ARM Holdings plc
Corporate Responsibility Report 2015

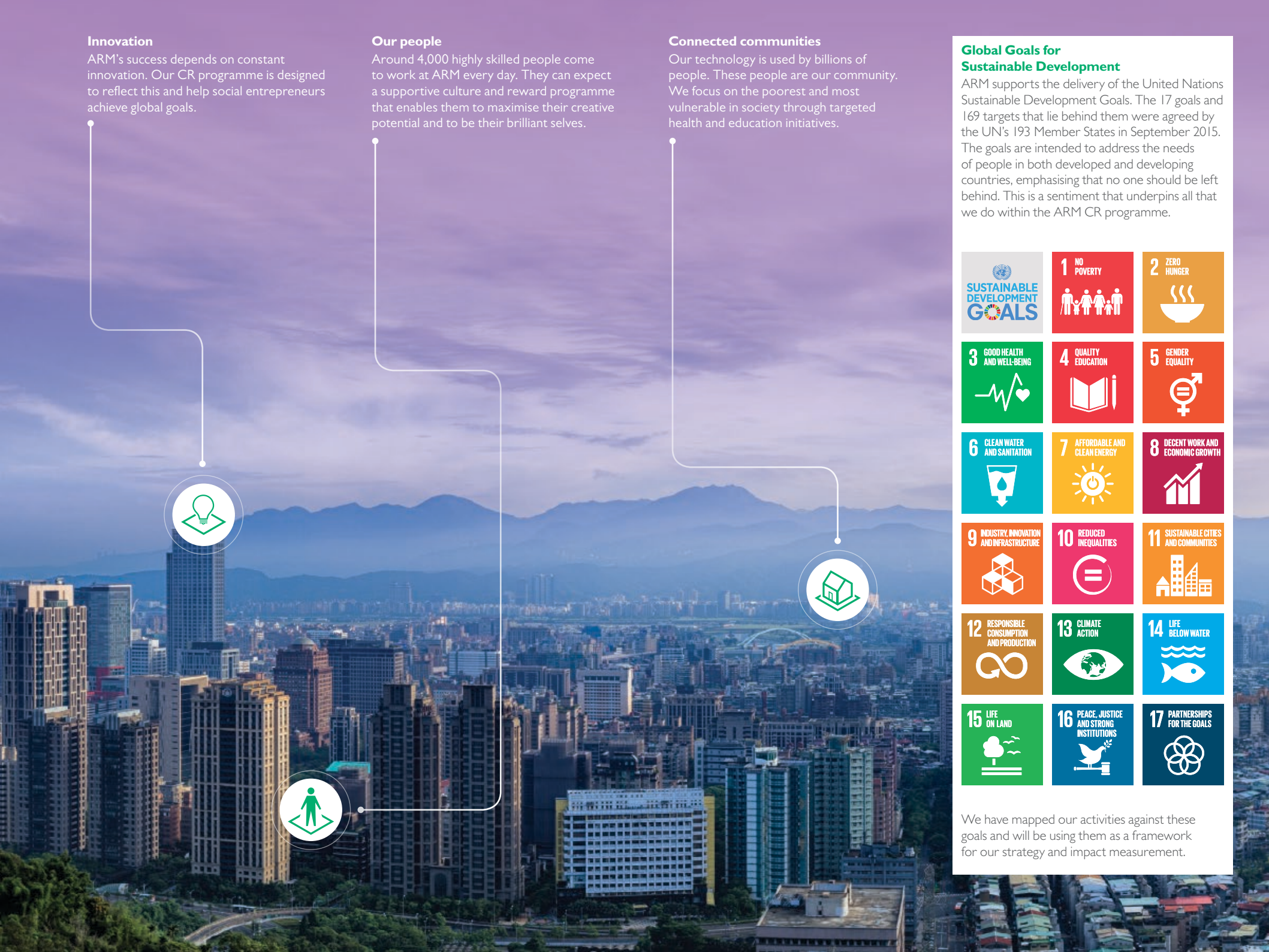
Sustainability in a connected world

ARM

Our mission is to deploy ARM-based technology, wherever computing happens. ARM designs energy-efficient processors and related technologies to deliver the intelligence in applications ranging from sensors to servers, including smartphones, tablets, enterprise infrastructure and the Internet of Things (IoT).

Healthcare
Applying our technology and our people to drive innovation and improve access to affordable healthcare technology across the world.

Education
Working closely with CR Partners and practitioners to inspire young people and equip them with the skills they need wherever they live, and whatever their background.



Innovation
ARM's success depends on constant innovation. Our CR programme is designed to reflect this and help social entrepreneurs achieve global goals.

Our people
Around 4,000 highly skilled people come to work at ARM every day. They can expect a supportive culture and reward programme that enables them to maximise their creative potential and to be their brilliant selves.

Connected communities
Our technology is used by billions of people. These people are our community. We focus on the poorest and most vulnerable in society through targeted health and education initiatives.

Global Goals for Sustainable Development

ARM supports the delivery of the United Nations Sustainable Development Goals. The 17 goals and 169 targets that lie behind them were agreed by the UN's 193 Member States in September 2015. The goals are intended to address the needs of people in both developed and developing countries, emphasising that no one should be left behind. This is a sentiment that underpins all that we do within the ARM CR programme.

We have mapped our activities against these goals and will be using them as a framework for our strategy and impact measurement.

ARM Holdings plc 2015 reporting suite

Overview

Our world

Our business

Performance

Corporate Responsibility Report
This review gives an insight into why we invest in sustainability and the impact of our investment. It is structured around our world, our business and our performance.

This report was prepared in accordance with the Global Reporting Initiative's (GRI) G4 Reporting Guidelines at the Comprehensive level.

Reporting boundary
The data covers the period from 1 January 2015 to 31 December 2015, unless otherwise stated. We publish reports annually. Our last report was published in March 2015.

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.

Strategic Report
About ARM, how we create value and how we run the business. It includes an overview of our main markets, our corporate strategy, business model, key performance indicators and main areas of risk, as well as also our progress during 2015.
www.arm.com/reporting

Governance and Financial Report
The way we operate, our corporate governance, remuneration, and financial performance.
www.arm.com/reporting

Investor Relations website
Further information on our latest financial results and recent case studies of ARM technology in action.
www.arm.com/ir

Where to find more
The CR Reporting Supplement

Since 2013, we have published a supplementary report presenting our detailed sustainability disclosures based on the Global Reporting Initiative G4 reporting framework. This supplement also presents information relevant to the requirements of the United Nations Global Compact (UNGC) Advanced Communication on Progress (COP) self-assessment.
The supplement is available at www.arm.reporting2015/CR

Download CR Supplement
For more information on how we operate, the profile of our people including 2015 activities new joiners and leavers, training provides and gender balance and equal pay disclosures.

Sustainable Development Goals
Transparent reporting on our sustainability performance to demonstrate our contribution to the United Nations Sustainable Development Goals.

UNGC
ARM is a member of the UNGC LEAD Advanced Level Reporting Programme. We report annually against the ten Global Compact Principles. The supplement forms our annual Communication on Progress to the United Nations and commitment to these Principles.

What matters most
ARM has applied the GRI G4 guidance as the basis for assessing its material sustainability issues. This has been undertaken through a combination of internal and external engagement activities across the business.

Performance data
For maximum transparency and to meet the requirements of all our stakeholders we report in detail against all 58 GRI G4 General Standard Disclosures, and 91 sustainability performance indicators.

Stakeholder engagement
Regular engagement between over 600 of our people and over 350 external stakeholders enables us to understand the needs, concerns and expectations of our stakeholders. We also engage constantly with our people through a variety of approaches. Our engagement activities are as diverse as our stakeholders. See pages 18–19 for a summary of our 2015 engagement activities.

2015 at a glance
Working together to shape a connected world

85%

market share of ARM-based application processors in mobile devices. This includes 50% of smartphones with our latest architecture ARMv8-A

15bn

chips shipped by ARM Partners ARM-based chips in 2015, taking ARM's share of the semiconductor market to 32%

1,348

active licences, with a net addition of 173 building the base of licences that will drive future royalty revenue

$1,489m

revenue up 15% on 2014

3,975

employees worldwide

North America

Offices **9**

488

engineers working on "blue sky" programmes

New office Deerfield, Florida

New office Chandler, Arizona

86%

response rate to the people engagement survey, with a 85% sustainable engagement score

171

new recent Graduates recruited worldwide in 2015

4,385hrs

of volunteering time contributed to community, health and education initiatives in 2015 through TeamARM, our employee engagement programme

For further information on our financial performance and outlook go to:
www.arm.com/reporting2015

United Kingdom

Offices
5

A collaboration between over 30 Partners developed the micro:bit, a powerful but tiny computer to be given free to a million schoolchildren across the UK in 2016

glassdoor®

recognised ARM as seventh best company to work for in the UK

Building Public Trust Awards 2015
Winner of Strategic Reporting in the FTSE 100

top EMPLOYER UNITED KINGDOM 2015

ARM certified as one of Britain's top employers in 2015

New IoT accelerator centre in Beijing

Rest of Europe

Offices
12

Asia

Offices
9

72

nationalities employed by ARM globally, an increase from 2015 as we welcomed representatives from Luxembourg, Maldives, Estonia and Ethiopia

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

ARM entered the DJSI Europe Index 2015 for the first time

LITERACY BRIDGE

Literacy Bridge
Literacy Bridge exceeded their 2015 targets to reach 175,000 people with their talking book. See page 30

unicef

UNICEF
ARM, UNICEF and Frog launched their partnership with the global Wearables for Good challenge in May 2015 which had over 250 entries from 46 countries across five continents. See page 32

CEO statement
Shaping the connected world

Simon Segars
Chief Executive Officer

As we entered 2016, I found myself reflecting on how we live in a world filled with constant change. In the semiconductor sector, we have seen a wave of mergers and acquisitions that are changing the business landscape. Beyond the business world, news headlines remind us that many people are subject to change on a daily basis whether in the form of political unrest, epidemics, or the effects of climate change. And while change is constant, the ultimate solutions to the underlying problems have remained remarkably consistent; alleviating poverty, improving healthcare and increasing the use of green energy.

As CEO of ARM, I aim to ensure that we navigate the changing business landscape successfully and continue our high growth trajectory. But I also want to utilise our unique capabilities to help address important social issues. Technology can play an important role in addressing social issues, and as a technology company, ARM recently partnered with UNICEF, one of the world's leading development agencies. Perhaps it is not obvious why an organisation that looks after children and a semiconductor intellectual property company would want to enter into a partnership. But, we both believe that cutting-edge technology can help UNICEF achieve its goals. Over the last nine months we have learned a great deal from each other. We have catalysed a wide range of promising ideas, products and companies that will help children around the world. The UNICEF and ARM partnership has also helped ARM and our commercial partners understand new market requirements from a different perspective. For example, during 2015 we worked on a challenge that changed our thinking about "Wearable" technology. It caused us to think of this particular product category not only as a life-style accessory but as a life-saving technology.

I want ARM to work with partners that challenge us to think in new ways, enabling ARM and the ARM partnership to create solutions that address long-standing challenges and new opportunities. I am confident that over the next few years ARM will enter into further new partnerships that achieve this objective.

In order to navigate the changing business landscape successfully, ARM needs to continue to attract and retain a talented workforce. I view our focus on improving diversity and inclusion in our employee ranks as a means to meet that objective. Increased diversity and inclusion will help ensure that we have the right depth and breadth of thinking required to grow our business.

Finally, the UN's Sustainable Development Goals (SDGs) were introduced last year to represent the world's challenges as a set of common goals for every sector, public or private. The SDGs are used within this report to describe how our activities contribute towards sustainability. ARM's vision is about creating technology that enables opportunity for a globally connected population. The Internet of Things (IoT) is an example of a compelling technology that falls within our vision and has the potential to help achieve the 17 goals. As ARM develops energy efficient innovative IoT solutions, we can both enable a high growth market and contribute to a sustainable future.

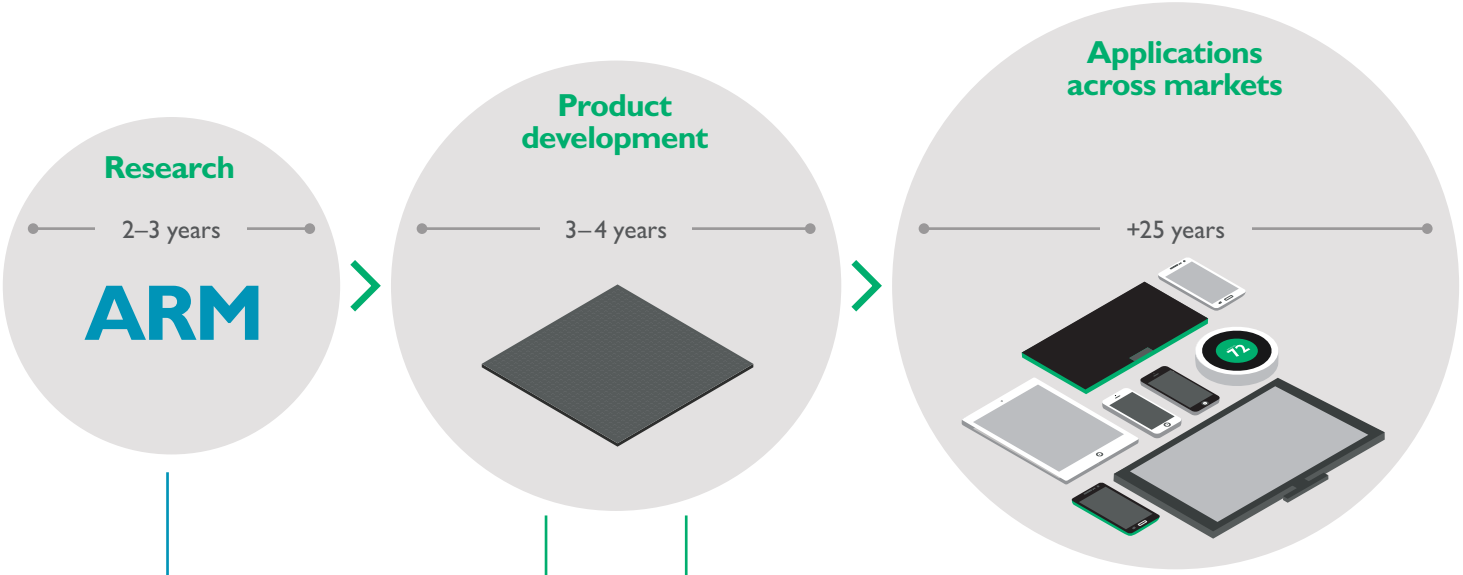
I want ARM to work with partners that challenge us to think in new ways

Our business model
How ARM makes money

ARM is the world's leading semiconductor Intellectual property (IP) supplier. The technology we design is at the heart of many of the world's digital devices.

