



Our commitment

Corporate Responsibility Report 2010

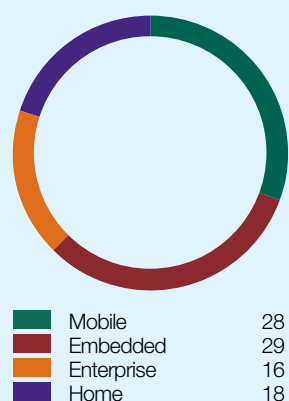
ARM at a glance

ARM is the world's leading semiconductor IP company and The Architecture for the Digital World®.

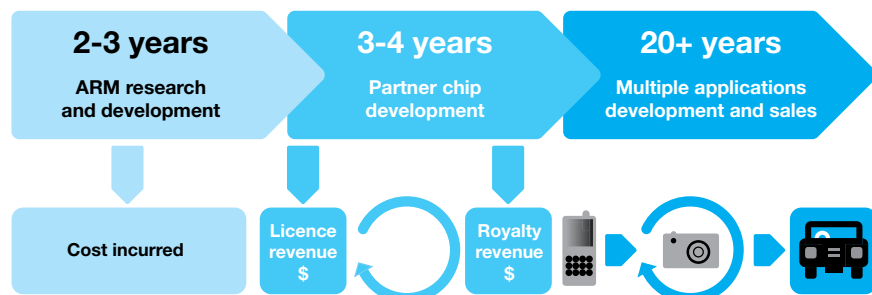
ARM has an innovative business model. We design and license IP rather than manufacturing and selling of actual semiconductor chips. We licence IP to a network of Partners, called the ARM Connected Community, which includes the world's leading semiconductor and systems companies. These partners utilise ARM IP designs to create and manufacture system-on-chip designs, paying ARM a license fee for the original IP and a royalty on every chip or wafer produced. In addition to processor IP, we provide a range of tools, physical and systems IP to enable optimised system-on-chip designs.

ARM's strategy is for our technology to continue to gain share in long-term structural growth markets such as mobile phones, consumer electronics and embedded digital devices. An ARM processor design may be used in many different chips and ship for over 20 years.

Licenses by end-market



How ARM makes money



1. Introduction

1.1. Organisational Profile

Introduction

ARM celebrated its 20th anniversary in November 2010. As a business recognised for its innovation and world class intellectual property, ARM has been built around the highest quality people in the sector.

ARM is committed to implementing and developing best practice Corporate Responsibility (CR) in our market segment and intends to become a leader for CR in the sector.

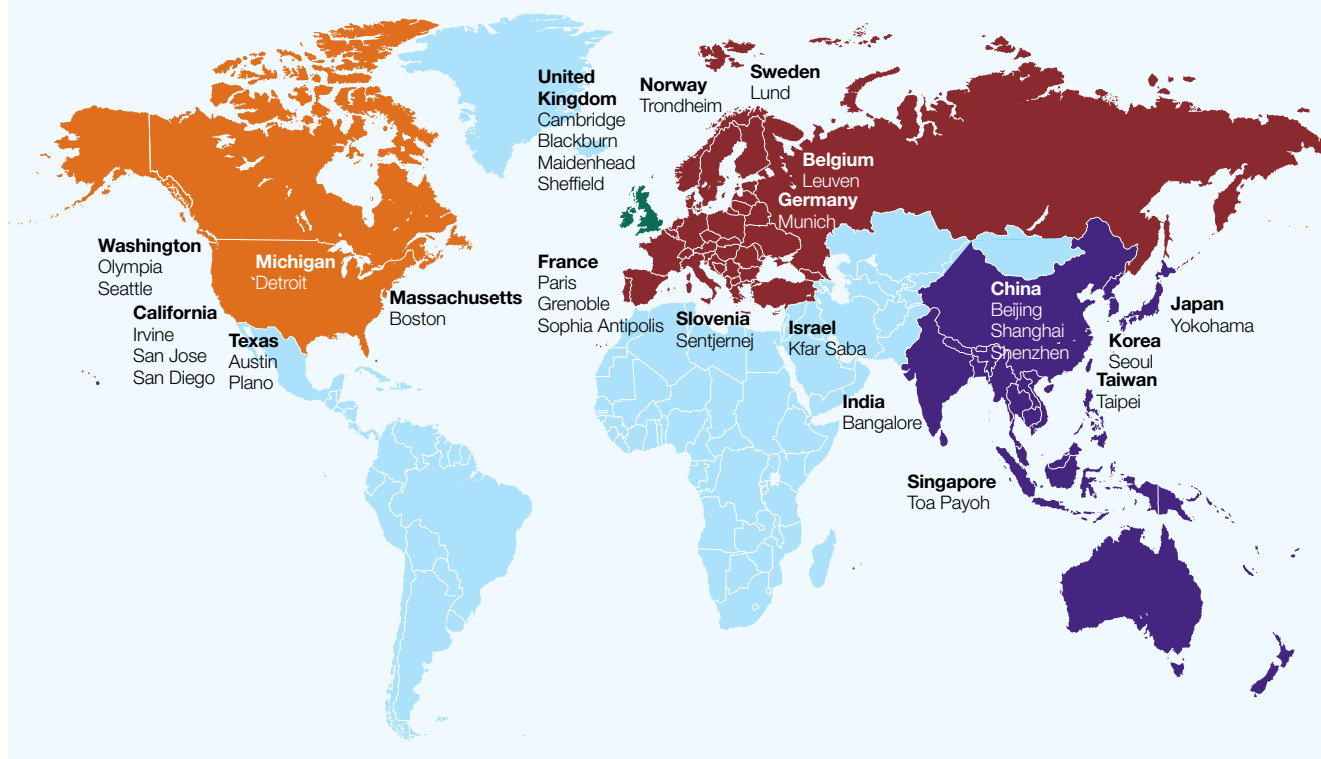
Our mission is to be the world's number one processor architecture, and we envisage a world in which all electronic products and services are based on energy-efficient technology from ARM, making life better for everyone.

1.1. Organisational Profile

Information on ARM's Corporate Governance and organisational structure and as well as company Market and Financial Analyses can be found in the current Annual Report, published on www.arm.com.

Figure 1

Worldwide ARM offices.



1. Introduction

1.2. Commitment to Charters and Partnerships

1.2. Commitment to Charters and Partnerships

ARM is certified to ISO9001 and audited externally by Lloyd's Register Quality Assurance (LRQA) for compliance. ARM's current certificate was due for expiry in November 2010. We were audited by LRQA during that time for ISO9001 renewal and for the annual Sarbanes-Oxley (SOx) survey, which is a required corporate governance qualification for any company traded in the US market. There were no major non-conformances raised in either audit, and virtually all topic areas of the SOx review showed some level of improvement over last year's results. As such, LRQA made a recommendation to renew ARM's ISO9001:2008 certification. More information can be found in ARM's Annual Report at

www.arm.com or on LRQA's website at www.lrqa.co.uk/help/casestudies/arm/Default.aspx.

CARBON DISCLOSURE PROJECT



Caring for Climate



ARM is a contributor to the Carbon Disclosure Project, an independent database recording greenhouse gas emissions and climate change strategies of major global corporations. More information can be found at www.cdproject.net.

This year, ARM became a new participant in the United Nations Global Compact (UNGC), a voluntary strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We are also an active member of the local UK-based UNGC member network. More information can be found at www.unglobalcompact.org.

As part of ARM's commitment to the UN Global Compact, the company has also committed to the Caring for Climate action platform for those who seek to demonstrate leadership on the issue of climate change. More information can be found at

www.unglobalcompact.org/Issues/Environment/Climate_Change.

In 2010, ARM partnered with the International Business Leaders Forum (IBLF), an independent, not-for-profit global organisation working with business leaders to deliver innovative solutions to sustainable development challenges worldwide. This partnership will explore how more effective use of smart technology can reduce energy consumption and improve the living standards of people in areas of the world where IBLF and ARM operate. More information can be found at www.iblf.org.

ARM is committed to the National Association of Pension Funds' Pension Quality Mark (PQM), a benchmark scheme recognising high quality defined contribution pension schemes with strength of employer contributions, fund management, and stakeholder communications.

More information can be found at www.pensionqualitymark.org.uk.

