education as a way to inspire children throughout their education, starting at the age that they begin making decisions that may influence their career choices.

During 2013 ARM became the first major sponsor of Code Club, a non-profit helping primary school children learn computer coding.

Code Club brings together volunteers, usually IT professionals, with teachers, schools and venues. It provides course materials and projects for volunteers to teach at after school coding clubs or at non-school venues such as libraries. The projects teach children how to program by showing them how to make computer games, animations and websites.

Learning to code in this way is far more than a first step to becoming a programmer. The practice of programming strengthens problem-solving skills and logical thinking, supporting key academic subjects such as science, maths and technology.

Code Club Co-founder Clare Sutcliffe, talks about her exciting journey with Code Club and ARM.

When ARM began its funding of Code Club, in January 2013, it meant I could focus on Code Club full-time. ARM took a major risk on a small, young organisation. They saw the potential for the idea to scale and supported my fledgling entrepreneurial spirit. ARM staff have taken an enthusiastic and pro-active approach to volunteering for Code Club. So far 15 clubs have been set up by ARM employees and they meet regularly to share their experiences.

There are now 100 new clubs starting every month with well over 1,500 Code Clubs across the UK. That amounts to over 22,000 primary school children taking part in Code Clubs.

All the teachers leading clubs felt that the children had made progress learning to code. They also felt that learning to code had helped the children's education more broadly:

"They have learnt to test and work to solve problems and not to just accept that there is only one way to achieve something."

"There has been a marked difference in the way the Code Club members approach problem-solving; a more analytical approach and a way of seeing mistakes or errors as part of the process of learning."

ARM has given Code Club a lot of non-financial support too. I received business planning mentoring that meant I could take the plan to other funding organisations. This resulted in two further grants. I've also been lucky enough to have been introduced to many other ARM Partners. We now have a flourishing relationship with Raspberry Pi who, alongside Google, gave 4,000 Raspberry Pi's to our Code Clubs.

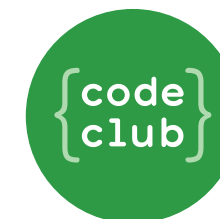
Plans for 2014

I have lots of new activities planned for Code Club in 2014 and am excited to be growing the Code Club team again by recruiting three new roles in early 2014. The organisation will benefit significantly from these extra roles and it would not have happened without the extra financial help ARM provided at the end of last year.

Code Club around the world

In June 2013 we launched Code Club World (www.codeclubworld.org) which allowed people in other countries to run Code Club. There are now over 150 clubs in 35 countries around the world. In 2014 I have plans to seek major funding for Code Club World and grow a team who can help propagate Code Club organisations around the world. ARM will be working with us to make Code Club a global success. Working with ARM is such a pleasure as they recognise the importance of teaching children to code and are doing everything they can to help us reach our goals.

They have learnt to test and work to solve problems and not to just accept that there is only one way to achieve something.





SUPPORTING LOCAL COMMUNITIES NEAR AND FAR



The tablet distribution has been an overwhelming success. Partner organisation SOS Children's Villages Philippines states:

Greetings of PEACE. I would like to thank you for the training and donation of tablet last Dec 17. It was a great opportunity for us NGOs to have a helping hand in your presence and also to the one who organised this United Methodist Communication. Once again on behalf of SOS Children's Villages Philippines thank you very much.

Raymond A Rimando
National IT Coordinator, SOS Children's Villages

WORKING WITH COMMUNITIES

WORKING WITH LOCAL COMMUNITIES

ARM's support for local communities is two-fold. We support activities that have a direct impact on our employees, and we help in areas of need that are often neglected. We work closely with local charities to advise us on where our support is most needed and will have the greatest impact.

ARM has been an active supporter of the community local to its Cambridge head office ever since its foundation. Now, as a global company, we aim to broaden our support to the communities surrounding all ARM offices.

