

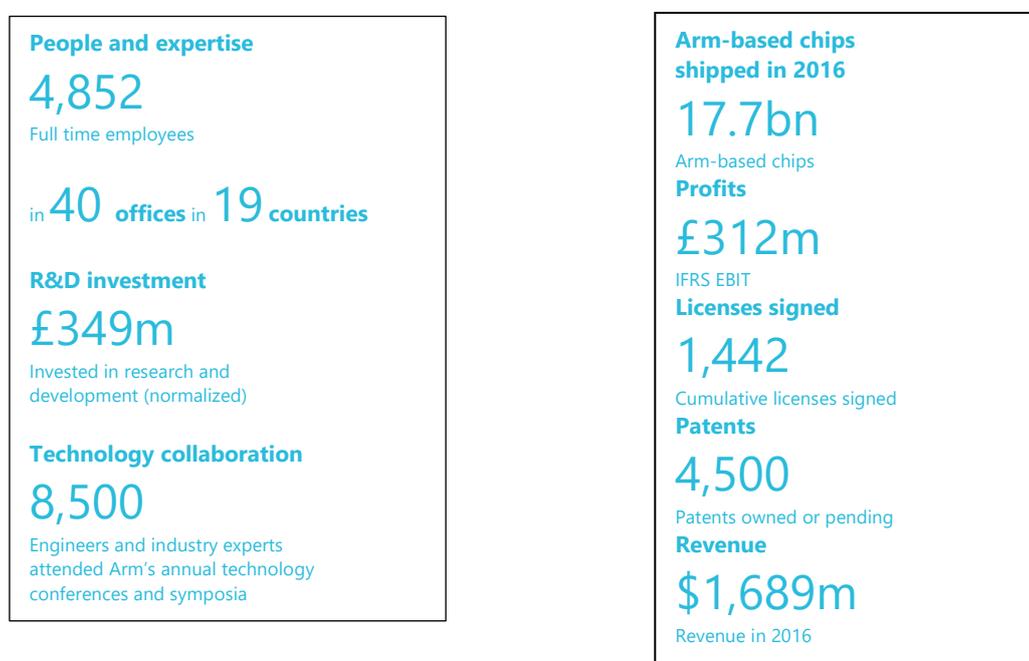
Modern Slavery Statement for financial year ending 31 March 2017

Modern Slavery Statement

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

About Arm

Arm is a world leading supplier of semiconductor intellectual property (IP). We design 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). We are headquartered in Cambridge UK and now part of the SoftBank Group Corp (SBG).



(Figures as of March 2017)

Our Values and Policies

At Arm, Corporate Responsibility is underpinned by a number of policies:

❖ Our Code of Business Conduct and Ethics

The Arm Code of Business Conduct and Ethics (Conduct Code) is the foundation of how we interact with all our stakeholders. All directors and employees are required to act fairly, honestly and with integrity and to demonstrate on an annual basis that they have read and understand Arm's Conduct Code.

The Conduct 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.

❖ **Our Supplier Code of Conduct**

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

❖ **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 Conduct Code. This is in addition to related existing policies including those on business ethics and discrimination.

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

We are also a member of UNGC LEAD. LEAD is a group of 50 multinationals that have been chosen out of the 10,000 UNGC members because of their history of engagement with the UN and commitment to corporate responsibility. We are represented on both the Global Compact LEAD and UK network's advisory board, keeping us in touch with our peers and informing us on how we can contribute to sustainability in our immediate operations, our ecosystem and beyond. As a LEAD company, we submit an annual Communication on Progress against the 21 advanced criteria that support the ten Global Compact principles. The advanced criteria include sections on human rights, elimination of forced and compulsory labour, abolition of child labour and the elimination of discrimination. For details of our reporting on these areas, please see the Corporate Responsibility Report Supplement <https://www.arm.com/company/corporate-responsibility/read-our-reports>

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

Our Supply Chain: Assessing and Managing Risk

In 2016, we spent around £200 million on goods and services essential to the smooth operation of our global business (approximately 17% of turnover).

As an IP company, we do not have an extensive supply chain of raw materials coming into the business. As a result, our associated risks are low. We do, however, purchase a wide range of goods and services from a large number of suppliers who are distributed globally. These include the businesses that supply the IT infrastructure and services to support our globally distributed development teams, the facilities and building maintenance required to safely and

securely provide for our rapidly growing workforce, and the global consulting, accounting and legal services from the hundreds of smaller suppliers who enable us to operate effectively. We attach great importance to the supply side of our value chain.

In 2014, we added requirements relating to responsible labour practices into our standard supplier Terms of Business. These referred to the requirement that suppliers respect and promote the rights set out in the International Labour Organisation's International (ILO) Labour Standards and the provisions of the United Nations' Universal Declaration of Human Rights in relation to both its personnel and its suppliers. All new suppliers created as repeat vendors in our financial systems (i.e. excluding one-off payments) are required to agree to the responsible labour practices requirement within the Responsible Business section of the standard Arm Terms of Business.

Since 2015, we have been operating against our Supplier Code (or an acceptable equivalent). The Supplier Code sets out our key expectations of our Suppliers. In relation to Employment Standards, these are:

Child labour

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

Forced or involuntary labour

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

Compensation and working hours

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

Diversity and equality

Suppliers should aim to provide equality of opportunity and treatment regardless of race, colour, gender, religion, nationality, sexual orientation, age, or disability. Suppliers are expected to support equal pay for work of equal value. Suppliers must oppose discrimination or intimidation towards employees including all forms or threats of physical and psychological abuse.

For more information on our Supplier Code of Conduct, please go to <https://www.arm.com/company/policies/suppliers>

Further, we expect our suppliers to:

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

The Supplier Code includes the details of a whistle-blower hotline for confidential reporting of violations of the Supplier Code.

Next Steps

As we grow, we continue to be vigilant and actively consider steps that we can take to mitigate risks in all compliance areas, including eradicating modern slavery and human trafficking.

We have taken steps to improve our understanding of supplier performance in human rights assessment. We have plans to improve data collection and reporting to monitor supplier performance in this area and related aspects.

For instance, as a Living Wage Employer, we will be adding to our Supplier Code of Conduct the expectation that suppliers meet national level salary standards as a minimum and best practice standard as a preference. For the UK specifically, we are considering adding a question into our terms and conditions about compliance with the Living Wage.

We are also currently looking to align our processes to ISO 20400, the new (voluntary) standard for Sustainable Procurement which includes metrics such as Transparency, Ethical Behaviour, Respect for the rule of law and international norms of behaviour and Respect for Human Rights.

The Arm Board of Directors approved this statement on 29 January 2018.

Please direct any questions on this statement to Carolyn Herzog, General Counsel and Chief Compliance Officer at legalethics@arm.com

"[Living Wage Employer] is a good example of how we are moving to integrate social and environmental considerations into our evaluation of suppliers and serves to communicate the message and influence practice." Julie Robinson, Procurement Director at Arm