1. Introduction

1.3. Significant Awards and Recognition



1.3. Significant Awards and Recognition

In 2010, ARM was again included in the FTSE4Good Index, designed to measure the performance of companies that meet globally-recognised corporate responsibility standards.

www.ftse.com/Indices/FTSE4Good_Index_Series

ARM was acknowledged by the techMARK group with a nomination for 2010 Achievement of the Year and an award for 2010 Company of the Year, identifying technological achievement along with sound commercial and financial success and long term growth potential.

www.techmark-event.co.uk

The 2010 Electronic Engineering Times Annual Creativity in Electronics award for Company of the Year, which recognises professionalism, staff development and retention, customer focus, technical excellence, and profitable growth, was presented to ARM this year.

www.eetimes-ace.com



The National Microelectronics Institute recognised ARM with two Excellence Awards in 2010, one for Low Power Design and another for Services to Training and Education. The former rewards innovative and novel designs that significantly reduce energy consumption without compromising end-user functionality, and the latter is for significant commitment to a healthy and vibrant microelectronics industry in the UK and Ireland.

autodiscover.nmi.org.uk/events/annual-dinner-2010



ARM was again added to the Corporate Research Foundation's list of Britain's Top Employers, certifying organisations on the leading edge of growing professional careers. Their research showed ARM to have outstanding HR policies and excellent working conditions.

www.britainstopemployers.co.uk



ARM was honoured by the Austin American-Statesman newspaper as one of Austin, Texas' Top Workplaces of 2010. The Top Workplace Awards, which recognised 75 companies in the Austin region, lead the way in measuring the health of US companies based upon employee opinions and survey responses. Over 2,000 designated Top Workplaces nationally are now better positioned to attract and retain industry leading talent.

statesman.topworkplaces.com



ARM was included in the recent listing of the NASDAQ OMX CRD Global Sustainability 100 Index, benchmarking companies on a major US stock exchange making advances in sustainability performance reporting. The Index, created through evaluation of more than 3,000 global companies, is comprised of those that have taken a leadership role in disclosing their carbon footprint, energy usage, water consumption, hazardous and non-hazardous waste, employee safety, workforce diversity, management composition, and community investing.

indexes.nasdaqomx.com

Report Parameters

2.1. Reporting Period

This report covers the calendar year 2010.

2.2. Report Scope

Unless otherwise indicated, data published applies to all ARM offices worldwide. However, our largest four offices in Cambridge (UK), Bangalore (India), San Jose (California, USA), and Austin (Texas, USA) represent 78% of the estate portfolio and 76% of the total headcount.

Headcount data used in the report is generally that on the final day of 2010, unless otherwise stated. Any explanations or exceptions for specific offices will be stated.

2.3. Structural Changes from Previous

As part of our continued efforts to improve stakeholder communications, we have enhanced our 2010 Corporate Responsibility Report. In addition to employing the Global Reporting Initiative (GRI), ARM is one of the first companies to incorporate the UNGC's fifty-point Blueprint for Sustainability Leadership into its full CR Report.

Our most recent previous report was for calendar year 2009.

Stakeholder engagement

ARM's continued success has been achieved through the strength and depth of our stakeholder relationships.

Our corporate governance framework and processes enable us to manage the Group effectively and to demonstrate transparent, consistent and effective governance so that we remain accountable to our shareholders, employees, partners, suppliers and the local, regional, and national communities we support and with whom we interact.

ARM's CR strategy encompasses accountability to all stakeholders, including employees and their families, providing excellent service to our partners and shareholders, fostering good relationships with suppliers, on-going involvement with local communities and minimising our impact on the environment as well as designing energy efficient products. These stakeholders represent the groups most affected by ARM's work and those the company must carefully consider in all decisions for business success. ARM strives to maintain a positive reputation built on corporate credibility and public trust. Proper stakeholder consultation means engaged employees, supportive communities, healthy environments, an effective supply chain, and enthusiastic shareholders and customers. Each of these is crucial to ARM's success.

3.1. Employees

The welfare of ARM's employees around the world is one of our top priorities. ARM's Corporate Vision and Management Charter include commitments to provide a sector-leading environment for employees to develop their personal and collective potential. The interests of employees and shareholders are aligned by providing equity participation to all employees through restricted shares under the Employee Equity Plan and the opportunity to buy shares through savings plans. When ARM's quarterly results are published, members of the executive committee also present the same results internally. ARM also provides periodic question and answer sessions at each site led by an executive committee member where "no question is off limits".

ARM focuses on open lines of communication in all directions (upward, downward, and across divisions and functions). We have established a Global Equal Employment Opportunities Policy covering the recruitment, transfer and promotion of staff as well as their training and development. At least once a year, employees and managers have a formal discussion on performance and development through the ARM Feedback and Development System (AFDS). Training needs are tracked and delivered and progress is monitored through our Learning and



Figure 2

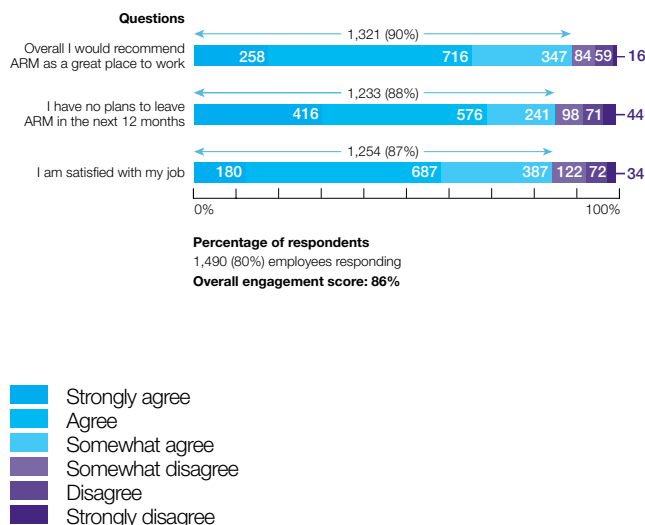
2010 ARM Austin's 20th Anniversary Trivia Challenge raising money for the Capital Area Food Bank.

3. Stakeholder Engagement

3.1. Employees

3.2. Shareholders

Employee global opinion survey – engagement 2010

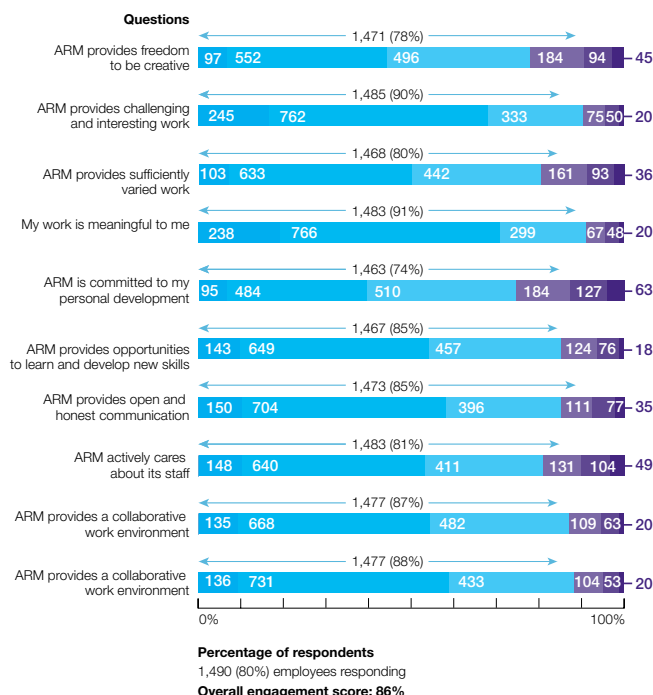


Development team, ensuring that the Group's skills base is increased in line with business needs and employees' personal aspirations.

ARM also strives to respect the diversity of our workforce. The ARM Consultation Forum (ACF) meets every two months, and comprises nine employee representatives, who are expected to represent the views and interests of their respective constituencies. The ACF is a key consultation mechanism for ARM to gather the views of UK employees and for employee representatives to talk openly about a wide range of issues that affect ARM employees. Amongst the objectives are provision of a forum for employees and management to consult one another and capitalise on the company's cultural diversity and various experiences. At the ACF, management will consult representatives on the basis of a constructive exchange of views on matters related to the organisation's industrial, economic, commercial, financial, technological, structural and HR development in the context of the overall business performance.

Employee consultation groups advise the company on various issues that impact employees, and a comprehensive engagement is conducted every two years (with smaller follow-ups annually) to monitor employee views

Overall key drivers 2010



and provide essential input on internal operations. This year's Engagement Survey had 1,490 respondents (80% of total established employees worldwide).

The Executive Vice President of Human Resources sits on the Executive Committee and has responsibility for matters related to employees.

