

# Modern Slavery Statement



## Modern Slavery Statement

For financial year ending 31 March 2020

As a company whose mission is to create transformational technology as a force for good, Arm welcomes the requirements of Section 54 of the UK Modern Slavery Act 2015. The transparency that the Act seeks to encourage is in line with the way we operate at Arm as reflected by our Code of Conduct and our company culture.

## About Arm

Arm technology is at the heart of a computing and connectivity revolution that is transforming people's lives and how businesses operate. We design energy-efficient processors and related technologies to deliver the intelligence in applications ranging from the sensor to the smartphone to the supercomputer. This technology, combined with our Internet of Things (IoT) software and device management platform, enables customers to derive real business value from their connected devices. Together with our 1,000+ technology partners, we are at the forefront of designing, securing, and managing all areas of computing from the chip to the cloud. We are headquartered in Cambridge UK and are part of the SoftBank GroupCorp (SBG).

This statement covers Arm Limited and Arm Inc., and their group companies.

## What we need to execute our business model

People and expertise  
**6,378**  
Full time employees

Employees represent  
**98**  
Different Nationalities  
in **44** offices  
in **23** countries

R&D investment  
**\$773m**  
Invested in research and  
development (normalized)

Patents  
**8,312**  
Patents owned or pending

## The value we create

**70%**  
Of World's Population  
Use Arm Technology

Licenses signed  
**1,767**  
Cumulative licenses signed

Revenue  
**\$1,898m**  
Revenue year ending  
March 31, 2020

(Figures as of March 31, 2020)

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## Our Values and Policies

At Arm, Corporate Responsibility is underpinned by:

### + Our Code of Conduct

“Arm’s global reputation relies not only on delivering leading technology but also on upholding a culture of responsibility supported by our actions as an ethical company. A high standard of ethics and good governance are essential to supporting a successful, growing business and maintaining the trust of our partners and employees.”

– Simon Segars, CEO

The Arm Code of Conduct supports how we manage our business in a responsible way consistent with our Core Beliefs<sup>1</sup>. It translates legal and regulatory requirements into the behaviors that we expect of all Arm employees, directors and agents and guides us to make ethical decisions that promote trust. Everyone at Arm is required to demonstrate on annual basis that they have read and understand the Code of Conduct; and completed the mandatory Code of Conduct training.

### + Our Supplier Code of Conduct

Arm’s Supplier Code of Conduct (Supplier Code) describes our corporate responsibility requirements from suppliers that provide products or services to Arm and its subsidiaries. Arm requires suppliers and their employees to commit to this Code as a condition of doing business.

### + Our Supplier Diversity Project

Arm is creating a Supplier Diversity program where US suppliers to Arm will be required to define their federally prescribed diversity category. Arm will then analyze and review the supplier results to determine the level of Arm’s supplier diversity spend. As the program matures Arm expects to set annual supplier diversity spending goals.

### + Our Sustainability Strategy

Arm has signed the Universal Declaration of Human Rights and our Human Rights Policy is incorporated in our Code of Conduct.

Arm participates in the UN Global Compact (UNGC), which asks companies to embrace, support and enact within their sphere of influence a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

We are also a member of UNGC LEAD. LEAD is a group of 33 multinationals that have been chosen out of the 13,698 UNGC members because of their history of engagement with the UN and commitment to corporate responsibility. We are represented on both the Global Compact LEAD and UK network’s advisory board, keeping us in touch with our peers and informing us on how we can contribute to sustainability in our immediate operations, our ecosystem and beyond. As a LEAD company, we submit an annual Communication on Progress against the 21 advanced criteria that support the ten Global Compact principles. The advanced criteria include sections on human rights, elimination of forced and compulsory labour, abolition of child labour and the elimination of discrimination. For details of our reporting on these areas, please see the [Corporate Responsibility Report Supplement](#).

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Arm has been a supporter of the UK Living Wage Campaign since 2015. The Living Wage is a voluntary higher rate of base pay (based on the cost of living) which we, as an accredited Living Wage Employer, have committed to paying all our direct employees as a minimum.

### **Our Supply Base: Assessing and Managing Risk**

As an IP company, we do not have an extensive tiered supply base for the provision of raw materials coming into the business. We do, however, purchase a wide range of goods and services from approximately 2,800 diverse suppliers who operate globally, regionally, and locally. Our suppliers provide products and services to Arm's IP and IoT software and device management businesses and the enterprise functions. This product and service portfolio includes Engineering Technology, Cloud Services, Enterprise IT infrastructure and services; and Corporate Services, including people and employee services, property and facilities management, consulting, finance, accounting and tax, legal, and marketing services. Our suppliers help our people to innovate and operate successfully. We attach great importance to the supply side of our value chain.