Creating value for the semiconductor ecosystem

Every day, electronic devices are becoming more sophisticated. This means that the silicon chips inside them have to work harder. As a result, the semiconductor industry has had to specialise, with innovative enterprises focusing on a specific stage in the value chain. ARM's niche is in developing IP components within the design stage. Others specialise in building the tools needed to manufacture the chips, chip fabrication, and developing software.



Cost incurred

We estimate that a major semiconductor company would need to spend over $100 million every year to develop and maintain their own architecture. By designing once and licensing many times, ARM is able to keep investing in research and development. Having reduced the cost of the processor and physical IP, our Partners can focus on other technologies that go into a System-on-Chip. Ultimately, this expands the choice in digital electronics available to manufacturers and consumers.

Upfront licence fee **Royalty revenue**

We license our technology to a network of Partners, mainly leading semiconductor companies. Licensees pay to gain access to our technology which can help them to shorten their development life cycle, getting products to market faster. ARM receives a royalty on every chip sold that uses one of our designs. Typically, our royalty is based on the price of the chip.

Royalty revenue continues

An ARM design may be used in many different chips and may ship for over 25 years. For example, the ARM7 family of microprocessors was launched in 1995, and yet in 2015, we were still receiving significant royalty revenue from our Partners. This represents a rare longevity and sustainability for our industry.

Our applications in action

The market in 2015

In 2015, approximately 750 billion silicon chips were manufactured*. Of these, some 47 billion contained a processor. The processor is the brain of the chip, and controls the operation of the product. ARM estimates that the total value of chips with processors sold in 2015 was approximately $115 billion, and that by 2020 the value of this market will have grown to around $150 billion.

ARM processor designs were in 15 billion chips, a 32% market share. About 45% of our chips ended up in mobile devices. In recent years we have also started to gain share in important new growth markets such as networking infrastructure and embedded intelligence.

Mobile computing

ARM-based mobile computers, including smartphones, tablets and some laptops are often the primary device for work, learning, personal planning and social interaction.

Wearable technology

Smart watches, biometric monitors and augmented reality headsets are all examples of intelligent, connected devices that can enable us to connect when on the move.

Automotive autonomy

Cars are becoming mobile computers. Sensors and cameras can assist the driver with lane detection, reading roadside signage and identifying potential hazards. In time, driver assistance may lead to a fully automated automotive.

Intelligent networks

Broadband and mobile network speeds are increasing, enabling new services, from movie and TV options, to collating and analysing data from sensors.

Smarter homes

Thermostats that understand your daily routine, domestic appliances that use advanced algorithms for calculating water and detergent requirements, and meters that can read individual appliances are just some of the interventions that help the householder make smarter choices.

*World Semiconductor Trade Statistics, January 2016.

Our strategy
Focusing on growth

During 2015, we delivered our biggest CR programme ever in terms of financial budget, geographic reach and the number of ARM people involved. Our strategy is designed to help us expand our activities and impact around the world.

+233%

Rise in our CR investment due to new strategic partnerships in education and health

>175

Supported organisations all over the world, from small local charities to global organisations like UNICEF and the Global STEM Alliance

>300,000

People helped through our CR programme in 2015

Clear reporting on the issues that matter to our stakeholders

Our CR strategy is based on ARM's strategic drivers for long-term growth, and shaped by the issues that matter most to ARM and our stakeholders.

We operate within a dynamic industry and an uncertain world. We are faced by many issues and need to manage a wide array of risks in order to realise a small number of opportunities that will drive our business to long-term growth. The best way to make sense of such complexity is to concentrate on simplicity. Therefore, we have redefined our material sustainability issues to just four critical aspects that are central to our short-, medium- and long-term success. These form our strategic drivers for long-term growth. This process has helped us to ensure investment is focused on areas where we feel our CR programme can have the greatest impact.

Delivering our strategy and measuring our performance

Four strategic drivers on material issues for long-term growth

Enabling the extraordinary through our **people**.

For more see page 36

Building **trust** in everything we do.

For more see page 18

Providing opportunities for new technology through **innovation**.

For more see page 30

Investing in sustainable **relationships** for long-term growth and impact.

For more see page 52

What does this mean?

People

We develop IP. Our people are highly skilled and qualified, they are critical to our success. We must create an environment that respects, inspires and rewards our people. Our industry also needs more qualified STEM graduates, particularly women. We need to ensure that we are inclusive as an industry and as a company to support greater diversity and gender balance. Attracting and retaining the right people is our most important sustainability issue.

Trust

Trust lies at the heart of our business model. Within our CR programme, in education and health, we provide support to young and vulnerable people. It is essential we operate with the highest levels of integrity and ethics, in a transparent manner, and deliver on our promises. Maintaining this culture will help build strong relationships with Partners. A reputation for being a high-trust organisation will also help us to recruit and retain the best people who are proud to be working at ARM.

Innovation

To achieve our goals we must maintain a culture of collaboration and innovation that is constantly seeking to improve existing approaches and apply creative solutions to complex problems. Innovation is encouraged across ARM. This is not limited to our engineering teams; it is fundamental to all that we do as a business.

Relationships

We cannot deliver our business strategy or our CR programme alone. We rely on our ecosystem of commercial and CR Partners to reach our goals. Strong relationships are crucial to achieving this, and we are proud of the links we have made with a diversity of organisations over the years. For a full list of our Partners, see page 54.

How do we measure success?

- RobecoSAM Dow Jones Sustainability Index (DJSI) score
- Employee engagement survey score
- Engagement in TeamARM activities and initiatives
- Business and financial performance
- Environmental performance
- Reach and impact of our CR programmes and Partnerships
- New licence agreements and active licences
- Supplier and customer satisfaction
- Reach and impact of our CR programmes in education and health

Key performance indicators
Measuring the performance of our overall CR programme:

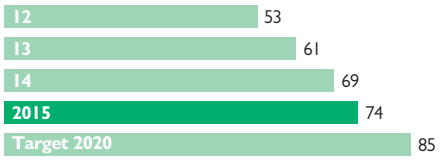
Our CR programme must deliver value for us, our Partners and our stakeholders. We have identified the Dow Jones Sustainability Index (DJSI) as our primary performance indicator because it considers a wide range of sustainability performance factors across all aspects of our business. The DJSI also provides a useful benchmark against industry peers which helps us to identify areas for improvement.

We use additional key performance indicators to measure and target improvements in activities that relate specifically to our ability to deliver against our four sustainability drivers.

KPI:
RobecoSAM Dow Jones Sustainability Index score

People | Trust | Innovation | Relationships

DJSI Corporate Sustainability Assessment Results



Industry Average score

Industry Leader score

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Embedding sustainability across the business

Since 2012, we have participated in the DJSI. The process involves a rigorous assessment of the sustainability governance, strategy and performance of around 2,000 of the world's largest companies.

The DJSI is considered to be an industry standard for sustainability. We have identified it as a key performance indicator for how we conduct ourselves as a responsible business across all aspects of our operations.

As our CR programme matures, and we embark on a number of new programmes designed to improve our performance across areas such as supply chain, environment and impact reporting, we believe we can continue to build on our absolute score and percentile ranking within our industry. We have set ourselves a performance target score of 85% for 2020. Based on the historic performance across our industry in the DJSI, this would place us around the 90th percentile and amongst the top three companies in the semiconductor industry.

ARM was awarded the Industry Mover Distinction in 2014 for the single greatest improvement.

In 2015, we were included in the European Index of the DJSI for the first time. This helps us compare our performance over time. It also gives recognition to our achievements.

KPI: Investing in ARM's people and systems

People Relationships

Response Rate

Sustainable Engagement score

*Survey carried out due to a change in service provider.

Engaging our people

Our ambition is to make ARM the best place to work in our industry. Our people design our products, deliver them to our customers, and support the ecosystem of Partners which brings that technology to market.

We've run a people engagement survey for 15 years. Over this time, we've seen an exceptional response rate and, more importantly, an increase in employee engagement. We alternate between an annual comprehensive survey and a less intensive interim survey focused on key or topical issues. The variation is only in the number of questions asked. We include all of our people in both forms of the survey.

We measure engagement based on survey responses that are "high positive", rather than including all positive responses in our overall performance score. For more information on how we inspire, motivate and reward our people and our goals for employee engagement, see pages 38–47.

TeamARM

TeamARM is the employee engagement element of ARM's CR approach. Its objective is to encourage employees across our offices globally to raise money and volunteer their time and skills to benefit local communities and wider society. See page 44.

Sustainable engagement

Sustainable engagement is a measure of engagement ARM have been using since 2014 to understand whether people are motivated, enabled and energised to deliver their best performance. In 2015, we recorded a sustainable engagement score of 85%.

KPI: Operating with ethics and integrity

Trust

Building trust

Having a well-defined governance framework for our CR activity, behaving with integrity, and being accountable for our actions is vital to maintain the trust of all our CR programme stakeholders including investors, our employees, CR Partners and the communities we support.

We measure our performance in establishing trust in three ways. Firstly, we ensure that each year all employees confirm that they have read and understood the Group's Code of Business Conduct and Ethics, which includes our Human Rights Policy. Alongside our core beliefs and company vision, mission and strategy, this ensures our people understand their responsibility.

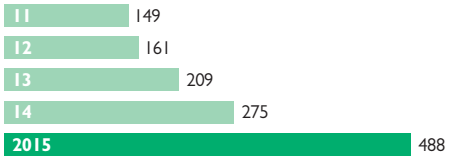
Concise, honest and transparent reporting is an important driver for trust. We use our overall performance score from the annual DJSI process to measure our success in achieving this.

Trust is also measured by how we perform against our environmental objective and progress made in meeting our commitments for energy use and carbon emission reductions. For more information on environmental performance and targets, see pages 48 and 49.

KPI:
Innovating for impact at scale

People Innovation

Number of engineers invested in longer-term development projects



Driving innovation

In 2015, ARM was named the fifth most innovative company in the world by Forbes magazine. In the same year we spent around 25% of operating revenue on research and development and allocated 10% of our total engineering resource to researching new types of products. We have also publicly committed to increased expenditure in new product development through 2016, with an additional £40 million of expenditure in 2016. The goal is to generate $200 million of additional revenue in 2020.

Innovation is encouraged across ARM. It is not a concept limited to our engineering teams. It is a fundamental part of how we do business, including in our delivery of CR. Therefore, our success in being innovative is best measured by those metrics which most completely describe our business performance: our financial data. These indicators include sales data, turnover, normalised profits, earnings per share, cash generation and dividends.

Further information on how we measure business performance can be found in the Strategic Report at www.arm.com/reporting2015.

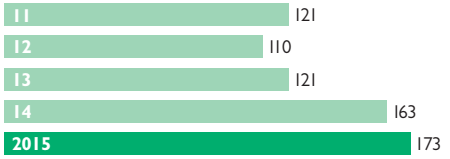
Enabling smarter driving

The ARM ecosystem shapes next generation technologies as vehicle manufacturers plan increasingly complex driver assistance and infotainment systems.

KPI:
Creating technology that shapes the connected world

Innovation Relationships

Number of ARM licences signed



Building our licence base

A measure to demonstrate the strength of our long-term relationships with our Partners is to consider our licence base. We continue to reach the entire spectrum of semiconductor companies, from the industry leaders to fast-growing start-ups. In 2015, 52 existing customers licensed additional ARM processors, and 41 companies licensed ARM technology for the first time. We ended the year with 1,348 active processor licensees, all of whom are either shipping ARM-based chips, and are paying a royalty, or intend to do so in the future.

ARM is gaining share in long-term growth markets

By the end of 2015, ARM had signed 89 licences with 48 companies for its ARMv8-A technology. ARMv8-A is the eighth version of the ARM architecture and opens up opportunities beyond ARM's traditional markets of mobile and embedded intelligence.

KPI: Maintaining quality service and lasting relationships

Relationships Trust

Exceeding expectations
We use customer satisfaction surveys to measure our performance in serving customers and in how we respond to their requests for support.

During 2015, we extended our customer satisfaction surveys, so that they now include:

- Technical Communications Survey (customer experience of ARM product documentation)
- Connect Surveys (customer experience of ARM online service portal for secure collection and download of ARM products)
- Remote Training Survey (customer experience of receiving remote/online ARM training)
- Sales & Legal Survey (customer experience of the underpinning commercial process with ARM)

We use two simple questions to all surveyed customers and Partners. Firstly, "were you satisfied with the service you received?", and "would you recommend ARM to others and your colleagues?"

The stretch performance target for customer satisfaction for 2015 was 90%. This builds on our achievement of 88.1% customer satisfaction rates in 2014.

We achieved average scores of 88% for Question 1 (satisfaction) and 92% for Question 2 (recommendation).

Supplier relationships
ARM spends about £150 million on goods and services. During 2015, we introduced a number of enhancements to our supplier management processes. These included issuing a new supplier code of conduct (available at http://www.arm.com/about/suppliers) and improvements to the information we publish on our website about supplier relationships. We are now developing a supplier performance management process, which will see us engage more regularly with our supplier Partners and establish satisfaction assessment processes.

Doing business all over the world

In 2015, ARM's people took over 25,000 flights. ARM works closely with its global travel partner, Corporate Travel Management, to take our people where they need to be with efficiency while managing cost and carbon emissions.

KPI: Delivering a CR programme that makes a difference

Trust Innovation Relationships

Measuring social impact
We have set goals for the number of people we hope to reach through our education and health programmes. We have also established a methodology for measuring impact.

Impact measurement remains an inexact science. Increasingly our project Partners are able to provide us with impact data, but the approaches and data sets used vary across projects and Partners.

It would be impractical and unhelpful for us to insist that all Partners apply the same impact measurement method with the same rigour. But we are committed to working with our Partners to ensure that we have useful information on all those activities we contribute so that we are able to present a consolidated picture of the impact of our CR programme to stakeholders.

We have set one simple goal around the impact of our CR projects. All projects should be able to demonstrate positive impact using credible methodologies and robust data. We are implementing this on an ongoing basis with existing Partners and ensuring that any new Partnerships have this expectation factored into our agreements.

For information on our goals and how we measure the impact of our health and education programme, see pages 22 (education) and 28 (health).