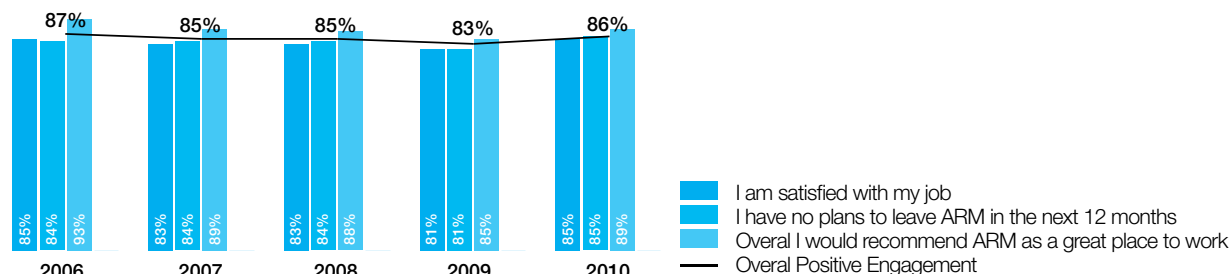
3.2. Shareholders

In many cases, interests of employees and shareholders are aligned; employees receive equity participation through restricted shares under the Employee Equity Plan and the opportunity to buy shares through savings plans.

Communicating to and consulting with all our shareholders, both institutional and private, is a key priority of the business. The Executive Committee makes considerable efforts to establish and maintain good relationships with shareholders. The main channel of communication continues to be through the Chief Executive Officer, the Chief Financial Officer and the VP of Investor Relations, although the Chairman, the Senior Independent Director and the other non-executive directors are available to engage in dialogue with major shareholders as appropriate.

There is regular dialogue with institutional shareholders throughout the year. The board encourages communication

Engagement scores over time



3. Stakeholder Engagement

3.2. Shareholders

3.3 Customers and Partners



Figure 3

ARM partner meeting 2010.

with private investors, and part of ARM's website is dedicated to providing accurate and timely information for all investors including comprehensive information about the business, its partners and products, all press releases, and RNS and Securities and Exchange Commission (SEC) announcements. At present, around 30 analysts write research reports on ARM which appear on the website. Shareholders can also obtain telephone numbers from the website, enabling them to listen to earnings presentations and audio conference calls with analysts. Webcasts or audiocasts of key presentations are made available through the website. All shareholders may register to receive ARM's press releases via the internet.

Members of the Executive Committee attend the annual analyst and investor day and develop an understanding of the views of major shareholders through direct contact which may be initiated by shareholders, or through analysts' and brokers' briefings. The Committee also receives feedback from ARM's brokers who follow investor roadshows and financial PR advisers who consult analysts. The board actively encourages participation at the Annual General Meeting (AGM), held this year on 14 May 2010, which is the principal forum for dialogue with private shareholders. A presentation was made outlining recent

developments in the business. An open question and answer session followed. Results are available on ARM's website.

More information about shareholder engagement can be found in ARM's 2010 Annual Report, available on www.arm.com.

3.3. Customers and Partners

ARM has built its business around a partnership model, working together with our customers to enable mutual success. ARM maintains continuous efforts to achieve class-leading levels of customer and Connected Community satisfaction, measured through regular surveys and feedback channels including an annual worldwide ARM Partner Meeting and ARM Technology Conferences held in India, Asia, and the US.

Engagement with customers happens at many levels in the organisation, from the executive committee level, through sales, marketing and engineering. Customer satisfaction is monitored and reviewed by management through a range of key metrics including product and project delivery dates, product quality levels, customer support satisfaction, and direct feedback gathered from customers and elsewhere in the Connected Community. The output is reviewed by

3. Stakeholder Engagement

3.3 Customers and partners

3.4 Suppliers

3.5 Surrounding communities



Figure 4

The Future Business Centre site, set for completion in 2012.

management which, in turn, raises any pertinent issues with the executive committee.

This year, ARM also undertook several special initiatives designed to develop partner engagement. The ARM Connected Community Panel at the World Climate Summit (discussed further in Section 3.6) convened industry representatives from ARM partners Microsoft, HP, and Texas Instruments, as well as ourselves, to discuss the role IT can play in mitigating and adapting to climate change. We've additionally contracted IBLF to research ways in which our technology can make strides in sustainability.

More information about customer engagement can be found in ARM's 2010 Annual Report, available on www.arm.com.

3.4. Suppliers

As a Group which does not have any manufacturing operations, ARM has a limited number of suppliers. Central procurement functions were enhanced in 2010 and the introduction of new policies and procedures, with training workshops, have enabled ARM to standardise the procurement screening and feedback processes across the Group. This new procurement system has enabled the introduction of corporate responsibility requirements so

that any new supplier must demonstrate that they have a compatible ethical policy in place.

3.5. Surrounding Communities

It is ARM's policy to be a good corporate citizen which invests in and engages with surrounding communities. The company President is responsible for cultivating high-level relationships with industry partners and governmental agencies. ARM undertakes many initiatives within the communities in which it functions.

In 2010, ARM invested £2.5 million in a charitable bond for Cambridge-based social enterprise Future Business, to support the development of a brand new incubation centre for social and environmental businesses in the region. The funding will support an initiative launched in October 2010 that aims to develop businesses with a social and/or environmental impact, whether operating on a for-profit or not-for-private profit basis. Examples include social businesses and clean-tech start-ups.

ARM's University Programme helps the next generation of ARM engineers by donating equipment and software, assisting students, helping to design courses and providing technical support and training. ARM is involved in a number of STEM (science, technology, engineering and



Figure 5

ARM Bangalore's Charity Fair.



Figure 6

Team ARM Austin in the Bowl for Kids' Sake Event.

mathematics) programmes at regional schools, sharing employees' expertise with students. ARM is a founding member of The Learning Collaboration, enabling small and medium sized organisations around Cambridge to share their diverse experience and combine their buying power to purchase quality training and development services. ARM is also a founder member of the Cambridge Network which links people from business and academia to the global high-tech community. This year, ARM partnered with The Humanitarian Centre to encourage research and partnerships that improve the efficacy of information technology in international development. ARM has also helped found the Cambridge Responsibility Forum, a joint venture between multiple local businesses to promote corporate responsibility and sustainability issues in Cambridge.

ARM employees actively participate in multiple science, technology, engineering, and mathematics (STEM) educational efforts within the community. During the 8-month long Engineering Education Scheme (EES), ARM engineers present problems to students and help them generate possible solutions. The students learn about project lifecycles, teamwork, time management, report writing, and presentation delivery. Example projects from

2010 are a progressive brake light, which was a retrofitted device whose brightness corresponds to the deceleration of the vehicle, a Stargazer prototype handheld device showing the stars in the night sky, and a Car Safety Controller device to monitor driving style. The company also supports a new scheme called Go4SET which encourages company mentors to work with teachers and younger pupils on an energy and environment-themed technology problem in and around their school and home. This year, ARM mentors worked with schools devising ways to collect energy from the environment to reduce costs. One school built a mock solar water heater. ARM mentors are valuable inspiration to the pupils, demonstrating how science and technology can be applied to solving the society's problems. ARM plans to support and expand Go4SET further in the coming years as part of a longer term commitment to employee and community development.

Team ARM, the Group's global team-building and fund-raising employee network, raised over £100,000 for charities through sponsored cycle rides, marathons, boat races and even moustache-growing. Amongst other events, Team ARM Bangalore sponsored a local spelling bee with INR 15,000 that aimed to build Basic English proficiency and improve the communication skills of financially-challenged



Figure 7

ARM China planting trees on the 20th Anniversary.

students from government schools. They also held a Charity Fair, showcasing twelve local NGO's, that raised INR 91,360 for the Marathahalli Government School. Team ARM Austin and San Jose have been part of events such as the Susan G. Komen Race for the Cure, raising money for breast cancer awareness, and the LiveStrong bike ride, benefitting prostate cancer research.

ARM employs a number of additional strategies designed to enhance local infrastructure and culture in areas surrounding ARM offices. ARM encourages employees to support their local communities by providing paid volunteer time for employees who act as school governors, mentors to young people, or volunteers to organise events to raise money for charity. ARM's sustainability and communications staff are available for consultation with local communities through phone calls, emails, and post and also attend local events and hold consultation meetings with community representatives in ARM facilities. Employees volunteer time for work on engineering projects with school and college students. In these ways, the Group actively encourages community involvement and support.

3.6. Environment

An expanding global population, rising energy costs and climate-change concerns are all driving renewed interest in energy-efficiency. ARM's technology is inherently low-power and enables smarter, more energy efficient products to be created. As ARM-designed chips are in over 20% of all digital electronic products sold in 2010, this presents an enormous opportunity for improved efficiency.

For 20 years, ARM's research and development has focussed on getting the best processing performance from the least power. ARM technology allows partners to develop smarter digital electronic products that can measure, manage and improve the environmental performance of consumer electronics and IT equipment, reducing the carbon footprint for many consumer products.