ARM is working with community leaders to understand the most pressing local needs, whether this is one-off emergency support or long-term help for the areas of greatest deprivation.

Community engagement and outreach activities have taken place across all of ARM's major offices during 2013 with over 50% of employees actively participating in at least one community or charity activity.

Supporting student communities today for tomorrow's technology

The ARM University Programme supports educational use of ARM technology globally. The programme provides a variety of teaching materials, hardware platforms, software development tools, IP and other resources for educators, students and researchers. The approach combines formal and planned support to university courses and faculties, and ad-hoc support to students or educators who request access to ARM technology as part of their studies.

University courses and labs, student projects, and academic research in embedded systems, microprocessors/controllers, mechatronics, System-on-Chip (SoC) design, computer architecture, and other areas all benefit from using ARM technology.

Rapid response for immediate impact

There are times when we can provide urgent emergency support to meet immediate needs with immediate impact. Examples of this in 2013 include our collections and contributions in response to the Philippines typhoon emergency, and on a local level, donating to a Cambridgeshire soup kitchen to carry out emergency repairs to allow them to continue providing support for local homeless people.

Responding to Philippines Typhoon emergency

ARM partnered with Inveneo to provide on-the-ground communication support in the large area affected by Super Typhoon Haiyan. The work started with the distribution of 52 Nexus 7 tablets donated by Google. The tablets were supplied with rugged cases and charging equipment, and a suite of common apps specifically curated for disaster response. Training was provided to disaster relief organisations such as Oxfam, UMCOR, the Red Cross and All Hands Volunteers, with 23 organisations in total trained. The tablets allow these organisations to use shared maps that are updated daily, as well as advanced data collection and communication tools.

Additional key support was provided by setting up wireless links to extend communications throughout the area. These links extended network and broadband connectivity to areas currently cut off from the internet, restoring communications and allowing vital field work to continue in these regions.



Communication equipment in Tacloban.



Inveneo configure wireless communication.



UMCOR in-country uses a tablet to allocate food relief in small communities.

WORKING WITH COMMUNITIES CONTINUED

Team ARM

Our charity fundraising and volunteering programme, Team ARM, encourages teamwork and engagement with our corporate responsibility areas of interest and strategic charity Partners. Our goal is to have an active Team ARM in every office around the world.

The philosophy behind Team ARM is fun and fundraising. We encourage our employees to participate in Team ARM. Any employee can propose an idea or a charitable cause or can offer to support an event. Money raised by Team ARM activities is donation-matched by the business.

2013 saw a diverse range of Team ARM activities around the world; including:

- ▶ Food festival challenges.
- ▶ Charity bingo.
- ▶ Cycling races.
- ▶ Cake sales.
- ▶ Golf competitions.
- ▶ Charity summer beer festivals.
- ▶ Running and other athletic events.
- ▶ Volunteer days at orphanages, disability rehabilitation centres and vision rehabilitation hospitals.

In 2014 we are enhancing our employee engagement and communication programme. One aspect of that will be to raise the profile of Team ARM, to share stories between different offices and territories, and to raise even more money for good causes that are close to our employees' hearts.

Over 50% of ARM employees participated in Team ARM events on at least one occasion during 2013.



ARM Austin employees taking the challenge of climbing hundreds of stairs to raise money for the American Lung Association.

ARM Food Stand Eating Competition for Charity



ARM Taiwan participated in a food stand eating competition where employees were sponsored for the number of outlets visited during the day.