Building trust with our stakeholders

We need to work closely with our CR Partners to measure and report accurately and honestly on the impact our projects are having. This will allow us to refine our approaches for maximum benefit and help us build trust with our stakeholders.

Sustainable Development Goals
Being part of something bigger

In September 2015, leaders of the world gathered at the United Nations Headquarters in New York to agree on a new set of global Sustainable Development Goals (SDGs).
We welcome these 17 goals and intend to make them part of a supportive framework for our CR strategy.

Health:

ARM is improving access to affordable healthcare technology. We support innovative programmes that reach the world's poorest communities. See our Partnership with UNICEF on Wearables for Good: www.wearablesforgood.com.

Find out more: **page 28**

Education:

ARM's Connected Education programme targets interventions at critical points in the development of young people. We seek to inspire, inform and fuel the aspirations of young people so they can achieve their potential.

Find out more: **page 22**

During 2015, we estimate that we helped over 300,000 people across our charitable programmes. Our 2020 target is to help 10 million people.

Literacy Bridge's Talking Book technology reached 175,000 people during 2015, providing those living in extreme poverty with education on agriculture. See page 30.

Women are under-represented in our industry. We are trying to redress this imbalance. This begins in the community and, in partnership with the Global STEM Alliance, we provide mentoring and role models to inspire female students around the world. See page 25.

SoaPen, joint winner of the ARM and UNICEF Wearables for Good Challenge, uses a coloured soap marker to encourage children to wash their hands thoroughly, thereby preventing the spread and infection of disease. See page 33.

ARM-based chips can help reduce the cost of energy through transmission and smart metering solutions.

We are a member of the UNGC. We support and actively seek to promote the ten Global Compact Principles. Our CR programme supports social entrepreneurship and scales the impact of SMEs through collaboration and Partnership. See our CR Supplement.

Smart cities:

Smart, connected chips can be found across mass transport systems. Similar chips are making manufacturing, agriculture and freight transport logistics more efficient and effective, while technologies in the home are giving consumers more control.

Find out more: **page 35**

Climate action:

Developing energy-efficient technology is at the heart of our business strategy. We have established targets for mitigating our own impacts and we are working with our Partners on new technologies to reduce emissions.

Find out more: **page 48**

Relationships:

We are a LEAD organisation at the UNGC, represented on various industry bodies and making commitments to intergovernmental initiatives such as these 12 goals. See page 51.

Find out more: **www.arm.com/CR**

We provide seed funding and guidance to social entrepreneurs to turn ideas into reality. Through our support of initiatives like Technology for Development and the Centre for Global Equality, we enable entrepreneurs to access our network.

Smartphones costing less than $50 are taking mobile technology to developing countries, enabling everyone to connect not just to their friends and family but also to medical, education and banking services.

ARM technologies help people to optimise their energy use, monitor and improve their health and access life-changing learning and development.

Deploying our technology in a partnership with Flora and Fauna International, we are tackling habitat loss and protecting biodiversity, specifically illegal logging and poaching.

Transparent reporting is crucial in building trust in our business. We disclose through CDP, UNGC COP, and DJSI among others. We engage regularly with investment analysts, industry bodies and benchmarking organisations to promote better reporting. See page 50.

Stakeholder engagement
Building trust through strong relationships

Our stakeholders include our charity partners, the companies within the ARM ecosystem, shareholders, our people, future employees, and the wider community.

Our business support functions also widely engage with external stakeholders including suppliers, community stakeholders, regulators and the investment community. And through our people, we connect with trade associations, charities and diversity networks.

Getting investors on board with sustainability

In 2015, we reached out to sustainability investment agencies Actiam, Sustainanalytics, MSCI, EIRIS, IW Financial, RobecoSAM and Trucost. Our aim was to gain external insight into our sustainability performance. We also held our first environmental, social and governance investor webinar hosted by UBS. Around 30 institutional investors and analysts attended the session, and many more private investors have viewed the webinar.

Connecting businesses to deliver greater impact

The ARM ecosystem of over 1,000 connected companies has been a crucial enabler for ARM's success over the last 25 years. Experience tells us that to have the greatest possible impact in our communities we must also leverage all available resources and support for common goals.

With this in mind, we established the Cambridge CR Forum in May 2015. The cross-industry forum is made up of multinational businesses with a significant local presence, long-standing Cambridge businesses and smaller enterprises looking for inspiration on CR. It is a cross-industry group comprising legal, banking and accounting services, technology, engineering, pharmaceuticals and education. So far, the outcomes from the forum have been highly positive, with collaborations between previously unconnected businesses, and a rapidly expanding collection of businesses getting involved.

We will continue to encourage local collaboration in 2016. At a national level, we are scaling up engagement with UK industry through our active involvement with bodies such as Institute of Engineering Technology, Engineering UK and the National Microelectronics Institute. We are also looking to build stronger relationships on an international level across the ARM ecosystem.

Building strong relationships with our suppliers

During 2015, we have introduced a range of improvements to our supplier management processes. These include improvements to how we measure and manage supplier performance which can be used across key areas of ARM to help mitigate the risk of poor performing suppliers and provide proactive supplier management.

At GS SUSTAIN, understanding how firms manage "21st century business risk" is an integral part of our analytical process. We look at companies beyond their financials to see how they respond to the social, environmental and governance challenges that shape their business environment. In this regard, we believe that it is vital that companies, like ARM, pursue a clear vision, report transparently, and engage with a broad range of stakeholders to realise their ambitions and provide sustainable shareholder returns.

Jaakko Kooroshy
Executive Director
GS SUSTAIN, at Goldman Sachs

As Business Connector for Cambridge it's easy to see inefficiency in the supply and demand dynamic between business and the community across the City. The Corporate Responsibility Forum that ARM set up during 2015 responds to this need and is an example of strong leadership and a collaborative approach which will help improve this going forward.

Carol Boston
BITC Business Connector, Cambridge

ARM and CTM benefit from a very open and honest partnership and this collaborative approach enables us to achieve the best results for both our businesses long term. From the outset of our contract, they have been forthright in their requirements but supported CTM throughout the roll-out of our new systems and guided us at each stage of this development process to ensure that we can meet their needs.

Chris Thelen
CEO, Corporate Travel Management

For more information on our stakeholder engagement in 2015, see our reporting supplement.

Part of the big conversation

Sustainable relationships

Stephen Pattison
VP Public Affairs

Public Affairs at ARM

We look for opportunities to drive adoption of transformational technologies, including addressing perceived market failures and helping to realise the wider social and environmental benefits of technology.

In early 2016, we will be preparing specific policy guidelines on Public Affairs for all our employees. We already have in place strict policies on bribery and political neutrality.

The Internet of Things

Take, for example, Internet of Things (IoT). Over the past 18 months, the UK Government has developed a strong interest in this area and in the 2015 UK Budget, it announced funding for two IoT pilot projects. These will focus on smart cities and health. We were involved in advising on these initiatives.

In February 2015, the European Commission established its Alliance for the IoT Initiative, a private sector-led effort exploring liability, data security and privacy in an IoT world. We are closely involved alongside some of our key Partners, offering expertise and insight. Together, we are also exploring issues around wearables (see page 34), health applications (see pages 30 and 33) and smart cities. Decisions on the pilots will be taken early in 2016.

Energy-efficiency

On energy-efficiency, we were involved in the G20 Expert Group looking at the energy footprint of the ICT Infrastructure. The Group reported to the G20 Summit in Turkey in November, and we expect to be invited to help with further work in 2016.

How we join the debate

Responding to public consultations at a European or national level is an important way to voice our views. In the UK, for example, we responded to relevant BIS, OFCOM and DCMS consultations in 2015 on patents and digital communications among other issues.

Sometimes we work through a Trade Association like TechUK or ESCO. Bilateral contacts with relevant parties can also help us explore how we can usefully contribute ideas. We aim to involve our business Partners in our work whenever we can.

We believe this engagement helps the future of our business by addressing some of the issues which may determine the speed at which key technologies are taken up.

For more information on our approaches to governance, see pages 46 and 47, and on our public reporting and disclosures, see pages 50 and 51.

As Chair of the IoT Council at TechUK – a leading UK tech Trade Association – one of the projects I helped steer in 2015 was the preparation of a Trust Framework for IoT. My view is that for IoT to succeed fully, customers need to have confidence in it. Among other things, this means having assurances about security, and transparency about the uses to which their data might be put. Customers also need to think about interoperability. The IoT Council's Framework will help address some of these issues. I hope we will formally launch it in the first half of 2016 and then get more companies and others to take it up. It is ambitious, but my aim is for it to be one of those policy steps that help unlock the full potential of IoT.

Our world
Making a positive impact

ARM technology is used by billions of people around the world. With more than 15 billion ARM-based chips shipped by our Partners during 2015, we are now reaching more people than ever. We estimate that we have about 85% market share of all mobile devices including smartphones, tablets and laptops. Growth in these markets is coming partly as the cost of devices decreases, with some basic smartphones now available for less than $50. This has opened up new markets in developing economies offering access to information and services to some of the poorest people in the world.

This section of the report shows how, through our investment in strong Partnerships, the application of our people and of course, our technology, we are shaping improvements in health and education for all.

We select causes and projects to support for one of three reasons: Firstly, if something needs to be done and no-one else is doing it. Secondly, where there is a reasonable expectation that ARM should, and could be doing something to address an issue. And thirdly, where there is a strong alignment between the issue, our business objectives, the technology, and the interests of our people. The most compelling projects are those where all three reasons apply, and where we can involve our people in delivering a positive change.

Dominic Vergine
Head of Sustainability and Corporate Responsibility

GLOBAL STEM ALLIANCE
The New York Academy of Sciences

Global STEM Alliance: New York

Launched in 2014, our partnership with the GSA improved educational opportunities for hundreds of young people around the world in 2015.

Find out more: **page 25**

Partnership with UNICEF Innovation: New York

A flagship Partnership between ARM and UNICEF launched in May 2015.

Find out more: **page 29**

unicef

STEM 2020 scholars programme: UK

The STEM 2020 programme completed its first full year in 2015. A landmark partnership between ARM, Villiers Park Educational Trust, Smallpeice Trust and Arkwright Scholarships Trust involved 300 young people in Eastern England.

Find out more: **page 24**

BBC micro:bit: UK

A collaboration with the BBC, Microsoft, Samsung and over 25 other Partners which will see one million ARM-based micro computers being distributed to every 12 year-old in the UK in 2016.

Find out more: **page 26**

Wearables for Good Challenge: India, South Korea, Vietnam, USA, East Africa, Nigeria, Netherlands, UK, Ethiopia

A flagship partnership between ARM, UNICEF and Frog, launched in May 2015. The challenge is to design wearable and sensor technology that serves people in resource-constrained environments. The challenge was open to anyone with ideas, including students, entrepreneurs, members of the maker community, engineers, designers, and technologists. It received 250 entries from 46 countries across six continents.

Find out more: **page 32**

Support fund: Shanghai

ARM China raised and donated over $15,000 and their volunteering time to help children suffering urinary malformations at the Children's Hospital of Fudan University, Shanghai.

Find out more: **page 45**

Literacy Bridge: Ghana

Successful trials involving 175,000 people in Ghana were completed during 2015, providing the basis for a large-scale roll-out of talking books in 2016.

Find out more: **page 30**

Children for Health: East Africa

Providing vital core funding to enable Children for Health to focus on scaling their work in promoting health education in developing countries, focused on developing children as ambassadors and communicators of essential health messages in their communities.

Find out more: **page 31**

Simprints: Bangladesh

Trials began involving over 22,000 people in Bangladesh. Completing another remarkable year of growth and international recognition, 2016 will see Simprints continuing to scale trials and refining their technology in preparation for roll-out.

Find out more: **page 31**

In focus: Connected education

The connected education programme delivers against the following growth drivers:

People

Trust

Relationships

Connected education contributes to the following SDGs:

Why education

Promoting STEM education is about creating a wider pipeline of talent for our industry and equipping a global workforce with the skills for fulfilling careers.

Our role

Our connected education programme seeks to grow the talent pool and increase the opportunities available to women, encouraging social mobility and inspiring those who may not otherwise follow a STEM path. As the name of the programme suggests, we cannot do this alone. It is about connecting individual delivery Partners in a way that offers young people uninterrupted access to high quality STEM education throughout their learning years.

The long-term success and prosperity of ARM, its ecosystem of partner companies and the wider industry relies on a global pool of STEM talent. We believe that the industry has a crucial role to play in developing this talent pool, working alongside governments, public sector organisations and the NGO sector.

Connected education has three aims:

1. Increase the total pool of STEM-qualified young people, by inspiring more people to follow a STEM education
2. Increase the proportion of women qualified in STEM
3. Prepare young people for a world of work

Our education programme seeks to inspire the next generations of engineers, and then prepare them for a world of work. There is an increasing expectation on businesses to engage with young people through charities and schools to provide the bridge between formal education and work, signalling to young people the content and expectations of work. These activities can help with:

- Young people's formulation of goals and aspirations
- Increasing motivation to learn
- Supporting subject choices at school
- Young peoples' understanding of "soft skills" and expectations of the workplace as well as knowledge
- Acquisition of specific ideas, knowledge and skills

How we will do it

We're linking up with experts and academics to ensure that our programme is targeting interventions at critical points through the educational journey, from the age of nine through to university. In doing so, we apply both our internal CR functions and our recruitment teams to the programme. Our unique role is to inspire and enable youngsters in the potential for computing and the use of technology in teaching.

Desired outcomes

Research[1] has shown that just four interactions with a business between the ages of 14–19 can reduce by five times the chances of that young person not being in education, employment or training in their early 20s. We also believe that programme-based interventions are key to embedding a culture change within schools and improving scholar confidence and attainment. This view is supported by Nuffield and Gatsby Foundation who describe how "one-off" interventions have little long-term or widespread impact on science choices and participation rates[2].

The basis for this finding centres around the idea that interactions with adults who are not their parents or a teacher builds confidence and awareness in the wider world and an insight into working culture that they might not otherwise have. These experiences lead to increased motivation, aspiration and the basic ability to engage with adults, to pass interviews and to settle into new environments.