ARM encourages a culture of environmental responsibility within its offices. T(n)S, the catering company contracted in the Cambridge headquarters, proudly sources locally-grown Cambridgeshire food including baked goods, meat, and produce. ARM actively promotes employees' use of alternative transportation by utilising the Cycle2Work scheme under which employees may choose to reduce basic salary through a sacrifice arrangement to purchase bicycles and cycling safety equipment for commuting



Figure 8

Grundfos pump on which ARM Cambridge is conducting smart water research.

to work. The Austin, TX, USA office, in addition to using reclaimed grey water to run toilet facilities, recently replaced all paper cups in the cafe with reusable glasses and mugs. Many offices furthermore employ motion-sensing lights in conference rooms to prevent unnecessary lighting use and provide recycling facilities for paper, aluminium, plastic, and cardboard.

ARM has participated for two years running in the Carbon Disclosure Project. The monitoring and analysis of energy usage and methods to reduce associated impacts employed by this effort ensures all our operations become engaged in improvement objectives.

ARM facilitated a panel at the new World Climate Summit. This collaborative, global 10-year initiative, launched by UN Environmental Program partners such as World Bank, the UNGC, and the aforementioned Carbon Disclosure Project, is running in parallel with the Conference of the Parties of the UN Framework Convention on Climate Change (COP16). Its goal is to help governments, businesses, and financiers accelerate solutions to climate change. ARM convened a panel of industry peers from within our Connected Community.

This year, we have also committed to the Caring for Climate platform. This offers an interface for business and governments at the global level, transcending national

interests and responding to the global nature of the climate issue at stake. Caring for Climate has been endorsed by ARM's CEO.

ARM is constantly improving its current strategy for low carbon business operation, including setting goals of:

- 30% emission reduction in tons of CO₂ emission per employee by 2020
- 15% energy use reduction measured in KW Hours per employee by 2020

The goals, which will be furthered by adoption of ARM technology wherever possible, are tracked monthly and reported to ARM management as well as stakeholders. We are also reviewing behavioural change issues relating to the adoption of existing video-conferencing facilities and are investing in more equipment with a view to reducing the number of flights per employee each year. The centrally managed, reliable video-conferencing systems we are installing allow for monitoring, maintenance, and metric-collection.



The above goals are in line with the Environmental Issues Area of the UNGC. The goals are tracked monthly and reported to ARM management as well as stakeholders, as required by Principle Eight. The commitment to use all ARM-powered products moreover supports Principle Nine, as these products are highly energy efficient and will enable all of ARM's offices to operate at a lower energy consumption level.

4. Performance Indicators

4.1. Economic Indicators

4.2. Environmental Indicators

Performance Indicators

Profit from operations £m

06	49.2	81.8
07	39.7	82.1
08	59.9	97.7
09	45.6	95.1
10	107.0	164.3

● Profit under IFRS ● Normalised profit

Growing revenues and continued financial discipline drive ARM's profitability.

ARM endeavours to be a responsible member of the business community by taking into account the interests of all its stakeholders, including employees, customers, suppliers, local communities, and environments in which it operates and by entrusting the Chief Financial Officer to take responsibility for these matters.

The following indicators illustrate ARM's performance to its responsible business commitments.

4.1 Economic Indicators

As our customers are the world's largest semiconductor manufacturers, their regular royalty payments have provided ARM with a highly reliable cash flow. Given our broad base of partners and end markets, ARM's business model is strongly cash generative. In 2010, we generated £125 million. Since 2004, ARM has returned over £360 million to shareholders through a mixture of share buybacks and dividends. Full economic indicators and analyses can be found in our 2010 Annual Report at www.arm.com.

4.2. Environmental Indicators

ARM's direct activities do not produce harmful waste or emissions, and the Ethical Investment Research and Information Service (EIRIS) grades ARM as an environmentally "low impact" business. However, ARM recognises the need to mitigate any form of environmental impact, and our environmental performance is measured against targets to reduce resource usage, increase reuse and recycling, and control carbon emissions. We have set corporate goals of:

- 30% emission reduction in tons of CO₂ emission per employee by 2020
- 15% energy use reduction measured in KW Hours per employee by 2020

ARM works with Lloyd's Register Quality Assurance (LRQA) environmental auditors to develop and improve our environmental management system. LRQA's twice yearly environmental and health and safety themed audits are now integrated with their other accreditation work, which has increased understanding of ARM's environmental objectives among the local management and provided action plans for achieving these objectives. Adopting LRQA's Business Assurance approach provides an independent assessment of the ARM Management System and the various review

Revenue \$m

06	199.0	202.5	82.1	483.6
07	208.8	217.9	87.6	514.3
08	266.8	189.7	89.7	546.2
09	244.3	164.1	81.1	489.5
10	335.3	208.2	87.8	631.3

● Royalty ● Licensing ● Other

ARM's revenue growth is sustained by our customers incorporating ARM technology in more of their product lines.

Sterling revenues £m

06	107.8	110.6	44.9	263.3
07	104.1	110.7	44.4	259.2
08	147.7	103.5	47.7	298.9
09	155.4	98.5	51.1	305.0
10	217.7	132.5	56.4	406.6

● Royalty ● Licensing ● Other

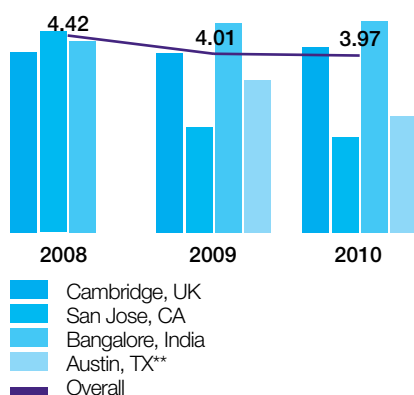
About 95% of ARM's revenues are in US dollars, but only about half of our costs are US dollar-based.

4. Performance Indicators

4.2. Environmental Indicators

Global CO₂ emissions*

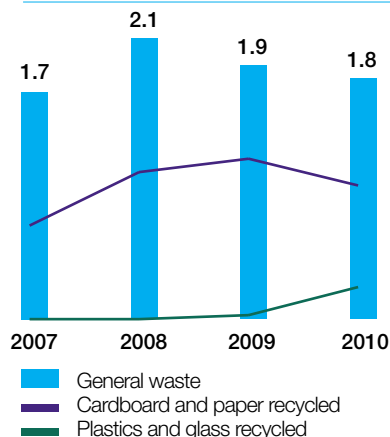
tonnes/employees



* Largest 4 offices, 78% of the Estate Portfolio.
 ** Data not available for 2008.

UK waste and recycling*

m³/employee**



* All UK offices: Cambridge, Blackburn, Sheffield, Maidenhead, 41% of total headcount.
 ** Average number of all employees in year.

procedures in place within the company. This approach enables LRQA to verify ARM's compliance with ISO9001 and components of other relevant ISO standards.

At present, ARM is not certified to any industry environmental measurement standard. However, ARM works with LRQA to make a habit of operating informally to ISO14001 requirements.

ARM recognises that climate change is a significant risk to the human population. With regard to any immediate impact to our business (such as climate change), ARM has developed business continuity plans for all of its operations worldwide to enable business to continue should a serious event or incident occur. These plans are designed to protect the interests of ARM's stakeholders and in particular ARM's employees, property, and other assets and to provide facilities and infrastructure to reinstate business operations as quickly as possible after an event. The continual review of these plans forms part of the management review process alongside environmental management and health, safety and welfare. ARM's Business Continuity Plan is benchmarked against the British Standard BS25999.

ARM's Austin, TX office is located within or around several key areas of biodiversity. The building itself is inside a protected habitat of the Turkey Vulture, or *Cathartes aura*,

a Threatened Species on the IUCN Red List¹. Though the species is classified as being of Least Concern, ARM diligently complies with all applicable United States laws, including the Migratory Bird Treaty Act. The ARM building is also adjacent to the Barton Creek Wilderness Park, a protected 1,000-acre greenspace which is part of an important watershed and home to many endangered species, such as the golden-cheeked warbler². ARM's impact on the Wilderness Park is minimal, as there are no roads through it and no significant emissions from the building.

ARM's CO₂ emissions from air travel were not available in 2010, due to data inconsistencies. ARM contracted a new travel supplier during the middle of the year whose methods for carbon emission calculations were inconsistent with those of the previous supplier. Data will be available, however, for 2011. ARM recognises that because our customer requirements call for regular face-to-face interaction, business travel accounts for generally half of our CO₂ emissions. We have undertaken a variety of initiatives, including use of state of the art video conferencing equipment, to reduce this. We have set an informal company goal of keeping all travel steady even while our headcount and sales increase.