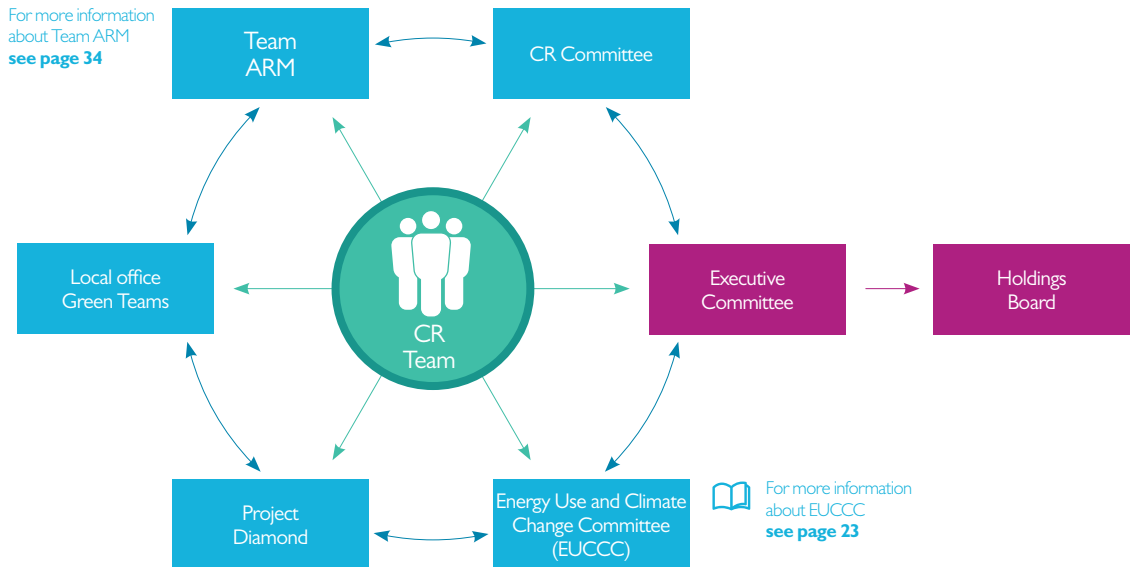
The ARM Austin tree planting day contributing to a reforestation project in an area recently devastated by wild fires.

GOVERNANCE AT ARM

MANAGING CORPORATE GOVERNANCE

ARM's corporate governance structure and processes ensure effective management. Additionally, they create transparency, so that we remain accountable to all of our stakeholders. The strength of these stakeholder relationships provides a significant contribution to ARM's continued success. The value we place on good corporate governance is reflected in our governance principles, policies and practices, culture, and our everyday working processes.

For more information about Team ARM see page 34



ARM encourages local **Green Teams** to provide a forum for employees around the world to help drive our environmental agenda. The Green Teams feed ideas and priorities into **Project Diamond** which acts as a communication channel with the Group-wide decision making body, the **Energy Use and Climate Change Committee** (EUCCC).

The CR Committee is responsible for monitoring ARM's corporate responsibility, sustainability, and charitable activities within the overall strategy and annual budgets approved by the Executive Committee (EC) and the Holdings Board (HB). The CR Committee meets quarterly and reports to the EC and HB twice a year.

Further information on our governance and how we manage sustainability can be found in the Governance and Financial Report and the CR Supplement.