1. Dr Anthony Mann (2012), "It's who you meet: why employer contacts at school make a difference to the employment prospects of young adults", Education and Employers Task Force – http://www.educationandemployers.org/research/taskforce-publications/its-who-you-meet/
2. STEM Careers Review, Gatsby Foundation 2010. Practical work for learning: "Science in the workplace – Research Summary", Nuffield Foundation, 2012

How we do it:
Investing early in STEM programmes

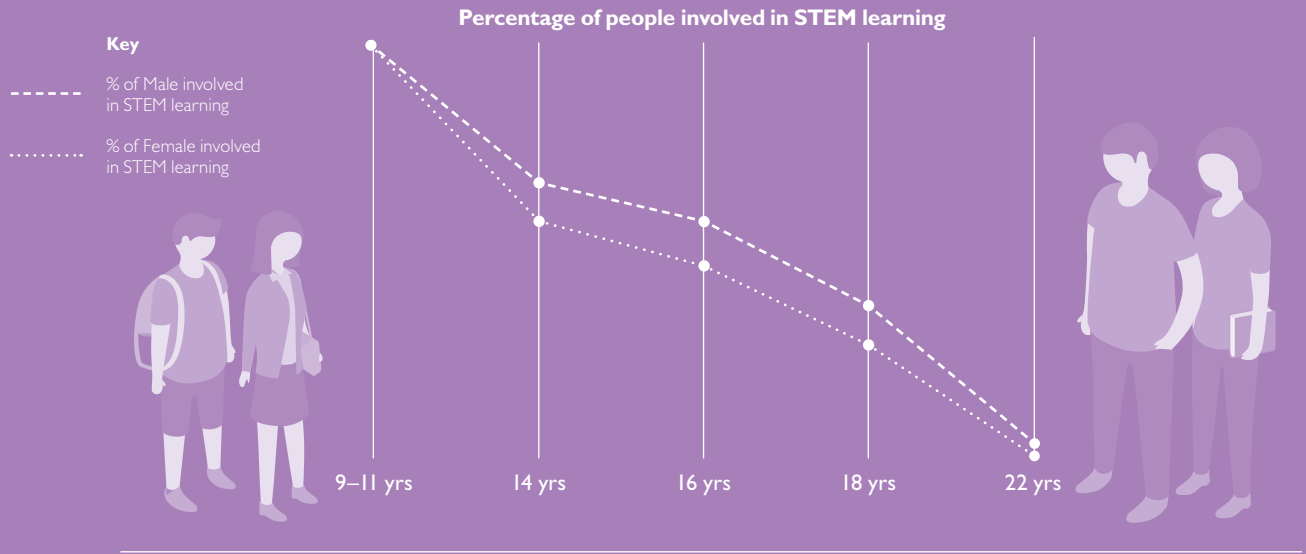
Measuring our impact

Measuring the impact of education programmes offers a complex challenge. Data protection and safeguarding issues mean it is difficult to track individuals as they progress through their education in childhood and into further education and careers as adults. It is also difficult to isolate and attribute credit to individual interventions or experiences offered during that period, where so many different factors may be to blame or thank for a particular outcome.

Our approach to measuring the impact of our connected education programme is to assess the effectiveness of the individual programmes we support and how those programmes succeed in meeting mutual objectives. By understanding whether those individual project interventions are successful, we can then measure our overall impact by recording the number of young people reached through our programmes each year. This can be summarised as follows:

- Satisfaction and impact numbers from individual education Partners by programme or project
- Number of young people reached by our connected education programme by gender

Our impact will be a combined measure of those people we are reaching and affecting a positive outcome each year.



Taking the first opportunity to capture the imagination of children from the age of 9. De-mystifying technology and inspire them to explore with STEM.

Supporting quality teaching at all stages of a child's education, to maintain an interest in STEM, to keep challenging, motivating and connecting STEM to real world experiences.

When young people make subject choices at school there is a dramatic reduction in those who continue with STEM subjects. This happens at both 14 yrs and 16 yrs.

In the UK, four out of five girls achieving an A-Star at physics GCSE (aged 16), will not go on to study physics at A-Star level. This is twice the drop out for boys achieving the same top marks at GCSE.

The rates of female engineering undergraduates varies globally but is always significantly lower than male rates in a range between 15–30%. These levels are mirrored by the proposition of female engineers in our industry.

Connected education
Key projects

STEM 2020 scholars Programme

The Arkwright Scholarships Trust, The Smallpeice Trust and Villiers Park Educational Trust and ARM have an ambitious and long-term vision: to create generational change in access to STEM education and, in doing so, to tackle social mobility. We have strengthened the 2020 STEM scholars Programme. It offers a programme of interventions, through a multi-agency approach to those in Year 9 to 13 across ten state schools in Peterborough and Bedford, UK. The schools are in areas of high deprivation with low levels of progression into higher education, and with a high proportion of pupils from minority backgrounds.

It aligns to ARM's strategic objectives in education, with a bias towards ensuring that the programme encourages participation from girls and those from disadvantaged backgrounds.

What next?

Following on from the success and enthusiasm of the first 18 months, and at the request of participating schools, the programme has been extended going forward by adding a further cohort of Year 9 students. The longer-term aim is to continue introducing additional Year 9 cohorts until 2018.

Performance highlights

- 67% of the Scholars are from disadvantaged backgrounds[1]
- All ten schools and 237 students and their parents, participated in a Smallpeice Trust STEM Family Event. 100% of parents provided positive feedback on the event and the programme's impact on their children's education and motivation
- All ten schools and 497 students participated in a Smallpeice Trust STEM Day. 90% of students enjoyed the STEM Day, 80% of students have a better idea of what engineers do following the STEM Day, and 50% of students indicated the STEM Day had made them think more about a career in engineering

1. The criterion for disadvantaged students includes receiving free schools meals, first generation to pursue higher education or a household income of less than £25,000.

Career Ready

In 2015, ARM was approached by Career Ready, an organisation that helps prepare youngsters for the world of work. We were delighted to make connections to other businesses and schools that we knew would benefit from their STEM programme. Career Ready targets the schools and students who have demonstrated ability and potential, but lack the networks, role models, confidence and ambition of their wealthier peers.

ARM is co-sponsoring the STEM programme in Cambridge together with Astra Zeneca and the Greater Cambridge Greater Peterborough Local Enterprise Partnership, committing three years of funding for a Regional Manager to support the delivery of the programme. Additional support from Addenbrookes Hospital and Napp Pharmaceutical Group among others is funding mentors for students and masterclasses.

Due to the level of interest from businesses and schools in Cambridge, an initial Pathfinder project for 50 students from five participating schools and colleges in November 2015.

What next?

The full programme will begin in September 2016 covering 12 schools and colleges from Cambridge and Peterborough and recruiting up to 240 students.

Find out more:
https://careerready.org.uk/

Clare Sutcliffe MBE
CEO and Founder, Code Club

Code Club

ARM has supported Code Club for three years. This not-for-profit organisation helps volunteers share their passion for digital with children and teachers. In 2015, we saw this partnership develop further. There are now over 3,500 after-school Code Clubs running across the UK and an additional 1,000+ clubs in 75 countries.

Thanks to volunteers around the world including those from ARM, Code Club's curriculum of projects was translated in 15 new languages. Our volunteers have also started new clubs in schools in and around ARM's Cambridge offices, with plans to roll-out volunteering to its other offices in the UK and internationally. In November 2015, Code Club joined forces with ARM's long-standing partner The Raspberry Pi Foundation, to help even more young people learn how to build their ideas with code.

What next?
Code Club has ambitions to support people all over the world to get involved in coding, and is excited to continue to work together with ARM to achieve them. https://www.codeclub.org.uk

Global STEM Alliance

ARM is a founding partner of the Global STEM Alliance (GSA) whose mission is to increase the number and diversity of students in the STEM pipeline, with a goal of reaching a total of one million students in 100 countries by 2020. In 2015, ARM people provided mentoring support as part of the 1,000 Girls – 1,000 Futures programme. This initiative is designed to take on the challenges of getting more women into STEM.

What next?
ARM has committed to continue its support of the GSA through 2016 and beyond, by providing female mentoring support, industry insight and help in developing essential 21st century skills.

See how we are celebrating women in technology on page 37.

http://www.1000girls1000futures.org/

Also see how we are celebrating women in technology on page 37

I'm delighted to be part of this programme and help more women to find interesting careers in technology. Many teenagers don't have a good idea of the variety of options there are in this field, and I thought that with my almost 20 years in engineering in four countries I should be able to bring some insight into this.

Nana Aaltonen
Software Portfolio Manager, ARM

One million micro:bits

The micro:bit is a pocket-sized codeable computer with motion detection, a built-in compass and Bluetooth technology.

First conceived by BBC Learning, this pocket-sized codeable computer is to be given free to every child in Year 7 or equivalent across the UK. The initiative is an outcome of collaboration of more than 30 international organisations, pioneering start-ups and transformative education organisations. The ambition to inspire digital creativity and develop a new generation of tech pioneers.

What next?
ARM is working closely with its micro:bit partners and with teachers, educators and schools to ensure that resources, information and support are available in advance of distribution of up to one million micro:bits by the end of 2016. The technical specifications for the device will be open-sourced, and the partnership plans to collectively develop a not-for-profit company to oversee and drive the micro:bit legacy not-for-profit company to oversee and drive the micro:bit legacy.

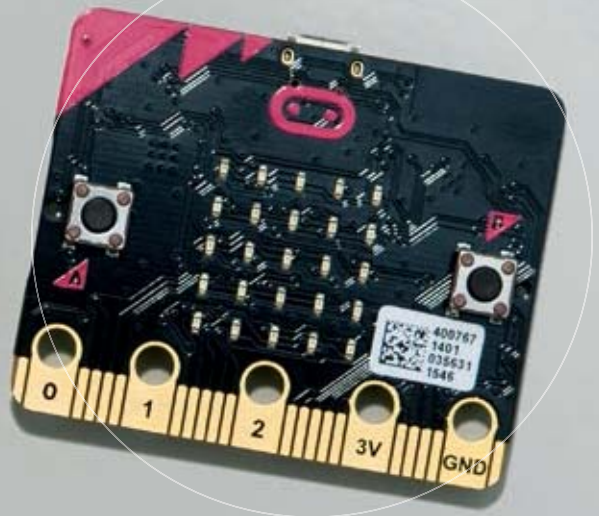
Microsoft: Website and services hosted on Microsoft Azure, to support teachers/students coding with one million micro:bits at www.microbit.co.uk via a range of online code editors available on a wide range of devices and operating systems. The website hosts the code editors, stores all the programmes written by the users and hosts all the resources built for the micro:bit. Microsoft has also supplied two coding editors/languages: Microsoft Touch Develop, a text-based language, and Microsoft block Editor, a graphical coding language.

Nordic Semiconductor supplies the single wireless chip on the BBC micro:bit that enables Bluetooth® Smart (previously called Bluetooth low energy) wireless communication with smartphones, tablets, computers, and other micro:bits, and also embeds the micro:bit's main processor computer "brain" (an ARM Cortex M0).

ARM's significant contribution to the collaboration was financial and hardware design. This included ARM providing mbed hardware, software development kits and compiler services. The project builds on the legacy of ARM's collaboration on the original 1981 BBC Microcomputer. The BBC "Micro" project pre-dated ARM as we know it today, but represents a landmark in the heritage of our energy efficient technology and mobile computing we can all access today.

Samsung connects the BBC micro:bit to phones and tablets, so that they are able to communicate with each other. By enabling the micro:bit to tap into the functions of our everyday digital devices, it opens up a limitless possibility of imaginative uses. Samsung has also been developing the Android app for micro:bit.

Barclays will be incorporating the BBC micro:bit into their digital education programmes with the help of 15,000 Digital Eagles across the UK. Digital Eagles are already helping people get online with initiatives such as Code Playground where children, parents and teachers can learn coding online or in branch. LifeSkills created by Barclays has created tools for teachers to help students learning to code with the BBC micro:bit. The guides will help release its full potential as a springboard for learning new skills. Find out more at www.barclays.co.uk/microbit.



The BBC is the overall editorial and project lead for the micro:bit, coordinating the partnership, micro:bit development and delivery. It also provides learning resources and on-air and online inspiration for teachers, schools and makers across the UK.

NXP contributed an MCU, two motion sensors (accelerometer and magnetometer) and a system level ESD protection device, to every micro:bit manufactured – that's one million of each component.

Technology Will Save Us: The user-centric design lead responsible for the physical design, first experiences (including packaging and out of box), and a key contributor to the electronic engineering of the device.

Lancaster University: responsible for creating and writing the BBC micro:bit runtime, essential support code that allows the micro:bit to be easily targeted by a range of high-level languages. Like a miniature "operating system", the runtime is a powerful yet simple library of code that languages like Block, Touch Develop, Java Script and MicroPython use to control all the capabilities of the device, from the buttons and display to the tilt sensors and Bluetooth.

Get to know more about all 29 of the micro:bit partners: http://www.bbc.co.uk/mediacentre/mediapacks/microbit/partners

micro:bit contributes towards the following SDGs:

4 QUALITY EDUCATION
5 GENDER EQUALITY
10 REDUCED INEQUALITIES
17 PARTNERSHIPS FOR THE GOALS

In focus: Improving global health

Our global health programme delivers against the following growth drivers:

- People
- Innovation
- Relationships

Improving global health contributes to the following SDGs:

Why health

According to the World Health Organization, in today's connected world health security is a global issue. This came to prominence in 2015 as the Ebola virus became a regional crisis. Without innovation in healthcare, the world's poorest and hardest-to-reach people will not receive vital basic services. Technology has the potential to contribute by eliminating the barriers of time, distance and coordination of vital basic services.

Our role

Our interest is to apply technology to improve access to and outcomes of healthcare on a global scale. We also believe that our existing and future employees will take an interest in global health issues and our partnerships offer opportunities to volunteer time and skills.

Following our CR strategic drivers of innovation and partnership, the objective for our health programme is simple: to support millions of people across the world with ARM-based medical technology developed in collaboration between ARM engineers and our CR Partners. To this end, we focus on:

- New affordable health technology with the potential for large-scale application and impact;
- Leveraging ARM technology for energy-efficient, low-cost health solution;
- Encouraging involvement from our engineers to collaborate with others in developing solutions;
- Working in partnership with experts and specialist health organisations to identify the areas of greatest need.

Mirroring ARM's corporate strategy, we invest in programmes and projects that have the potential to scale for sustainable, long-term impacts. In some cases these partnerships begin with a simple concept and we work with the Partner to turn that idea into reality, pulling in other Partners to help trial and then roll-out the solution. In the examples on the following page we show how our initial investments are leveraged for wider impact.

Find out more about how we are measuring the impact of our healthcare programmes on page 15.