Figure 9

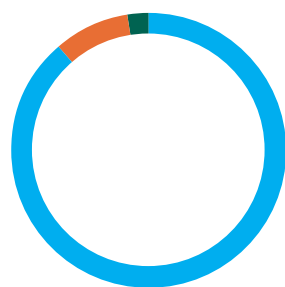
Cathartes aura (Turkey Vulture).

1. BirdLife International 2009. *Cathartes aura*. In: IUCN 2010. IUCN Red List of Threatened Species. Version 2010.4. www.iucnredlist.org. 17 December 2010
 2. Nature Conservancy of Texas 2010, "Conservancy and Austin to Expand Barton Creek Wilderness Park". www.nature.org/wherework/northamerica/states/texas/news/news3409.html. 17 December 2010.

4. Performance Indicators

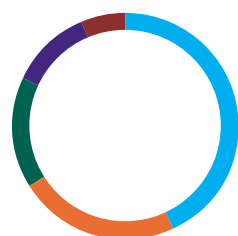
4.3. Employment Practices and Work Environment Indicators

All employees by contract types 2010



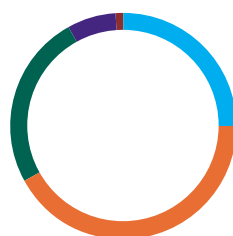
1,889 established employees	71%
External	7%
Fixed term	3%

2010 established employees by region



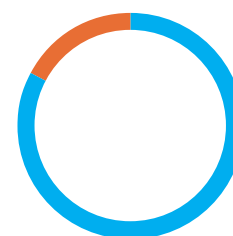
UK	41%
US	27%
India	15%
Continental Europe	11%
Far East/Asia	6%

2010 established employees by age group



21-31	25%
31-40	42%
41-51	25%
51-60	7%
61-70	1%

2010 established employees by gender



Male	83%
Female	17%

Gender split of engineering graduates in the UK in 2010: 90% male, 10% female.

4.3. Employment Practices and Work Environment Indicators

With headquarters in the United Kingdom and offices in North America, Europe, the Middle East, and Asia, nearly 1900 established employees worked for ARM in 2010. Ninety-one percent of employees are established, and ARM's Processor Division is the largest by headcount. Including all employment contract types, ARM has a total of 2,081 employees, with over half being below the age of 40, in 2010. Analysis of our corporate governing bodies can be found in the Annual Report at www.arm.com.

IT Industry Average Gender Pay Gap:

US average women's salaries as % of men's – 76% (2009)³

UK average women's salaries as % of men's – 80% (2007)⁴

ARM's average women's salaries as a % of men's – 93%

Being a company with such wide-reaching influence, ARM is committed to the equality of opportunity in its employment policies procedures and practices. ARM is strongly bound by our Global and Local EEO Policies and will therefore take the necessary action to ensure adherence. To this end, within the framework of the law, we are committed wherever practicable to achieving and maintaining a workforce which broadly reflects the national catchment area within which we operate. As an item of note, we particularly believe our employment rates of women to be above average, as the gender split of UK engineering graduates in 2010 was 90% men to 10% women. Per the above chart, 17% of ARM employees are female.

The welfare of employees around the world is a top priority which ARM supports through various initiatives. ARM aligns the interests of employees and shareholders by providing equity participation through restricted shares under the Employee Equity Plan and the opportunity to buy shares through savings plans.

Headcount Established employees



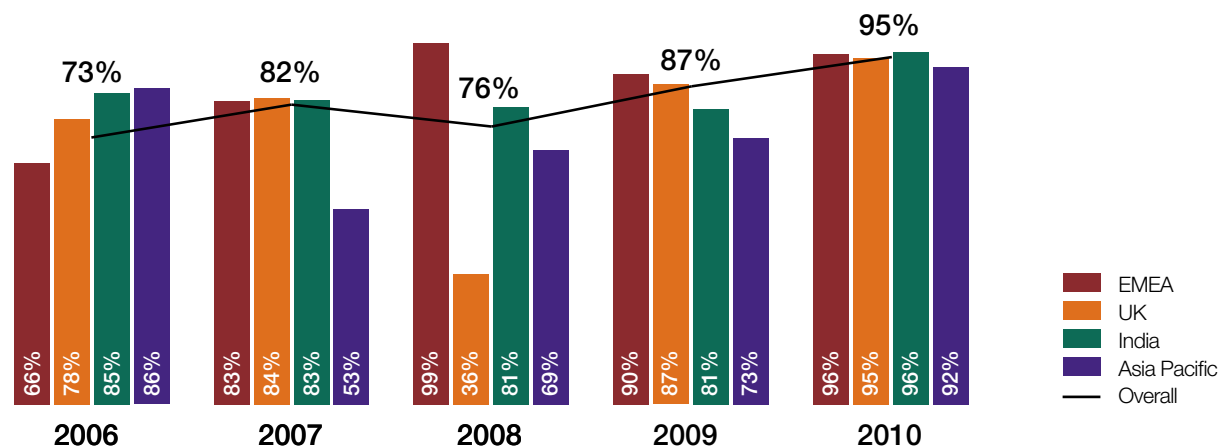
3. U.S. Bureau of Labor Statistics, "Women's earnings and employment by industry, 2009," www.bls.gov/opub/ted/2011/ted_20110216_data.htm. 18 February 2011.

4. Taylor, Bill. "Women in ICT today: A UK Perspective" [www.uniglobalunion.org/Apps/UNINews.nsf/7a1fe394b29b0003c12574c6004d8645/2b07e695e33a5061c125757d0033b0b9/\\$FILE/Taylor_CWU.ppt](http://www.uniglobalunion.org/Apps/UNINews.nsf/7a1fe394b29b0003c12574c6004d8645/2b07e695e33a5061c125757d0033b0b9/$FILE/Taylor_CWU.ppt). 18 February 2001.

4. Performance Indicators

4.3. Employment Practices and Work Environment Indicators

AFDS completions Percentage of employees completed



While the company does not maintain a specific policy in regards to local hiring, we maintain recruitment relationships with universities local to ARM offices. We have also adopted a Global Equal Employment Opportunities Policy covering the recruitment, transfer and promotion of staff as well as their training and development. We promote the best use of our human capital and encourage continuous learning and development, in order to fulfil career aspirations and promote innovation and continuous improvement throughout the Company. Composition of hired senior management is discussed further in our Corporate Governance sections of the Annual Report on www.arm.com.

ARM believes that every employee should have the opportunity for regular and comprehensive feedback on his or her job performance. As such, the group employs the AFDS process to identify gaps in employees' abilities and to provide training or other suitable remedy. This ensures all staff have clear accountabilities and objectives that relate to the wider organisational objectives that is regulated by the ARM Management System (AMS).

ARM employs a number of assistance and wellness programmes for workers and their families. Employees receive benefits including private medical insurance, travel and life insurance, pensions/401k plans, sabbaticals, company sick pay, holiday pay, and flexible working. Unum LifeWorks is an independent Employee Assistance Programme contracted by ARM for employee counselling and support, and ARM's health insurance providers offer mental health coverage. Core Cambridge is employed at ARM's headquarters for physical therapy and athletic training, and on-site gym facilities are provided at many ARM offices. ARM also offers family-friendly programmes such as maternity, paternity, and parental leave, a child care voucher scheme in the UK, and a flexible spending account in the US.

Health insurance coverage: US employees

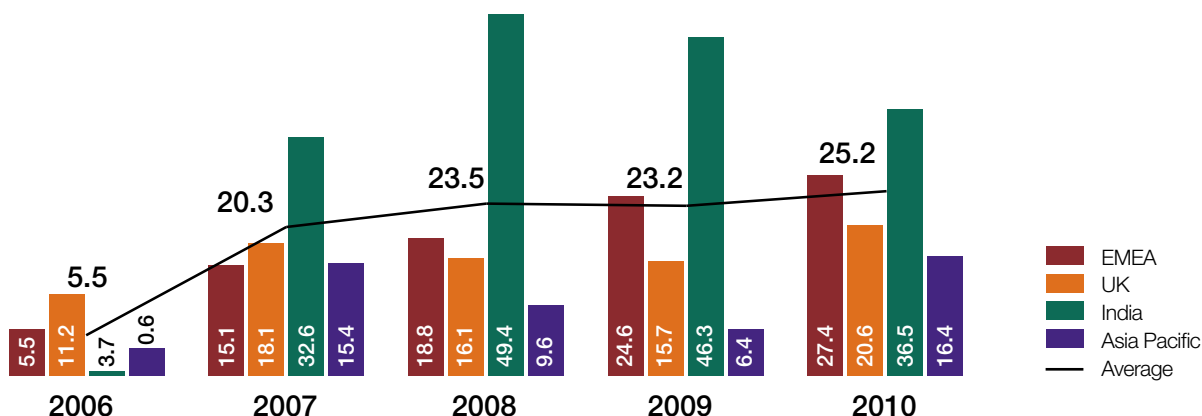


4. Performance Indicators

4.3. Employment Practices and Work Environment Indicators

4.4 Human Rights Indicators

Formal training hours Training (hours/established employee)



ARM has adopted UK health and safety legislation as the global corporate standard due to its depth and breadth and maintains membership of the British Safety Council to reflect this standard. ARM's global internal audit programme, the Facilities Management Review, evaluates health and safety performance across all sites with a goal of consistency of health and safety provision world-wide.