In 2014, we added requirements relating to responsible labour practices into our standard supplier Terms of Business. These referred to the requirement that suppliers respect and promote the rights set out in the International Labour Organisation's International (ILO) Labour Standards and the provisions of the United Nations' Universal Declaration of Human Rights in relation to both its personnel and its suppliers. In 2018, we strengthened these requirements by reference to the UK Modern Slavery Act 2015 specifically, i.e. suppliers are required to conduct proper checks on any agency person and Arm reserves the right to require the supplier to remove from performance of the work any of the supplier's officers, employees, agents or subcontractors whom Arm believes to be engaging in any Modern Slavery Practice, and take such action as Arm considers necessary to ensure Arm and the supplier fully comply with all applicable laws relating to modern slavery.

In addition, the Company manages its risk in this area through a comprehensive third-party risk assessment process (Assessment) where one of the three most significant goals is to measure risk as relates to Anti-Slavery and Human Trafficking. The Assessment, conducted by the Company with assistance from a large international accounting firm, ensures that Arm's compliance objectives in this space are aligned to its business goals. The Assessment, which is necessarily iterative in nature, is part of Arm's overall compliance plan and its repeated conduct is part of the entity's long-term plan to adjust to the continuously changing external landscape and associated changes in company strategy.

Since 2015, we have been operating against our Supplier Code (or an acceptable equivalent). As part of our standard new supplier onboarding process, suppliers are required to confirm that they comply with our Supplier Code, which sets out our key expectations of our Suppliers. In relation to Employment Standards, these are:

#### **+ Child labour**

We are opposed to the use of any form of child labour or practices that inhibit the development of children. Suppliers must comply with all child labour laws and should not employ anyone under the age of 15, or where it is higher, the mandatory school leaving age in the local country.

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#### **+ Forced or involuntary labour**

Suppliers must not participate in human trafficking; use forced, involuntary, or slave labour; or purchase materials or services from companies using forced, involuntary, or slave labour. They must be able to certify that materials included in their products comply with the slavery and human trafficking laws of the country or countries in which they do business.

#### **+ Compensation and working hours**

Suppliers must comply with the applicable wage and hour labour laws and regulations governing employee compensation and working hours. Suppliers should conduct operations in ways that limit overtime to a level that ensures a humane and productive work environment.

#### **+ Diversity and equality**

Suppliers should aim to provide equality of opportunity and treatment regardless of race, colour, gender, religion, nationality, sexual orientation, age, or disability.

Suppliers are expected to support equal pay for work of equal value. Suppliers must oppose discrimination or intimidation towards employees including all forms or threats of physical and psychological abuse.

For more information on our Supplier Code of Conduct, please go to [suppliers](#).

Further, we expect our suppliers to:

- implement or maintain, as applicable, a management system that facilitates compliance with the Supplier Code and with the law, and identifies and mitigates related operational risks while facilitating continuous improvement.
- have a process to communicate the Supplier Code requirements to next-tier suppliers and to monitor their compliance to the Supplier Code and all applicable laws and regulations.
- assist us in enforcing the Supplier Code by communicating its principles to their supervisors, employees, and suppliers.

The Supplier Code includes the details of a whistle-blower hotline for confidential reporting of violations of the Supplier Code. Non-compliance within our supply base will be reviewed on a case-by-case basis by our Procurement and/or Legal Compliance team, with action to be taken as appropriate.

### **Next Steps**

As we grow, we continue our focus on maturing our centre-led procurement organisation, processes, controls, performance, risk management and general practices. Central to the aforementioned growth is continuous evolution in our supplier performance and relationship management capabilities, which enable us to be vigilant and actively consider steps that we can take to mitigate key risks such as modern slavery and human trafficking.

We continue to work with suppliers to ensure our approach to supplier management and monitoring of suppliers against Arm's Code of Conduct evolves and is effective.

We continue our procurement digitalisation journey, recently implementing an e-procurement solution, SAP Ariba. This software gives greater visibility of the supply base and spend that may be at risk for modern slavery issues in an evolving landscape.

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We look to create a Supplier Diversity program which will monitor and measure Arm's US supplier diversity spending. Setting supplier diversity spending goals is emerging as one of the tenants of our program.

In the next financial year, we will be rolling out live training and workshops on supply base compliance issues, including modern slavery and human trafficking, to relevant stakeholders. We will also conduct a refresh of our Supplier Code. This will provide us with the opportunity to formally add in our expectation, as a UK Living Wage Employer, that our suppliers meet national level salary standards as a minimum and best practice standard as a preference.

The Arm Board of Directors approved this statement on 23- September 2020.

Please direct any questions on this statement to Carolyn Herzog, General Counsel and Chief Compliance Officer at [legalethics@arm.com](mailto:legalethics@arm.com)

A handwritten signature in black ink, appearing to read 'S. Segars', with a horizontal line underneath.

**Simon Segars**, Chief Executive Officer