Measuring our impact

The effectiveness of our health programme must be measured by the impacts that we have through the partnerships we create and inspire. Impact is a function of reach and measurable changes. Our objectives in health are to save and improve lives at scale. We are starting to achieve this with Literacy Bridge which reached 175,000 people during 2015 with their Talking Book. In combination with our other CR-supported health programmes we reached in excess of 400,000 people in 2015. We have targeted a reach of ten million people by 2020 through our health and education programmes. We expect our health programme to deliver the majority of this target.

Our impact must go beyond reach, and therefore we are working closely with each of our CR Partners to ensure that there are robust performance-measurement processes and metrics in place to that we can assess the effectiveness of the projects. This will help us to report credible data on our investments, but more importantly, help us and our CR Partners to shape programmes that do deliver the intended value and objectives.

10 million

ARM's target for the number of people helped through our CR Health programme by 2020

How we do it:
Innovating for health

In May 2015, the Innovation Unit at UNICEF joined with ARM to create a global partnership to unleash the power of technology to transform the lives of the world's most vulnerable children.

Our goal: Innovate for Impact
UNICEF and ARM are uniquely placed to use our expertise, scale and influence to transform the lives of millions of children through appropriate and economically-sustainable technology solutions. The model for this partnership is the first of its kind private sector engagement for UNICEF, combining financial and business acumen to deliver life-changing technology while aligning corporate strategy alongside social responsibility. UNICEF know that by working with ARM, they can drive and create transformational change for children.

The first year of the ARM and UNICEF Innovation partnership yielded fantastic results with the successful launch of the partnership in May of 2015, alongside the execution of what has been hailed as the most inclusive technology challenge ever with our collaboration on the Wearables for Good Challenge (refer to case study on page 32 for details). On the heels of this start-up success, we aim to continue this momentum into 2016 and the second year of our alliance.

As technology-powered products, services, and systems grow at exponential rates, UNICEF believes that the technology sector's expansion into emerging markets can deliver expanded profit alongside social impact. As we look ahead on how we can innovate together, ARM will be part of this discourse. There is already excitement about the potential for social enterprise to deliver innovative solutions for the international development agenda, however these investments are not yet being made as core business investments by large corporations or mainstream technology industries. We aim for this partnership to lead by example. By engaging the technology sector alongside ARM, we can engage key resources, including employees, financial capital and industry credibility, to develop appropriate products and services for this context.

As we look to the future – as the design, technology, and scientific communities come together to create new solutions – there are many considerations for Year Two of the partnership. The learning process is important, and we have reflected on our Year One milestones to ensure continued success in Year Two. As Partners, we understand that risk is part of the reward. In the near term, we will explore emerging technologies and demonstrate success and quick wins. We will engage and convene around the various future technology topics to move the conversation forward and create impactful solutions for children. Long-term success of the partnership will have ARM's ecosystem joining us in this effort. In Year Two of the partnership, ARM will make this investment by focusing on support for UNICEF Innovation's existing initiatives, including the incubation of the Wearables for Good challenge winners, to create sustainable and effective wearables products and support of the scale-up of the U-Report platform and application, and examining urbanisation against the lens of future technologies.

Some of the most exciting solutions to solve the hardest problems facing the poorest communities around the world are not coming from Silicon Valley or London, but from places like Accra, Jakarta, and Wuhan. Together, we are tackling these problems through the broad reach of ARM's technology ecosystem and UNICEF's extensive presence around the world.

Erica Kochi
Co-Founder, UNICEF Innovation

Global health
Key projects

Improving lives –
Delivering on the Global Goals

We invest in programmes and projects that have the potential to scale for sustainable, long-term impacts on lives across the world. In some cases these partnerships begin with a simple concept and we work with the Partner to turn that idea into reality, pulling in other Partners to help trial and then roll-out the solution. This was the case in each of the stories below, where we took a risk on a small or start-up organisation. In each of these examples our initial investments have already been leveraged for a significant impact, and have the potential for much more in 2016 and beyond.

Our global health projects contribute towards the following SDGs:

Literacy Bridge

Literacy Bridge is a charitable organisation that 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. In 2015, Literacy Bridge tripled the scale of the Talking Book Programme to reach 175,000 people in the most under-served communities throughout Northern Ghana.

Through its partnership with ARM, UNICEF, and the Ministries of Health and Agriculture, Literacy Bridge developed and delivered more than 100 new agriculture and health audio messages through the Talking Book to every family in 49 villages in the Upper West Region. At the end of the year, their field staff conducted an extensive mid-line survey of over 1,000 parents to better understand the impact that the Talking Book is having on health attitudes, knowledge, and behaviours and the areas for improvement.

The Talking Book also included entertaining audio dramas that addressed how husbands and wives can reconsider gender roles to enable them to achieve more for themselves and their children. Overall, 52 hours of songs, dramas, and interviews were created and delivered on the Talking Book, resulting in over 140,000 hours of listening and learning.

What next?

We are now working with Literacy Bridge and other Partners to better capture the impact our investment is making. ARM engineers are also supporting the development of the next generation Talking Book.

> Beyond funding or employee engagement, ARM is catalysing new partnerships by connecting organisations that might not otherwise meet. This reminds me of the work of organisations like Ashoka than any corporate social responsibility programme I've encountered.
>
> Cliff Schmidt
> Founder, Literacy Bridge

Simprints

We partner with Simprints, a non-profit tech company, to scale-up its mission to improve the lives of the poor. Accurately linking people to their digital records is a critical bottleneck in the delivery of mobile services in healthcare, microfinance, and aid distribution. Our engineers volunteer to help Simprints build a mobile biometric scanner and open-source software to empower the mobile tools used by researchers, NGOs and governments around the world.

In 2015, we worked together to test prototypes and collect 120,000 fingerprint images in Zambia, Benin, and Bangladesh. This dataset, the largest academic study of developing country fingerprints in the world, is now helping us optimise our identification algorithms for scarred, worn, and burned fingerprints.

Together with Simprints and the Centre for Global Equality, we are creating a Technology for Development hub where engineers in Cambridge can get together on "Hack Nights" to develop technology that has a real impact in the developing word.

What next?

In 2016, Simprints will be manufacturing the first low-volume batches of fingerprint scanners, which will be taken to Bangladesh and Nepal to kick-start two projects that will reach 55,000 mothers and children. The longer-term goal is to reach between two to three million people in 2017.

Children for Health

Children in impoverished communities play a vital role looking after their siblings and friends, often without adult presence or supervision. Providing health information to these children in a relevant, fun and compelling way delivers immediate and lasting benefits in disease prevention and treatment.

Children for Health focus on developing children as the ambassadors and communicators of critical health messages in their communities. Their work is all about offering hope and empowerment, giving children a way to overcome the threat of malaria, HIV/Aids and other life-threatening diseases. It is about combining education and technology, for example, using online resources and mobile phones to promote healthcare and to prevent diseases. It is about making the point as widely as possible that children themselves can raise awareness, reduce infection, and in doing so, save the lives of other children.

Through a model of working with experienced and established charity partners on the ground, Children for Health estimates that they reached well over 100,000 children during 2015 through their network of Partners. This does not include those who benefited indirectly from their work, taking their reach to well over 125,000 in the year.

What next?

Children for Health are expecting to reach similar numbers again in 2016 through their network of Partners.

Partnership with ARM means such a lot to us at Children for Health. In 2016, we will be working with ARM to harness the very best of digital technology to enable children to live happier, healthier lives. A good start means they will grow to better participate in a world where digital design can have a huge positive impact on their future.

Clare Hanbury-Leu
Director, Children for Health

Low-cost solutions Wearables for Good

The Wearables for Good Design Challenge was a joint initiative between UNICEF, ARM and frog, a global design and strategy firm that launched in May 2015. The competition called upon individuals to design a wearable device that offers a cost-effective, efficient, and sustainable solution to pressing maternal or child health problems. A key aim was to move the perception of wearables from nice-to-have devices to life-saving products that could work in any environment.

The response to the challenge was overwhelming; it quickly became regarded as one of the world's most inclusive technology and design challenges, attracting 2,000 registrants from 65 countries that resulted in 250 design submissions.

The winners were selected by an expert judging panel made up of a range of experts from across the technology, business, design and development sectors and included a child judge. Both winning ideas uphold the principles of the challenge: they are low-cost, low-power, durable and they are scalable. Crucially, both have huge potential to save the lives of some of the world's most vulnerable children. Each team is now benefiting from a structured incubation process with a range of industry Partners as well as a $15,000 grant.

The Finalists

Telescrypts, East Africa and US:
Seeking to solve the challenge of providing healthcare workers with advanced healthcare technology in low-resource communities. A wearable device to take patients' vitals and send data to health care workers.

TermoTell, Nigeria and US:
A bracelet used to monitor and analyse a child's temperature in real-time in order to save the lives of children at risk of malaria.

Totem Open Health Patch, Netherlands:
A small sensor-based device that is part of a wider Totem Open Health system for wearable health technology.

Communic-AID, US:
A bracelet that tracks medication treatments. The patient's individual information is stored on their wristband, the alert system uses their information to create a response based on prescriptions given, and the medical professional can access and store data quickly and easily.

WAAA!, UK:
Wearable, Anytime, Anywhere, APGAR is a mobile phone, sensor-based surveillance tool that systematically transmits live Appearance, Pulse, Grimace, Activity and Respiratory (APGAR) data via soft patch sensors located on a new-born baby.

Droplet, US:
Droplet is a wearable water purification device designed to make safe drinking water available to everyone.

Guard Band, Vietnam:
A wristband that helps protect children from abuse. Guard Band is a waterproof, GPS-enabled wearable that tracks health and location of vulnerable young people.

Raksh, India:
Raksh, named after the Sanskrit word "safeguard," A device worn in the ear to track a child's respiration rate, heart rate, body temperature and relative breath humidity, designed by a team of university students.

The winners

Khushi Baby:
is a data-storing necklace that provides a two-year personal immunisation record for children. It uses Near Field Communication (NFC) technology to send and receive information through a smartphone. Data is synced to the cloud and displayed on a dashboard accessible to health officials.
The team is split between Northern India and the USA.

SoaPen:
is a personal hygiene tool in the form of a soap-crayon that encourages the habit of handwashing among school children from the ages of three to six years. Teachers and parents can draw or write on a child's skin to make the act of hand-washing engaging while reducing the spread of disease. The free SoaPen App will also provide innovative teaching techniques and will track schools promoting improved hygiene practices.
The team is split between India, the USA and South Korea.

In focus: Responsible business

Our business activity delivers against the following growths driver:

- People
- Trust
- Innovation
- Relationships

Improving the way we run our business contributes to the following SDGs:

Our business

This section includes information, performance data and case studies which illustrate how we operated as a responsible business during 2015. This includes how we engage and inspire our people, our support for communities and how we engage with other stakeholder groups such as investors and civil society. This section also includes our approaches on the environment and our corporate governance policies and practices.

In this section

Our people

Growing with our people from recruitment to retirement.

See page 36

Environmental responsibility

Reporting on our carbon performance and energy consumption and targeting reductions with a robust strategy.

See page 48

Our communities

Supporting local communities through giving time, skills and money to shape a connected world.

See page 42

Reporting and disclosure

Communicating with stakeholders on the issues that matter most, with clarity and transparency.

See page 50

Governance and culture

How we operate, our approach to corporate governance and conducting ourselves with ethics and integrity in all we do.

See page 46

How we do it:
Technology to enable a smarter future

The Internet of Things is a potentially huge market consisting of billions of sensors and devices all connected together; embedding intelligence into industrial automation, transport systems, national energy grids, as well as our homes, and potentially enabling a revolution in manufacturing, agriculture, the provision of medical services, and the running of the entire infrastructure of a city.

Innovating for a changing world

Whether at home, in the office or on the go, technology continues to enrich our lives; offering abundant communication options and entertainment platforms; from video streaming to gaming on mobile phones. However, where technology will have the biggest impact is in addressing the needs of the additional two billion people swelling the world's population by 2050. How will we provide enough food and potable water? How will we meet the world's energy needs? And how will our healthcare systems support an increasingly aged and chronically diseased population?

Enabling smart cities

These challenges are felt the most across the growing number of cities where populations are increasing at alarming rates. As of 2014, over 50% of the world's population live in cities; a figure which is expected to swell to 66% by 2050. Other than purpose built newly-designed cities, many cities pose a challenge for technological advancement. They are already established, yet don't have the foundational technology in place to produce the data needed to progress towards a cleaner, more efficient and economical environment for their inhabitants.

One way to build that necessary foundation would be to blanket a city with a low-power wireless network. This would allow battery-powered sensors to connect, then push data onto a cloud-based analytics platform, offering a valuable tool to improve traffic flows or provide early warning alerts for flash flooding, for example. The challenge with taking this approach however, is that the city needs one or two "anchor" applications. These would help support the cost of building out the broader infrastructure. And even then, the business case might be overly optimistic.

An alternative approach would be to re-use existing infrastructure that provides mains power on the street and a 5–12m aerial using the ubiquitous but humble streetlight. Upgraded for greater efficiency, and using a wireless radio network, the energy savings of the streetlights could pay for the capital investment. The city would then have a network that allows new applications and services to be "layered" on top, at a relatively modest cost, and with low operational costs for connection. Add in some low-cost super capacitors (for short-term energy storage) and printed electronics and the system would provide an affordable way of collecting and measuring data across the city. This, in turn could help reduce waste, monitor air quality, direct traffic and support social services.

ARM's low-power processor technology, paired with low-cost Micro-electronic mechanical systems sensor technology is enabling very affordable sensors. These systems can last five to ten years in the field, and by connecting them, for just a few dollars a year, to a network we could optimise our cities and their technological capacities. This will help address the challenges of increasing city populations and meet the needs of the influx of people seeking a safer and healthier lifestyle, a goal we should all be working towards.

1. http://www.citymetric.com/skylines/three-million-people-move-cities-every-week-so-how-can-cities-plan-migrants-1546

Our people
Growing with our people from recruitment to retirement

The organisation works together to "Enable the Extraordinary" and ensure ARM attracts the best people provides a world-class work experience, and facilitates their effective engagement with each other. By focusing on the three components of capability, culture and connection, we help ARM to become an increasingly successful business.

A fresh Vision, Mission and Strategy

Our ambition is to make ARM the best place to work in our industry. Our people design our products, deliver them to our customers, and support the ecosystem of Partners who bring that technology to market. In return, we have a responsibility to invest in them from recruitment to retirement.

Our ethos is to "Enable the Extraordinary". To this end, we work hard to attract the very best talent through initiatives like a world-class work experience programme. Once a person is with us, we have a structured development programme based on capability, culture and connection.