Due to these efforts, rates of absence from work due to sickness, injury, or occupational disease have decreased in recent years. Missed work time in the UK in 2010 was 20.8 hours per capita and 46.9 hours per capita in India.

4.4. Human Rights Indicators

As part of our commitment to the UNGC, ARM adheres to the Universal Declaration on Human Rights. ARM recognises its ethical responsibilities to all stakeholders which are manifested in a range of policies and processes. ARM conducts its business with integrity, respecting all cultures and the dignity and rights of individuals. Although the nature and locations of ARM's businesses make the risk for human rights violations minimal, the company takes seriously its obligations to promote respect for and observance of human rights and fundamental freedoms for all.

ARM engages in active dialogue with suppliers with whom we have an ongoing, long-term relationship. In suppliers' contracts, they are encouraged to abide by ARM's Code of Business Conduct and Ethics policy in their own organisations. The supplier approval procedure is also under review to make such ethical policies a requirement and no longer optional.



Figure 10

Team ARM Cambridge raising money for Breakthrough Breast Cancer in the London to Cambridge Bike Ride.

4. Performance Indicators

4.4 Human Rights Indicators

4.5 Society/Community Impact indicators



Figure 11

ARM Trondheim's 20th Anniversary Robot Racing Competition with local schoolchildren.

All ARM employees are obliged to read the company's Global Code of Business Conduct and Ethics Policy, mandating honesty and accountability in all business activities. In 2010, the Code of Conduct also became aligned with the new UK Bribery Act 2010 which applies to offences committed in the UK irrespective of nationality and those committed by UK companies or by UK citizens or residents even if the act or omission occurs abroad. As such, ARM's code regulates conflicts of interest, bribery, legal compliance, insider trading, information and company asset protection, political activities, and employee whistle-blowing.

It is the Company's policy not to make any political contributions or donations to solely religious causes. This policy applies to the use of company assets and is not intended to discourage or prevent individual employees, officers, or directors from making such contributions or engaging in these activities on their personal capacity. No one may be reimbursed directly or indirectly by the Company for personal political or religious contributions, subject to ARM's charity giving policy.

The company has also been actively working to improve the transparency of its business practices. By joining multiple partnerships with external organisations such as IBLF, the UNGC, and the CDP (see Section 1), ARM hopes to demonstrate improvement in this area.

Additionally, the employee handbook states that ARM is committed to human rights and ethical trading in its business activities and employment practices; ARM requires respect for economic, social, cultural, political and civil rights, compliance with human rights law, and prevention of discrimination based on race, creed, colour, nationality, ethnic origin, age, religion or similar belief, political affiliation, gender, gender reassignment, sexual orientation, marital status, family connections, membership or non-membership of a trade union, disability, or any other group.

As such, ARM takes internal charges of discrimination very seriously. Any employee who has a concern of this sort can make use of the Company's grievance procedure. There were two grievances raised in 2010, both relating to bullying and harassment and in one case perceived discrimination. Human Resources followed a formal investigation process in both cases, and found no evidence to support either claim. There were no other cases of discrimination or unfair treatment during 2010. There were 16 capability/disciplinary cases in 2010, however these were in the majority due to poor performance and managed formally in line with our policies. Historically, numbers of such claims have been of similar magnitude.



Figure 12

ARM Bangalore's blood drive.



Employees' explicit acceptance of ARM's Global Code of Business Conduct and Ethics Policy is tracked through internal systems and demonstrates ARM's commitment to the Tenth Principle of the UNGC.

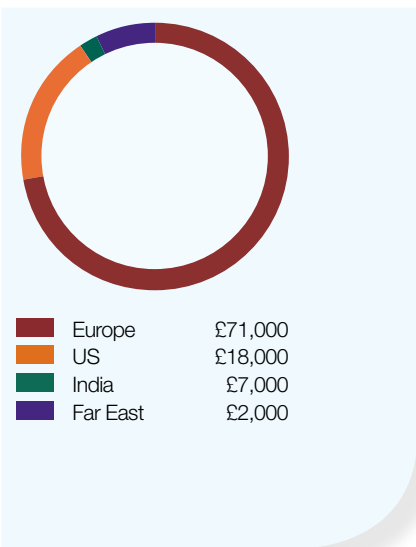
ARM is also committed to complying with the tenants of the Universal Declaration of Human Rights, from which the First and Second UNGC Principles are derived. More information on the Declaration can be found at www.un.org/en/documents/udhr.

4. Performance Indicators

4.5 Society/Community Impact indicators

4.6. Product Responsibility Indicators

Money raised by charity



4.5. Society/Community Impact Indicators

ARM's Code of Business Conduct and Ethics is available on the website at www.arm.com. This Code contains provisions against conflicts of interest, corruption, illegal activity, inaccurate public reporting, insider trading, bribery, and anti-competitive behaviours. The company regularly monitors employees' awareness of ARM policies and procedures, including its ethical policies. Employees reconfirm their understanding of key policies each year to reinforce awareness.

Team ARM also actively raises money for charities local to ARM offices. In 2010, ARM raised, through employee initiative and corporate gift-matching, nearly £100,000 for the benefit of community charities, sponsoring such causes as hospices, homeless shelters, schools, and medical research. Additionally, ARM's Matching Gift Donation Programme will double, up to a reasonable limit set by each office, employees' own contributions to charity. Additional information on our charitable contributions can be found in the Director's Report of ARM's Annual Report.

4.6. Product Responsibility Indicators

ARM's Quality Policy demands satisfaction of Customer needs and expectations by delivering products that are verified to meet the agreed requirements on time. Understanding customer needs and expectations is an integral part of ARM's product development process. Customer requirements are set out in product specifications and in contracts, then project progress, risks, and quality of deliverables are managed using design reviews and assessments. Because our primary business is the licensing of intellectual property, customer health and safety impacts from our products are minimal. However, through internal communication tools, we do embed lessons learnt into review and assessment templates, monitor and develop employee performance through AFDS, actively seek feedback from customers to improve products and services, and monitor business performance using Key Performance Indicators. These are tracked at monthly Customer Satisfaction Meetings to help drive improvements in product and service quality.



Figure 13
Team ARM Cambridge raising money for East Anglia's Children's Hospices in the Dragon Boat Race.

4. Performance Indicators

4.6. Product Responsibility Indicators



Figure 14

ARM sponsored the Humanitarian Centre's year of ICT for international development (photo courtesy of Ken Banks).

Most ARM-powered goods are manufactured by the ARM Connected Community of companies. However, as part of our participation in the World Climate Summit and commitments to IBLF and UNGC, we work continuously with our Partners to improve sustainability across this Connected Community. We collaborate with research and development organisations such as university science and engineering programmes worldwide. We also participate in European Union-funded research to improve the efficient and responsible development of ARM-powered products and worked with the American Council for an Energy-Efficient Economy (ACEEE) to help found its intelligent efficiency advisory board.

Part of ARM's commitment to low-power products is demonstrated in our Processor Optimisation Packages. We offer optimised physical IP that will deliver a pre-determined processor implementation, based on the customer's choice from amongst different options for higher performance or lower power. Supporting a range of Cortex processors, process nodes, and foundries, we allow the customer to make the decision as to power-consumption versus processing performance.