STRENGTHENING OUR PERFORMANCE

PROGRESS ON 2013 OBJECTIVES

2013 Objective	Status	2013 Progress
<p>CR commitment and approach</p> <ul style="list-style-type: none"> ▶ Complete the development of a CR Committee and its remit. ▶ Demonstrate that we are keeping informed of the latest developments in CR. 	●	These objectives have been achieved. The CR Committee has been established and its terms of reference set. A CR Manager has been appointed with responsibilities that include keeping ARM informed of the latest developments and trends in CR.
Identify the three main areas of concern for our stakeholders.	●	Understanding our material issues is an ongoing process. During 2013 we undertook a comprehensive review of the Corporate Risk Register which provided feedback to update our understanding of material sustainability issues. We remain in constant contact with our stakeholders to understand their issues and concerns, although we did not conduct formal stakeholder mapping and engagement during 2013.
<p>Marketplace</p> <ul style="list-style-type: none"> ▶ Progress the current collaborative projects. ▶ Identify at least one new opportunity. 	●	Our approach to CR has collaboration at its core. During 2013 we identified a number of projects where collaboration and innovation were fundamental, such as the work with Code Club and Villiers Park Educational Trust and our involvement with Inveneo.
Develop cross-sector partnerships to assist technology projects that can alleviate poverty.	●	We have continued to develop partnerships that support both Inveneo and Literacy Bridge. We have expanded our CR team during 2013 with a view to increasing our activity during 2014.
Develop cross-sector partnerships to independently verify the potential benefits of ARM technology.	●	We continued to support research projects with ACEEE and the Carbon Trust. We also sponsored a research report by the Economist's Intelligence Unit regarding the growth and value proposition of the Internet of Things.
<p>Workplace</p> <p>Monitor and improve internal communications.</p>	●	Improvements have been achieved including the appointment of two full-time communications people.
<p>Community</p> <p>Maintain 20% or higher global employee participation levels in Team ARM.</p>	●	Participation of over 50% of ARM employees has been achieved, largely due to the increased number of offices with Team ARM groups.
Establish Team ARM in at least two more locations.	●	Achieved.
Develop a global volunteering programme to better co-ordinate existing activities and to enable ARM to offer new opportunities.	●	Progress has been made in identifying opportunities for employee volunteering. It is a priority for 2014 to implement processes to match volunteers to opportunities and to begin a roll-out across the global offices.
Maximise the potential of our existing and new partnerships.	●	Relationships with existing CR Partners have continued or been extended during 2013. New opportunities are being explored and assessed.
Maintain current partnerships on social investment opportunities for development through ICT.	●	Projects with Inveneo, and Literacy Bridge are ongoing and further opportunities with Partners such as UNICEF and USAID are being explored.
Assess new opportunities for partnerships with companies on social investment in relation to ICT for Development.	●	New partnerships have been established during 2013 including with OX-CAHT and Flora and Fauna International. It is expected that these will lead to new partnerships and projects during 2014.
<p>Environment</p> <p>Prioritise energy-efficiency in our new construction projects, primarily data centres.</p>	●	There have been no significant changes to the ARM estate during 2013.
Review our flight reduction programme.	●	The EUCCC carried out an initial assessment of our flight data and travel policies in 2012, which highlighted that there is unlikely to be significant scope for reduction. Further consideration and consultation during 2013 confirmed this conclusion.

STRENGTHENING OUR PERFORMANCE CONTINUED

OBJECTIVES FOR 2014

-
- ▶ Undertake comprehensive stakeholder mapping and engagement programme.

 - ▶ Re-assess and define our material sustainability issues through the stakeholder engagement programme.

 - ▶ Continue to work with Partners to scale current projects, increasing reach and impact.

 - ▶ Identify new projects that can help people in poverty.

 - ▶ Improve employee engagement with the CR programme across the global business.

 - ▶ Continue to grow the number of offices with Team ARM groups and employee participation in Team ARM. Target of 75% of ARM's global offices potentially reaching more than 90% of employees.

 - ▶ Continue to work with Partners to scale current projects, increasing reach and impact.

 - ▶ Identify opportunities to utilise renewable energy within the ARM estate.

With specific strategies in place for charitable giving and UK STEM education, we will be able to show greater impact in 2014. Many of the projects we are supporting have the potential to be of global significance, and we believe evidence of this will start to emerge in 2014.

ARM Holdings plc
110 Foulbourn Road
Cambridge CB1 9NJ
United Kingdom
Telephone +44 (0)1223 400400
Facsimile +44 (0)1223 400410
corporateresponsibility@arm.com
www.arm.com
twitter: [@ARMCommunity](https://twitter.com/ARMCommunity)
pinterest: [ARMLtd](https://www.pinterest.com/ARMLtd)
facebook.com/[ARMfans](https://www.facebook.com/ARMfans)
[youtube.com/armflix](https://www.youtube.com/armflix)