A shared vision

In 2015, we launched an updated new vision, mission and strategy, as well as core beliefs and behaviours. Together with changes in how we engage, communicate and reward our people, our people strategy was significantly strengthened over the year.

Engaging our people

The ARM Engagement Survey has run for 13 years. We use an engagement index to represent overall performance. In 2015, 86% completed the survey. Results (see below) were above the average for our sector. In addition to the engagement survey, we sought feedback through one-to-one and group consultations, discussions during and post-internal conferences and through the annual personal development and appraisal process.

People strategy

We use an engagement index to represent overall performance. This metric is based on responses to all those questions we ask, taking only those responses where people "strongly agree" as qualifying as representative of engagement. In 2015, our engagement score rose to 69% from 67% in 2014.

In 2014, 82% of the organisation completed the survey; in 2015 this rose to 86%. Of those, 94% of people are willing to go beyond what is required to help ARM succeed and 92% of people are proud to work for ARM. Both of these results are above the High Tech and Innovation norms, and on par with the High Performance Norm.

In addition to the engagement survey, we seek feedback from our people through one-to-one and group consultations, discussions during and post-internal conferences and through the annual personal development and appraisal process.

What our people tell us

It is pleasing when we achieve great feedback and high engagement scores, but the real value for the business is identifying areas for improvement. Based on the results of the 2015 survey, we found that only 78% of people feel they are able to sustain the level of energy they need throughout the working day. This is significantly below sector average and an area that we will continue to focus on.

The survey also highlighted the following areas where our people felt we could improve:

- Internal communications on business strategy
- Career development information and access to resources
- Internal processes and procedures

Reducing inequality, promoting diversity

Celebrating women in technology

Throughout our 25-year history, we've recognised the diversity of people behind our transformational tech solutions. Gender diversity at ARM is close to the industry average, with women in 10% of engineering positions, and 30% of other roles. However, average is not acceptable for us, given half our end users are female. So, in 2015, we scaled our efforts to encourage careers in engineering for young women. This dovetails with our CR approach to increase the total pool of science, technology, engineering and maths (STEM)-qualified young people, and increase the proportion of women qualified in STEM.

All of the STEM education programmes that ARM support, share similar objectives around encouraging inclusiveness by growing the numbers of previously under-represented sections of the population in following STEM education with a view to progressing into STEM careers. Offering strong role models provides a way for each of our supported projects a way to capture the interest of young people, to inspire them, and develop their aspirations, so that they believe "I can do that" too.

Ada Lovelace: A global celebration

Ada Lovelace Day took place on Tuesday 13 October, and communities across the world hosted events and educational activities to encourage younger generations to explore Science, Technology, Engineering and Mathematics (STEM) subjects and careers. Ada is recognised by many as inventing the first computer program for the "analytical machine" that she developed in collaboration with Charles Babbage in the mid-1800s.

Celebrating Ada Lovelace Day, ARM colleagues around the world hosted events:

With ARM's support, Code Club developed the Ada Lovelace Day Assembly & Activity Pack helping schools around the world teach their students to code.

In Cambridge, in partnership with the Hack Lab, ARM hosted "Code and Chips", an inspirational day of tech and coding classes for 433 young people, supported by ARM volunteers.

In San Jose, building on our ongoing partnership with the Tech Museum, we sponsored and provided volunteering support to their International Day of the Girl celebrations.

In London, ARM sponsored the flagship Ada Lovelace celebration event hosted by a series of inspirational women speakers from the world of engineering, astrophysics, maths and media.

In Sweden and Norway, colleagues worked with local Universities to increase technological awareness at networking events.

In China, two guest speakers introduced Ada Lovelace Day and talked about their own career development experiences with colleagues, highlighting the importance of a diverse and inclusive workforce.

Inspiring excellence, social mobility and inclusiveness with Villiers Park

As part of our STEM 2020 scholars programme (see page 24), we have worked closely with Villers Park Educational Trust since 2012 to encourage gender balance, social mobility and inclusiveness. Villiers Park Scholars from disadvantaged backgrounds across the UK joined ARM at the Big Bang UK Young Scientists & Engineers Fair in Birmingham, the largest celebration of STEM for young people in the UK. They were also involved in two half-day Inspiring Excellence residential courses sponsored by ARM. Villiers Park are a national leader in working with able and high potential young people from less advantaged backgrounds. http://www.villierspark.org.uk/our-impact/whywe-are-needed/

> The opportunity visit to ARM was a privilege, allowing me to interact with concepts, ideas and people that enriched my understanding.
>
> Ayesha Hashim
> King Edward VI Handsworth School, Birmingham

Our people
Our response to what our people tell us

Increasing engagement with our people
We have been working on seven key areas to respond to the needs highlighted by our engagement survey. Each is supported by a communications plan.

We look forward to the results of the 2016 employee engagement survey and other consultations during the first half of 2016 to measure the effectiveness of these initiatives and to inform any improvements to the plans and the need for additional effort.

What our people said:

1 Development and Career

Improve the tools, information and resources to help people plan their development and their career at ARM

How we responded:

- Refreshed annual feedback and development system (AFDS), giving people more ownership of their own development and career
- New talent system launched including online accountabilities, personal objectives, feedback and logbook
- Career workshops launched to support people in planning their career

2 Energy

Enable people to sustain the energy needed throughout the working day

- Improved communications of plans, priorities and objectives
- Greater emphasis on TeamARM, enabling more of our people to engage with their community through fundraising and volunteering

25 years

ARM celebrated its 25th year in 2015. This gave our people around the world the opportunity to come together, to recognise their part in our successes and to look forward with a shared purpose for what we can achieve in the future.

3 Communication of ARM plans, Strategy and Vision

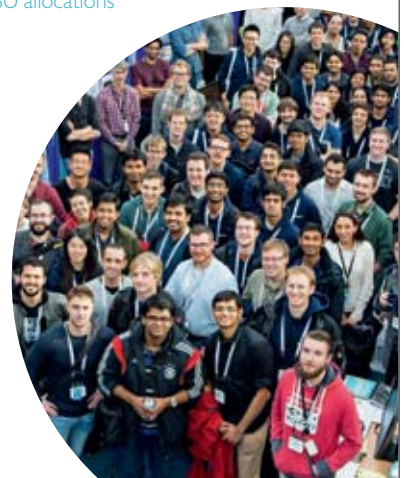
Ensure people understand the vision for the future of ARM and how we are progressing towards the vision

- Launch of new Vision, Mission and Strategy
- New Intranet
- Live broadcasts of quarterly results
- "In conversation" sessions with General Managers and "ask me anything" sessions with CEO

4 Reward

Ensure that reward is competitive and rewards success for ARM

- Investment in base salaries
- Investment in higher-quality internal and external benchmarking data
- Changes to discretionary bonus and RSU allocations



5 Effectiveness

Ensure all areas of the Company are driving effectiveness improvement

- Streamlining contracting and approvals procedures
- Roll-out of virtual training
- Workflow improvements and streamlining internal approvals

585 people

In 2015, 585 recent starters attended a Big Picture induction event and 155 of our recent graduate recruits participated in the Global Graduate Conference.

6 Empowerment

Ensure people have the right information and processes to empower them to make decisions

- Refreshed annual feedback and personal development process
- Vision, Mission and Strategy launched

>97%

Over 97% of non-exempted established employees completed the new annual feedback and development process in 2015 We expect this to be higher in 2016.

7 Diversity and Inclusion

Build and leverage a diverse and inclusive ARM

- Unconscious bias training
- Diversity and Inclusion lunch and learn sessions at our offices around the world
- Ongoing Women's Network meetings and internal conversations

Our people
Creating a great place to start a career

We expanded our workforce by a net 683 people in 2015, taking the total to 3,975 employees. Of these new joiners, we recruited 169 young people into the Graduate Development programme. The programme is a robust induction of accelerated learning, information sharing and networking that will enable graduates to contribute productively within their teams.

>900
people recruited globally during 2015

72%
of our new people were recruited into engineering roles

For the other people who joined us in 2015, a Global Induction programme guided them through their first year at ARM. It is designed to create a connection to the Company and our values; to encourage familiarity with our policies and procedures; and present a broader understanding of our role in society. Of all new starters, 2.8% left within their first year at ARM. We would prefer that none of our new joiners leave, but consider that this low figure is an indication of the effectiveness of our induction programmes.

Training and development
In 2015, we enhanced our technical, management, leadership and business skills training, targeting individual needs with tailored development plans. We also refreshed our approach to talent management, improving the way we evaluate potential. We will continue to roll-out and embed this approach in 2016, ensuring we have robust succession plans in place throughout the organisation.

"It's fantastic to start my career within the ARM Intern programme. Sitting in the heart of the digital world it's allowed me to really broaden my horizons. My co-workers are very talented, and always willing to share and support me ever since I began. Being at ARM makes me feel full of passion."

William Gao
Graduate Applications Engineer, ARM China

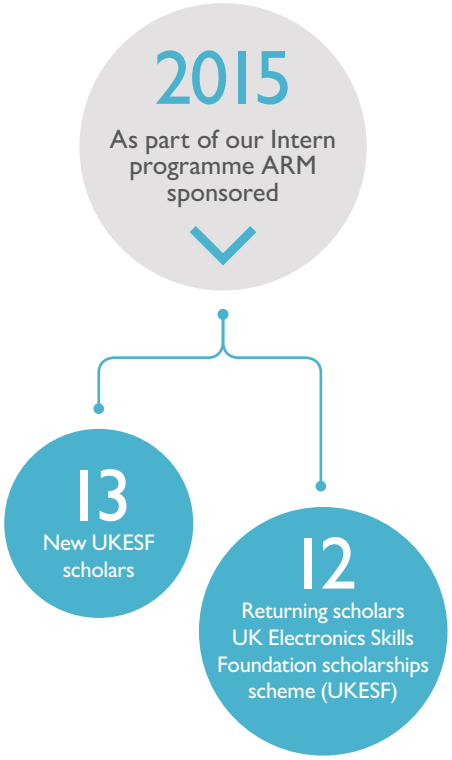
Our Intern programme

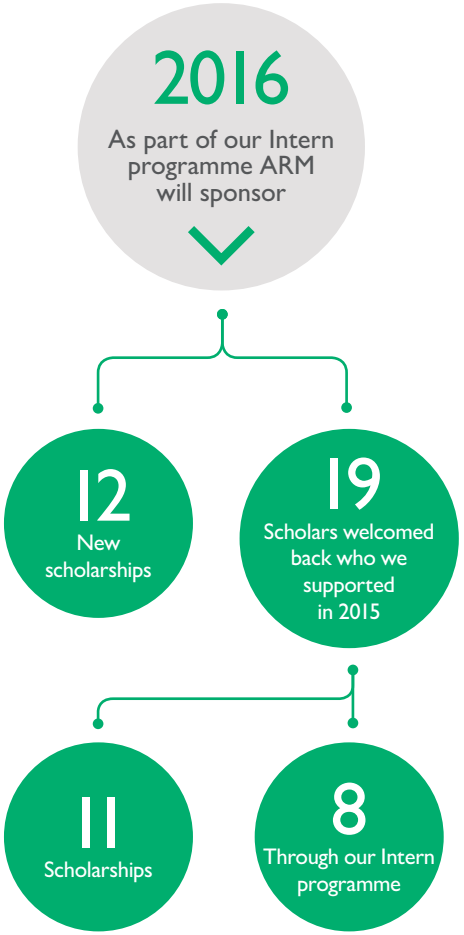
Taking your first steps into ARM

Even before our recruitment begins, our global Intern programme is specifically designed to build key skills for our future workforce. Our Interns will typically spend 12 weeks with us, gaining exposure to experts, training and, of course, "real" work on projects. As well as helping to develop potential young talent at ARM, it also meets our CR goals of motivating and inspiring youngsters in science, technology, engineering and maths (see page 24).

We organise social experiences for our interns, such as the Global Intern Innovation Challenge in partnership with UNICEF. This involved imagining new ways of expanding the connected experience and connecting with other ARM interns across the globe.

The programme offers a very real experience for the young person of working at ARM, which helps shape their future plans and ambitions. It also provides us with the opportunity to observe how individuals fit into the ARM culture, how they work in teams and whether they would be successful if they chose to join ARM at a later date.





ARM is an industry founding member of the UKESF.

For more information on the scheme see: http://www.ukesf.org/scholarship-scheme

External recognition

In awarding ARM China and the UK their "Top Employer" recognition, the Top Employer Institute highlighted that ARM provides exceptional employee conditions, nurtures and develops talent throughout all levels of the organisation and has demonstrated its leadership status in the HR environment, always striving to optimise its employment practices and to develop its employees. http://www.top-employers.com/companyprofiles/cn/arm/

People love working here
Best Places to Work 2016
glassdoor

ARM certified as one of Britain's top employers in 2015

top EMPLOYER UNITED KINGDOM 2015

ARM certified as one of the UK's top employers in 2015

top EMPLOYER CHINA 2016

ARM certified as one of China's top employers in 2015

Our communities
Hands on with The Prince's Trust

Prince's Trust
PROUD TO BE A PATRON

More than 80 ARM people volunteered a total of 345 hours during the first year of a new partnership with The Prince's Trust, helping to inspire some of the UK's most disadvantaged young people through STEM. Our colleagues helped deliver motivational Get Started with Technology courses, Workplace Insight Days and Presentation Skills Workshops.

The Prince's Trust is responding to these issues:

Over **75%** of young people growing up in poverty in the UK feel their future is hopeless

250,000 young people in the UK leave school with fewer than five GCSEs

683,000 young people are unemployed in the UK and the number of long-term youth unemployed has risen to over one in three

Getting started with The Prince's Trust

In 2015, ARM became a Patron of The Prince's Trust and launched the "Get Started with Technology" course. This initiative proved to be one of the most successful and popular in the ARM employee volunteering programme.

Get Started With Technology helped support 111 young people to take on immersive learning projects in areas ranging from robotics to apps, and transform their prospects in life by building key employability skills and confidence. Feedback from those who participated showed the deep impact that the courses had on the young people who attended, and also the impact on our own people who felt rewarded by offering their skills, insight and knowledge to further the learning experience.

The work of The Prince's Trust

The Prince's Trust's programmes give vulnerable young people the practical and financial support needed to stabilise their lives, helping develop self-esteem and skills for work. Since they began in 1976, together with their supporters, they have helped more than 825,000 young people. In 2015, they reached over 56,000 young people, with three in four young people supported by The Prince's Trust moving into work, education or training.