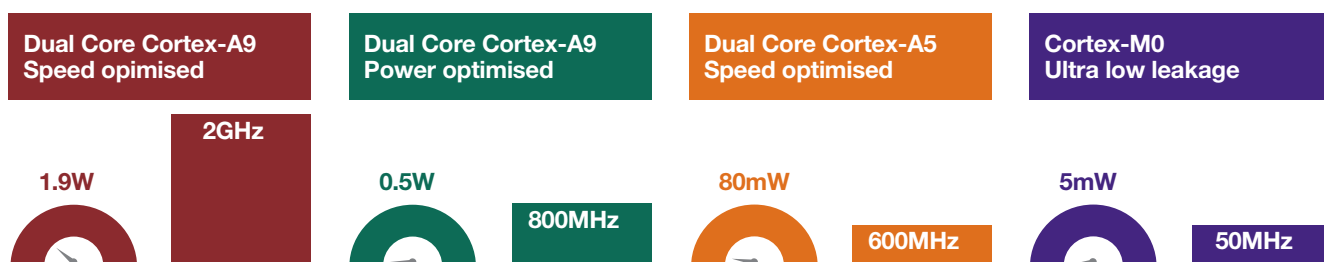
We have also taken responsibility to influence how information technology can be used to aid in reducing poverty. ARM's partnership with the Humanitarian Centre's

ICT4D Year funded networking events, presentations, and research into the innovative use of information and communication technology to alleviate global poverty and inequality. Events in this series include Professor Tim Unwin, UNESCO Chair in ICT4D at Royal Holloway, University of London, analysing evidence for how new technologies impact on poverty, and Prof. Geoff Walsham, Prof. Ian Leslie, Dr. Peter Gough, and the Hon. Minister of Health, Rev. Dr John Seakgosing, from Botswana, examining e-Health for International Development. More information on this can be found at www.humanitariancentre.org/ict4d.

ARM believes ethics and accuracy must be maintained in all company marketing and communications. Our corporate policies prevent sponsorship of illegal activities or those that violate Equal Opportunity and Discrimination laws. ARM's Code of Business Conduct and Ethics (available on the website at www.arm.com) requires full, understandable, and accurate information in our public disclosures as well as complete compliance with all applicable laws and regulations, including those of the United States Securities and Exchange Commission and the United Kingdom Listing Authority and Financial Services Authority, in all material respects about the company's financial condition and results of operations. We maintain the highest standards in all matters relating to accounting, financial controls, internal

Figure 15

Some of ARM's Processor Optimisation Packages



4. Performance Indicators

4.6. Product Responsibility Indicators

reporting and taxation. All financial books, records and accounts must accurately reflect transactions and events, and conform both to required accounting principles and to the company's system of internal controls. Records shall not be distorted in any way to hide, disguise or alter the company's true financial position.. The company's Disclosure Committee consisting of senior management assists in monitoring such disclosures.

ARM also is committed to safeguarding the protection of data collected from employees, suppliers, customers and other third parties. Our Global Data Protection Policy, owned by ARM's Data Protection Officer, summarises the standards followed to protect this data and is available on www.arm.com. Except as expressly stated in the policy, we do not provide data to third parties without consent, though ARM may share data within the ARM group and may be required to disclose or share personal data in order to comply with legal obligation or to protect rights. For employees, we may process data in the ordinary course of employment within the Group. With a supplier, customer, or other third party, ARM processes data in the ordinary course of business, including using outside companies to send marketing information and ship orders. ARM always uses industry-standard encryption technologies when transferring and receiving data and has appropriate security

measures in place to protect against any loss, misuse, or alteration of information that it has collected. ARM maintains all accounting and administration information for auditing purposes in accordance with International Financial Reporting Standards and generally accepted accounting principles.



ARM's work with R&D partners is further evidence of our commitment to the UNGC's Principle Nine, which calls for encouragement of environmentally-friendly technologies.

Looking Forward

ARM makes good corporate citizenship a priority and external evaluators have recognised this.

ARM is in the NASDAQ OMX CRD Global Sustainability 100 Index, demonstrating how corporate responsibility has been incorporated throughout the ARM way of business. CRD Analytics evaluated more than 3,000 global companies in order to establish these individual, quantitative ratings of sustainability.

Our stakeholders and Partners will continue to benefit from our open, clear and consistent approach in 2011 and beyond as we expand into our targeted market segments and position ARM for the next 20 years.

Content Indices

6.1. Global Reporting Initiative

We have aligned our CR report against the Global Reporting Initiative's Sustainability Reporting Guidelines, found at www.globalreporting.org.

A summary of the applicable indices is found on page 24.

6. Content Indices

6.1. Global Reporting Initiative

GRI G3 Guideline Item	Page Number	GRI G3 Guideline Item	Page Number
Standard Disclosures:		Standard Disclosures:	
1.01		4.13	
Statement from the most senior decision-maker of the organisation	4	Memberships in associations and/or advocacy organisations	6
2.01		4.14	
Name of the organisation	5	List of stakeholder groups engaged by the organisation	9
2.02		4.15	
Primary brands, products, and/or services	5	Basis for identification and selection of stakeholders with whom to engage	9
2.03		4.16	
Operational structure of the organisation	6	Approaches to stakeholder engagement	9
2.04		5.00	
Location of organisation's headquarters	6	Management Approach and Performance Indicators	17
2.05		EC1	17
Number of countries where the organisation operates	5	EC2	18
2.08		EC3	24
Scale of the reporting organisation	5, 6	EC6	14
2.10		EC7	22
Awards received in the reporting period	8	EC8	14
3.01		EN1	20
Reporting period	9	EN11	18
3.02		EN12	19
Date of most recent previous report	9	EN15	19
3.04		EN16	18, 19
Contact point for questions regarding the report of its contents	58	EN22	20
3.06		EN25	19
Boundary of the report	9	EN26	18
3.07		EN29	18
Specific limitations on the scope of the report	9	EN3	18
3.09		EN5	18
Data measurement techniques and assumptions	9	EN7	16
3.11		HR2	26
Significant changes from previous reporting periods	9	HR4	27
3.12		HR6	26
Table identifying location of Standard Disclosures	30	HR7	26
3.13		LA1	21
Current practice with regard to seeking external assurance for the report	9	LA10	24
4.01 – 4.10		LA11	23
Governance	6	LA12	23
4.08		LA13	21
Internally developed statements of mission or vision	6	LA14	22
4.12		LA3	25
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	6	LA7	25
		LA8	24
		PR1	28
		PR5	13, 28
		PR6	29
		SO3	26
		SO6	26

6.2. United Nations Global Compact

The United Nations Global Compact holds at its core the following ten principles within four issue areas.

www.unglobalcompact.org

Human Rights Issue Area

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Issue Area

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment Issue Area

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption Issue Area

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Communication on Progress

As part of ARM's participation in the UNGC, we are submitting this Corporate Responsibility report as our official Communication on Progress (COP).

The requirements of a COP report, and where in this CR report they can be found, are summarised below.

Requirement:	Page Number
1. A statement by the CEO (or equivalent) expressing continued support for the Global Compact and renewing the participant's ongoing commitment to the initiative and its principles	4
2. A description of practical actions (i.e., activities and, if applicable, policies) the company has taken to implement the Global Compact principles and to support broader development goals. During the first five years of participation, a COP must address at least two of the Global Compact's principle issue areas.	
Environmental Issues Area	17, 29
Transparency and Anti-Corruption Issues Area	27
3. A measurement of outcomes (i.e., identify targets, define performance indicators, or measure outcomes).	Throughout and in the Blueprint overleaf.

**Blueprint for Sustainability Leadership:
Corporate Action Plan**

Plan Item	Location and Explanation
Implementing the Ten Principles into Strategies and Operations	
Full Coverage and Integration Across Principles	
1. Implement all the ten UN Global Compact principles into strategies and operations	Environment and Anti-Corruption Issue Areas are already embedded in our policies, as noted in the COP Index. Human Rights and Labour are respected by the culture and business of ARM but not explicitly stated in our policies as our business stream is inherently low risk of violations due to child or compulsory labour or collective bargaining failures. Reference Sections: 3.1, 3.6, 4.4, 6.1
2. Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.	ARM's environmental strategy has several checks and balances to ensure trade-offs are considered. Through R&D investments in energy efficiency, creation of more responsible business practices (e.g., video conferencing to reduce travel), and formation of external partnerships such as IBLF, synergies are leveraged appropriately.
3. Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.	ARM's business is small enough that most are constantly in touch with multiple functional departments but large enough to demand an executive emphasis on teamwork. The ARM Management System (AMS) is a corporate-wide structure that standardises procedures and ensures all departmental objectives feed into overarching corporate goals. Reference Section: 4.3
Robust Management Policies and Procedures	
4. Assess risks and opportunities on an ongoing basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.	Direct impacts are assessed every year by the relevant employee's annual objectives (e.g., environmental waste reductions). Assessment of indirect impacts are an area of growth potential for ARM, as we have historically assumed we were low risk due to the nature of our business. However, our Corporate Roadmap is driving us to increase the sustainability of ARM-powered products. Reference Section: 4.6
5. Develop strategies and policies specific to the company's operating context – as well as scenarios for the future – and establish measurable short, medium, and long term goals.	Macroscopic, corporate-wide business policies are in use and mandatorily reviewed by all employees annually. Corporate-wide goals are set by the Board, managed by the Corporate Operations Group (COG), and maintained in AMS. These goals are then flowed down to individual employees through the AFDS process. Reference Section: 4.3
6. Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive schemes.	Training is performed through the Learning and Development department. Through on-the-job and formal training we aim to promote and support the development of everyone both individually and in teams to fulfil their full potential and contribute to the wider success of ARM. ARM encourages each individual to embark upon a path of self-betterment by using a blend of: reflection and feedback, coaching, mentoring, training and education, experience and exposure and on the job training. ARM also offers equity participation and conducts regular Employee Engagement Assessments. Reference Sections: 3.1, 3.2, 4.3