The science, technology and engineering sectors are thriving. Yet at the same time, they are facing a skills shortage. Supporting young people from all backgrounds to discover and explore STEM career paths will bridge the skills gap and develop future talent. The Prince's Trust "Get Started with Technology" programme gives disadvantaged young people a rare and exciting opportunity to take on an engineering challenge, with support and guidance from industry experts. With ARM's invaluable support, the programme helps break down barriers to education and the wider world of work, as well as allowing beneficiaries to gain skills relevant to a sector they would otherwise struggle to access. We cannot thank ARM enough for the key role they have played in helping The Prince's Trust reach these goals, and we are so grateful to those ARM employees who have volunteered their time to directly support our young people.

Richard Chadwick
Director of Programmes and Development
The Prince's Trust

Our communities

2015 Highlights of our Global TeamARM employee engagement programme

In 2015, we supported over 170 organisations in our communities. Many of these are organisations that our people have been supporting for years, others for the first time as we seek to broaden our impact and support those causes that mean the most to all of our people.

More than a third of our people in the San Jose office got together to support community charities during their volunteer week.

All ARM people are entitled to at least one day's paid volunteering leave each year. This encourages participation in TeamARM activities. Here are just some examples of our TeamARM activity in 2015:

- 20% of colleagues volunteered during 2015, contributing 4,385 hours of leveraging their skills and experience for community projects
- ARM sponsored the Austin Science fair for the first time in 2015. Over 3,000 students and their families attended the largest STEM event in the area involving entrants from 200 schools
- In San Jose, 109 colleagues took part in their volunteer week, using their skills and expertise to support ten charities
- ARM is a principal sponsor of the San Jose Tech Museum of Innovation. The Tech is a family-friendly interactive science and technology centre located in the heart of downtown San Jose, California. http://www.thetech.org
- ARM Austin launched a Partnership with FIRST Tech Challenge. It also sponsored the Austin Science fair, the largest STEM event in the area

Jimmy's Night Shelter in Cambridge. Just one of the many small charities supported through the Community programme in 2015, where small contributions can make a big difference.

- ARM Lund volunteered their time and ARM provided financial support to refurbish their local hospital social care home
- £22,000 was raised by 110 ARM people taking part in Movember, a month-long campaign to raise awareness and funds for men's health including prostate and testicular cancer
- £28,000 was raised by employees, and including match funding from ARM, donated to UNICEF during 2015 to support its disaster relief in Syria and other parts of the world
- ARM in India continued their relationship with the Sankara eye hospital in 2015. Donating over £30,000 and providing employee volunteering time to support the hospital and their rehabilitation work with those losing sight

Our people in the Sophia Antipolis, France, growing elaborate facial hair and raising money to raise awareness of men's health as part of ARM's global support for Movember 2015.

The 2015 Austin Science Fair proclamation. ARM Austin sponsored the science fair which exists to inspire more young people, especially girls, towards STEM careers.

- ARM India donated £25,000 to the SSK, a non-governmental organisation dedicated to the welfare of children with Cerebral Palsy, Neuro-Muscular disorders, Mental Retardation, Learning Disabilities, ADHD, Autism and other Multiple Disabilities. This donation benefited more than 350 children with developmental disabilities, nearly 80% from under privileged sections of the community
- ARM China raised and donated over £18,000 plus volunteering time to support Shanghai United Family Hospital for urinary incontinence care. ARM China chose this cause because of the social stigma associated with the disease
- ARM Korea raised money and volunteered their time to support the Easter Social Welfare Society, a community project that takes care of orphan children until they are able to be adopted and housed with their new families
- ARM attended the 2015 Big Bang UK Young Scientists & Engineers Fair in Birmingham, the largest celebration of STEM for young people in the UK. Over 70,000 young people attended the fair over four days. ARM's involvement in the Big Bang was planned and delivered by a committee of graduates supported by students from Villiers Park and the Cambridge Science Centre

Thousands of young people visited the ARM stand over four days in March 2015. Our recent graduates ran a variety of interactive demonstrations using ARM technology with the engineers of tomorrow.

Governance and culture
What's the secret to innovation?

At ARM, good governance is central to creating a culture in which we can thrive. At ARM we need to be agile, innovative and creative; we have a well-defined governance framework to allow and encourage this. Operating with integrity in all we do is vital to maintain the trust of investors, customers, our employees and other stakeholders.

Our approach to Governance and culture contributes to the following SDGs:

The Board is keenly aware of its responsibility to provide leadership, operate with transparency and promote ethical behaviour and collaboration throughout ARM. We seek to nurture a working environment in which the highest standards of behaviour are established, demonstrated and maintained in all our activities.

For governance to have meaning and value beyond mere compliance with codes and regulations, it has to translate into practical application. This enables our people to have a clear view of the culture and behaviours that ARM encourages, and to understand how their individual and collective actions contribute to ARM's success.

ARM's strength is in the high calibre of its people, and in the way in which they behave; fairly, honestly and with integrity. We ask all our employees to embody ARM's three core beliefs; by encouraging teamwork, driving innovation and creativity and helping everyone within the Company to reach their full potential. Each year all employees are required to confirm that they have read and understood the Code of Business Conduct and Ethics, which includes our Human Rights Policy. We also ensure that employees receive regular training on relevant legislation such as anti-bribery and corruption legislation and global competition laws.

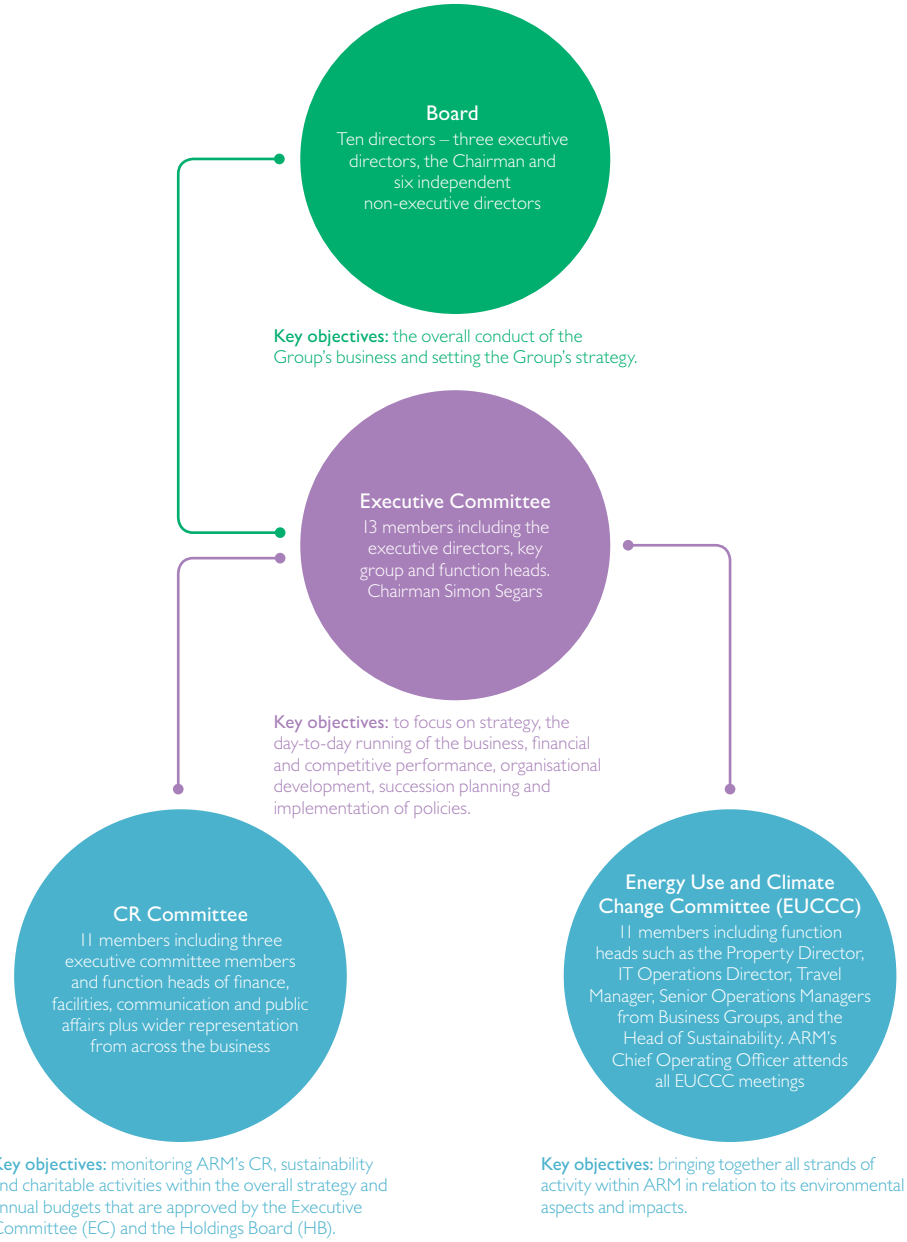
Managing Corporate Governance

Effective leadership starts with an effective Board of Directors. ARM operates in a fast-paced and fluid industry, and the composition of our Board is an essential component for successful leadership. The Nomination Committee of the Board regularly reviews the Board's composition to ensure that we are well-positioned for now and in the future. The current composition of our Board reflects a strong balance between technology sector, commercial, financial and general business skills, with a highly experienced international team leading the business in both executive and non-executive roles.

The executive and non-executive directors have well defined roles. Their combined contributions to the diverse board add value to the debate, decision making and strategy development which is crucial to the Company's success. ARM's Board has the breadth and depth of experience necessary to guide the Company as it seeks to take full advantage of new opportunities and contend with new challenges.

The Board and its committee structure are the mechanism through which we ensure that ARM's business runs smoothly and matters which are of strategic or operational importance are escalated. As the Company continues to grow, we review and improve our governance framework, taking into account legislation, regulations and best practice guidelines.

Our governance framework



Transparency in taxation

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 2015 can be found on pages 53–55 of our Annual Governance and Financial Report.

Business conduct and ethics

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 www.arm.com.

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 aim to prevent sponsorship of illegal activities including those that violate equal opportunity and discrimination laws and best practice. In 2015, there were no incidents of non-compliance with the laws and regulations under which we are governed.

Donations policy

As a matter of policy, ARM does not make any political donations. None were made in 2015.

Human Rights

ARM has signed the Universal Declaration of Human Rights and we have integrated relevant human rights principles into our policies for employees and contractors. Our Human Rights Policy is incorporated in our Code of Business Conduct and Ethics.

Whistleblowing procedures

ARM operates a whistleblowing policy for employees to report concerns confidentially about any unethical business practices to senior management in strict confidence and without fear of recrimination, via a number of routes.

Anti-bribery and anti-corruption measures

ARM's Group's Code of Business Conduct and Ethics, which is available on the Group's website, and the Company Rules incorporate appropriate provisions to meet our obligations under the UK Bribery Act 2010 and other anti-bribery and corruption legislation.

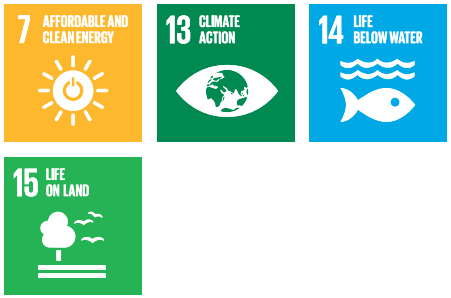
A training and communication programme for all employees is in place to ensure that employees understand the requirements of the Bribery Act and the reporting procedures.

Further information on all our policies, governance and compliance can be found at www.arm.com/ir and www.arm.com/reporting.

Environmental responsibility
Innovating for an efficient business

The direct impact of our operations on the environment is low. Environmental Responsibility helps achieve efficiency savings and engage stakeholders whilst also maintaining a high level of trust in our business operations. In 2015 we made an improvement of 11% to our Carbon Disclosure Project (CDP) score, rising to 93% (see page 50).

Our approach to responsibility contributes to the following SDGs:



Reducing our impact whilst growing rapidly

In the long term, we are on track to achieve our 2020 target of 15% reduction in energy consumption per employee, however we have not achieved the level of progress we had hoped in addressing our target of a 30% reduction in carbon emissions per employee.

We set our carbon emission and energy reduction targets in 2009 when ARM was half the size it is today and generating a third of the turnover achieved in 2015. Despite the significant change to the scale of the business, the breakdown between our scope 1,2 and 3 emissions has remained relatively constant.

2015 performance

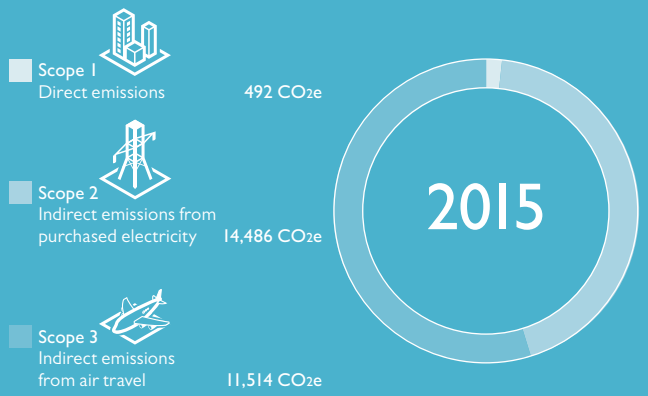
In 2015, our carbon emissions based on a carbon intensity figure per headcount reduced by over 10%. This was a result of fewer flights being taken per employee (scope 3 emissions) due to an increase in headcount. However, our energy consumption per employee rose during 2015. This is a reversal of our previous performance and reflects a change in balance between growth in our people and the size of our estate. We increased our mid-year headcount (established, fixed-term and external employees) by 602 between 2014 and 2015 but we also opened new offices in Deerfield, Miami, and Chandler, Arizona and increased our office space in Cambridge. Our global data centres in Austin and Cambridge also contributed a net increase of 1,705 Mwh.

We are committed to our 2020 targets which will require us to implement targeted programmes to manage our energy consumption and emissions from purchased electricity (scopes 1 and 2) and air travel (scope 3).

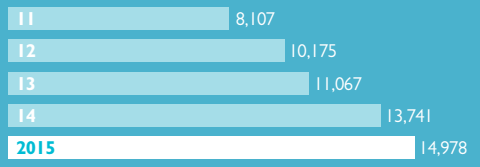
Establishing a robust climate change mitigation strategy

In 2015, our Energy Use and Climate Change Committee (EUCCC) worked with a number of stakeholders to develop a carbon reduction strategy. The strategy is being introduced following establishment of our measurement principles and will first identify potential energy and emission reductions in all our locations. Alongside the identification of efficiency reductions, we will explore the potential for increasing renewable energy use across our global estate. Finally, once all reduction efforts have been maximised and ARM is using renewable power wherever possible, we will look to offset any remaining emissions. Through these three activities we will ensure that our 2020 targets are met or exceeded.

Targeting carbon reduction
2015 performance against 2020 reduction targets

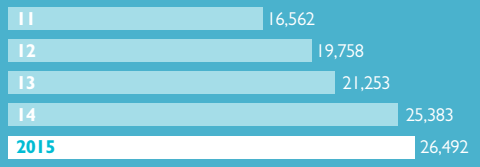


Total scope 1 and 2 emissions (TCO_2e)



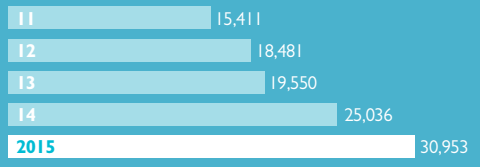
Scope 1 and 2 intensity by headcount* (CO_2e)

Total scope 1, 2 and 3 emissions (TCO_2e)



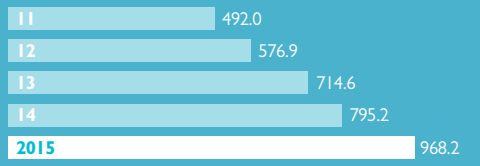
Scope 1, 2 and 3 intensity by headcount* (CO_2e)

Energy consumption – electricity only (Mwh)



Total energy intensity by headcount (Mwh)*

Sterling revenues normalised (£m)



Carbon by economic output (TCO_2e/£m)

*Includes all employees including contractors. The headcount is calculated as mid-year 2015.

Reporting and disclosure
Our reporting framework

It is imperative that our reporting is clear, consistent, accurate and relevant. In the spirit of our wider CR approach, we look to others to confirm credibility of our disclosure.

Transparent reporting and disclosure enables us to contribute to the following SDGs:

FTSE4Good

FTSE4Good

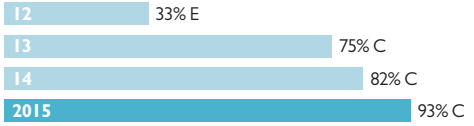
FTSE4Good is an equity index series that facilitates investment in companies that meet globally recognised corporate responsibility standards. In 2015, ARM retained its place as a constituent of the FTSE4Good Index Series. We also actively engaged with the FTSE4Good team analysts to support their understanding of our business model and environmental, governance and social (ESG) risk profile.

CDP
DRIVING SUSTAINABLE ECONOMIES

Carbon Disclosure Project

CDP works with 822 institutional investors holding US$95 trillion in assets (December 2015) to help reveal the carbon risk in their investment portfolios. We have provided a voluntary response to the CDP since 2010. In 2015, we continued to show an improvement in our performance receiving a disclosure score of 93%. Our performance score remained at Grade C which we consider a fair reflection of our current state, but one which we believe we can improve.

Disclosure score/Performance score



An annual Communication on Progress (COP) for the United Nations Global Compact

ARM is a member of UNGC LEAD, a group of 47 multinational companies selected from 8,000. As a LEAD company, we submit an annual Communication on Progress against the advanced criteria that support the ten Global Compact principles. We will be publishing our 2015 COP through according to the United National Global Compact requirements on their website in March 2016.

ARM is 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.

www.unglobalcompact.org

Member of London Benchmarking Group (LBG)

ARM is an active member of the LBG, a network of corporate community investment professionals from over 220 companies, committed to improve measurement and impact of community investment. We work together to apply, develop and enhance the LBG measurement framework.

Responding to the Investor Community

We welcome the opportunity to engage with investors and analysts directly on the subject of our CR strategy and performance. This represents a valuable aspect of our stakeholder engagement programme, which we will continue in 2016 and beyond.

Non-financial assurance over our reporting

We have begun the process of implementing a three-year assurance strategy which will see us obtaining external assurance over our non-financial reporting. This process combines internal and external assurance to help us improve our systems and processes and establish trust in our sustainability reporting.

During 2015, our Business Assurance function conducted an internal audit of our energy and carbon data. We also had our carbon emissions data externally verified by Ecometrica. The 2016 internal Business Assurance audit plan includes audits relevant to our sustainability disclosure including customer satisfaction processes and data, procurement, the annual development and feedback systems, people plans and anti-trust.

Memberships and Associations

ARM is a member of many external associations and industry organisations in the countries in which it operates. We maintain a register of memberships, associations and subscriptions which we are planning to make publicly available on our website during 2016.

In focus:
Our performance

Our performance and future objectives delivering against the following growth driver:

People

Trust

Innovation

Relationships

Improving the way we run our business contributes to the Global Goals for Sustainable Development.

SUSTAINABLE DEVELOPMENT GOALS

People

2015 Objectives

- 20% of our people engaged in skills-based volunteering programme
- >5,000 hours spent by our people on skills-based volunteering in the community
- >75% of our people actively engaged in TeamARM activities around the world
- >90% of our offices engaged in TeamARM activity
- 100% of our people completing their annual feedback and performance reviews

Trust

Environment

- Exploring offsetting options to mitigate scope 3 emissions
- Explore opportunities for growth in the use of renewable energy across our global estate
- Measure and disclose the environmental impact of our supply chain based on a materiality assessment and establish performance targets as appropriate

Innovation

- Embed innovation in the way we deliver our programme

Relationships

Education

- Increase the reach, quality of engagement and impact on those affected through our education programmes
- Ensure that the outcomes from all major education programmes we support are aligned to our strategic CR objectives
- Reducing the gender imbalance in engineering graduates globally
- Increasing the proportion of students choosing STEM subjects at 16 and at undergraduate level
- Improving the quality of STEM and computing education
- Improving the effective use of technology in teaching

Health

- Increase reach, quality of engagement and impact on those affected through our health programmes
- Ensure that the outcomes from all major health initiatives we support are aligned to our strategic CR objectives

Programme-wide objectives

- Deliver measurable impacts that influence and change lives for the better

Progress in 2015

- We achieved 20% of people globally taking part in the volunteering programme
- 4,375 hours of volunteering time during work time recorded. We believe that actual rates are higher, but are not captured consistently across the world
- >75% of people, and >90% of offices participated in TeamARM activity
- Over 97% of non-exempted established employees completed the new annual feedback and development (AFDS) process in 2015. We expect this to be higher in 2016 as our people become more familiar with the process

Future objective

- >20% people participation in employee volunteering programme and >5,500 hours of volunteering time accurately recorded by our people around the world
- >85% engagement survey response rate
- >85% Sustainable engagement score and
- >67% overall engagement score

Environment

- We have consulted externally about establishing a low carbon enterprise fund and other emission offsetting schemes and investments. Our climate change strategy and implementation plans will be finalised during 2016 by the Energy Use and Climate Change Committee (EUCCC)
- Opportunities have been identified in the UK for the use of renewable energy. These will be implemented in 2016 with a view to extending the programme to other sites globally in 2017
- We have implemented a number of improvements in the way we manage relationships with suppliers and updated our Supplier Code of Conduct during 2015. However, we have not yet achieved any significant progress in assessing or managing the environmental impact of our supply chain
- Our new partnership with UNICEF is an example of our innovative approach to addressing complex global challenges. For more information on how we applied innovation in delivering our CR programme, see page 29 of this report

Environment

- Explore the opportunities for the creation of recycling facilities in all hub sites globally in 2016 and all EMEA design centres by 2017
- Establish targets for recycling in the UK with a view to establish targets for all hub sites in 2017
- Establish of Green Teams in all hub sites in 2016 and in all design centres in 2017 as well as increasing internal communication with regards to environmental matters
- Implementation of carbon emission reduction programme including the achievement of energy efficiency savings highlighted in energy audits carried out in the UK. These activities align with our commitment to our 2020 energy use and carbon emission reduction targets
- Continue to innovate as a business: Build our existing licence base and investment in our engineering base
- Identify and support new partnerships between existing CR Partners
- Develop new models and scale existing initiatives
- Publish impact data for all major CR projects supported

Education

- We are working with major CR Partners to measure the impact of existing projects
- We have continued to invest in programmes with CR Partners and extended the scope and scale of existing initiatives

Health

- We increased our support for existing health projects through financial contributions and the time and skills of our people
- We have established a pipeline of new opportunities with existing CR Partners, collaborations with established Partners and potential new delivery channels
- Our CR Health programmes helped more than 300,000 people in 2015. We expect to expand this reach significantly in 2016 and beyond

Education

- Scale existing initiatives to move from a national focus to a global impact
- Reach at least one million young people through our Connected Education programme in 2016 and continue to invest in programmes that can demonstrate impact in their work

Health

- Scale initiatives from regional pilots to multiple national programmes
- Reach in excess of one million people through our CR health programmes in 2016 with a target of helping ten million people by 2020

Customer satisfaction and supplier management

- Implement supplier management performance system
- Deliver excellent customer service support and achieve overall >85% satisfaction
- Explore opportunities to measure and reduce environmental impacts in our direct supply chain

- We have worked closely with our CR Partners to measure the impact of our projects. We invest for long-term impact in our health and education programmes. We are confident that investments in 2015 are on track to deliver the expected outcomes and impacts and are building the foundation for measurable long-term impact

Programme-wide objectives

- Develop and publish long-term 2030 targets for our CR programme aligned to, and in support of, the United Nations Global Goals for Sustainable Development
- Continue to improve the quality and effectiveness of our operations-wide approach to sustainable business as measured through the DJSI, targeting an absolute performance score of 85% by 2020

Our Partners
Working together for impact in 2015 and the future

We frequently refer to the importance of our Partners and the collaborative culture that exists across ARM. During 2015, we delivered our biggest CR programme ever in terms of financial budget and reach, both the geographic reach and the numbers of people within ARM supporting the greatest number of people impacted outside of ARM. We could not have achieved this without excellent support we receive from those charities, organisations and individuals who we work with to deliver impact.

We are proud of the diverse range of organisations we work with around the globe and thank them for their contributions. During 2015, we delivered our CR programme with the assistance of, and/or provided donations or volunteering support to the following organisations.

ACE Nursery
Action Contre la Faim
Addenbrookes Charitable Trust
Alzheimer's Society
Ambition UK
American Cancer Society
American Lung Association
Apps for Good
Arkwright Scholarship Trust
Arthur Rank Hospice
Ashinaga Ikueikai
Austin Energy Science Fair
AWISE
Balsham Ball
Barnsley Animal Rescue Centre
Bartlow Community Walk
Bedazzle Projects
Bighand.org
Bowl for Kids Sake
British Broadcasting Corporation
British Red Cross Society
British Sjögren's Syndrome Association
Burwell Village Carnival Society
Caldecote School
Cambridge Arts Theatre
Cambridge Centre for Computing History
Cambridge City Council
Cambridge Community Foundation
Cambridge Live
Cambridge Money Advice Centre
Cambridge Music Festival
Cambridge Science Centre
Cambridge University Entrepreneurs
Cambridgeshire County Council
Camsight
Capital City AMBUCS
Career Ready (UK)
Carers Trust, Cambridgeshire
Cavendish Cancer Care
CCFD, Terre Solidaire
Centre for Global Equality
Childreach international
Children for Health
Children's Hospital of Fudan University, Shanghai
Code Club
Codebar
Cogwheel
Comic Relief UK
Compassion UK
Cope, Galway
Cottenham School
Croix-Rouge Française
Derbyshire Air Ambulances
Derian House Children's Hospice
Domino Nursery
Drivkraft Malmö
East Anglia Air Ambulance
Eastern Social Welfare Society (Seoul)
Ecpat Internationsl
Eddie's (former Cambridgeshire Mencap)
Egyutt Egymasert Alapitvany (Budapest)
Emmanuel's House (Seoul)
Engineering Development Trust
Engineering UK
Eve Appeal UK
Family Supportive Housing, Inc.
Fédération Française des banques alimentaires
Fields Children's Centre
Fleur de Batie
Flora and Fauna International
FN stiftelsen, Lund
Form the Future
Foundation for Technology Education (Budapest)
Galway Simon Community
GambiaDirekt.com
Global STEM Alliance
Guglielmo's Hope, Inc. San Jose
Hestia
Hills Road Sixth Form College
Hope for Minds
Hope Services, San Jose
Imperial College, London
Jimmy's Night Shelter
Judge Business School
Kauguru Secondary School, Lund
Level Playing Field Institute
Literacy Bridge
Livestrong
Living Wage
Locker Brook
London Science Museum
Long Road Sixth Form
LundaPride
Lupin Foster Home, Shanghai
Majblomman
Makespace
March for Babies (US)
Marie Curie
Matching requests
Médecins Sans Frontières
MNDA UK
Movember Foundation
Mummys Star
Netherhall School and Sixth Form
Odyssea, France
Ormiston Children and Families Trust
Over Village Carnival Society
OxCAHT
Oxfam UK
Pinpoint
PINTT Sick Children's Trust
Portia Bell Hume Behavioural Centre
Race for the Cure
Raspberry Pi Foundation
Red 2 Green
Red Cross, City of Biot
Reporters sans frontières
Robogals
Ronald McDonald House
Roundabout Sheffield
Royal Manchester Children's Hospital
Royal National Institute of Blind People
Sankara Eye Hospital
Santa Clara Unified School District
Screenreader
Second Harvest Food Bank
Sheffield Hospital
Simprints
Smallpeice Trust
Smart Futures, Ireland
SMIC Liver Transplant Program for Children, Shanghai
Société Nationale de Sauvetage en Mer
SOS Children's Villages
SPRITE
St Luke's School, Cambridge
St Wilfred's Residential Project
Stand Up For Kids (US)
STEMNET East
Stephen Perse Foundation
Stroke Association, UK
SusTrans
SWWOP
TechMuseum, San Jose
The Art House
The Blue Smile Project
The British Heart Foundation
The Christie Charity
The Hacklab
The Nueva School, San Jose
The Polished Brass Band
The Prince's Trust
The Tower Foundation, San Jose State University
The Wildlife Trust
Tides Center, San Jose
TimeBuilders
UNICEF
University of Cambridge
University of Texas
University Technical College
Villiers Park Educational Trust
Wandlebury Community Walk
White House Arts
Wilbrahams Memorial Hall
Wintercomfort
Woodborough PTA
World Vision Chennai Appeal
York University, UK
Young Engineers, UK
Young Enterprise
Young People of the Year Award (UK)

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