7.	Implement a system to track and measure performance based on standardised performance metrics.	Each employee's performance is tracked and measured through the ARM Feedback and Development System (AFDS). On a corporate level, ARM's sustainability performance is tracked through reporting on the GRI and UNGC's Communication on Progress and Blueprint for Corporate Sustainability Leadership. Reference Sections: 4.3, 6
Mainstreaming into Corporate Functions and Business Units		
8.	Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with sustainability commitments and objectives of company.	Corporate-wide sustainability goals have been set and approved. Human Resources, Marketing, Facilities, and Product Design all have portions of the responsibility for this strategy, allocated by relevance and ability. Appropriate goals for each functional group are managed by the AMS. Reference Section: 3.6
9.	Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.	See item 8 above. Corporate goals apply across all business units and subsidiaries.
10.	Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.	See item 8 above. Corporate goals apply across all business units and subsidiaries.
Value Chain Implementation		
11.	Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.	An area of growth potential for ARM, as we have historically assumed we were low risk due to the nature of our business. However, through our Roadmap, we are striving for greater energy efficiency and sustainability in our value chain. Reference Section: 4.6
12.	Communicate policies and expectations to suppliers and other relevant business partners.	This is in progress with continued partnership meetings as well as more formal arrangements such as through the Cambridge Responsibility Forum, Caring for Climate, the World Climate Summit. We are also pushing for more sustainable ARM-powered products. Our procurement policy is also changing in this regard. Reference Sections: 3.4, 4.6
13.	Implement monitoring and assurance mechanisms within company's sphere of influence.	ARM's Procurement policies are evolving to include ethical requirements. Reference Sections: 3.4, 4.4
14.	Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.	This is being accomplished through our partnerships such as the commissioned research with IBLF, our Connected Community panel at the World Climate Summit, and our participation with ACEEE. Reference Sections: 3.3, 4.6
Taking Action in Support of Broader UN Goals and Issues		
Core Business Contributions to UN Goals and Issues		
15.	Align core business strategy with one or more relevant UN goals/issues*.	ARM's vision is for a world in which all electronic products and services are based on energy-efficient technology from ARM, making life better for everyone. We are also extending this vision into issues relating to education, health, and poverty reduction. This is in line with the UNGC's Principles Eight and Nine, calling for environmental responsibility. Reference Sections: 1, 4.6
16.	Develop relevant products and services or design business models that contribute to UN goals/issues.	See item 15 above. ARM strives to create the most energy-efficient processors in the world and to enable products that drive intelligent efficiency such as smart appliances, smart meters, and smart water. Reference Section: 4.6
17.	Adopt and modify operating procedures to maximise contribution to UN goals/issues.	See items 15 and 16 above. This will also be developed as our participation with the UNGC grows.

Strategic Social Investments and Philanthropy		
18.	Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy.	ARM's policy on charitable giving is to support Science, Mathematics, Technology, and Engineering (STEM) fields within communities local to ARM, as this is our core business competency. We are also pursuing major investments with organisations such as social enterprise/clean-tech non-profit Future Business. Reference Section: 3.5
19.	Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.	ARM is a founder/major contributor within several relevant partnerships such as the ACEEE, Cambridge Responsibility Forum, Learning Collaboration, and World Climate Summit which include many other major corporations such as Schneider Electric, Microsoft, Hewlett Packard, Texas Instruments, and IBM, as well as small businesses local to ARM offices. Reference Section: 3.5
20.	Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.	Each individual office makes decisions on local charitable giving, allowing them to appropriately consider community priorities. Additionally, ARM has a policy against donations that target political and religious causes in order to prevent effects other than those for contributing to the common good. Reference Section: 4.4
Advocacy and Public Policy Engagement		
21.	Publicly advocate the importance of action in relation to one or more UN goals/issues.	We are taking a leadership role by incorporating UNGC's Blueprint for Sustainability Leadership into the company's CR Report, which no one has done prior to this year. We are also participating in the World Climate Summit alongside UNGC. Reference Sections: 3.5, 6.2.
22.	Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues.	See item 22 above. Company leaders are committed to a series of sustainability-related events. ARM's CEO attended and presented at the Cambridge Responsibility Forum. Reference Section: 3.5
Partnerships and Collective Action		
23.	Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.	We have help found the Cambridge Responsibility Forum, designed to facilitate networking and idea-sharing, with several other local Cambridge businesses. We have also partnered with the Humanitarian Centre to promote the use of IT in international development. ARM also entered into a partnership with non-profit IBLF to research sustainability in the IT sector and coordinate relevant events. We are additionally instrumental in founding ACEEE's Intelligent Efficiency Board. Reference Sections: 3.5, 4.6
24.	Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.	See item 23 above. We also joined the World Climate Summit, are a regular participant in the local UK Network of the UNGC, and worked with the American Council for an Energy-Efficient Economy (ACEEE) to help found its intelligent efficiency advisory board. ARM endeavours to have a positive impact on its value chain, as listed in item 19. Reference Sections: 1, 4.6

Engaging with the UN Global Compact		
Local Networks and Subsidiary Engagement		
25.	Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.	We regularly attend meetings of local UK Network and are investigating how we can help with training, mentoring, etc., amongst our peers. ARM's Director of Sustainable Development recently joined the Local Network's Advisory Board.
26.	Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.	Our commitment to the UNGC is corporate-wide.
27.	Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.	This report covers all of ARM Holdings corporately. ARM has no subsidiaries involved in anything outside our core business of semiconductor IP.
Global and Local Working Groups		
28.	Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.	We participate in meetings of our local UK network and are members of the Caring for Climate Working Group. ARM's Director of Sustainable Development recently joined the Local Network's Advisory Board.
29.	Take active part in defining scope and objectives of new working groups when relevant.	ARM is one of the first companies to suggest incorporation of this Blueprint in a CR Report. Reference Section: 2.3
Issue-Based and Sector Initiatives		
30.	Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights. mentoring, COP peer review, etc.	We are committed to the Caring for Climate initiative. Reference Section: 1
31.	Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.	See item 29. This is an area of potential growth for ARM. This will be developed as we progress in our participation.
Promotion and Support of the UN Global Compact		
32.	Advocate the UN Global Compact to business partners, peers and the general public.	We invite the UNGC to participate in many of our ARM-sponsored networking events to allow them interaction with ARM's Connected Community. We have also sponsored UNGC research projects.
33.	Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.	This is also accomplished on a one-to-one basis during our interactions with suppliers and partners. We invited several to the World Climate Summit.
34.	Participate in activities to further develop and strengthen the UN Global Compact.	We have suggested use of this Blueprint as possible framework for CR reports. We are also a participant in the World Climate Summit and are developing further activities in close cooperation with the UNGC. Reference Sections: 3.3, 3.6
The Cross-Cutting Components		
CEO Commitment and Leadership		
35.	CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.	Our CEO's statement in this report demonstrates the commitment. He also presented at the Cambridge Responsibility Forum and attended the Technology for Sustainability conference. Reference Section: CEO's Welcome and Statement, 4.6

6. Content Indices

6.2. United Nations Global Compact

36.	CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.	The CEO supports the corporate vision of energy-efficient ARM-powered products through integration of sustainability within the ARM Connected Community. Reference Section: CEO's Welcome and Statement, 4.6
37.	CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.	CEO has endorsed the company's low carbon goals and initiatives and communicated them to the entire ARM workforce personally through emails and presentations. The CEO receives regular updates on these issues through the Executive Committee. Reference Section: 3.6
38.	Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.	Executive goals include transparency, employee engagement, and development of more energy-efficient ARM technologies, which all support the principles of the UNGC.
Board Adoption and Oversight		
39.	Board of Directors (or equivalent**) assumes responsibility and oversight for long term corporate sustainability strategy and performance.	ARM's Board and executive team recognise that continued success has been achieved through the strength and depth of our stakeholder relationships, and thus manage the Company via a transparent, consistent and effective governance framework so that we remain accountable to all stakeholders. Reference: Annual Report
40.	Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.	The board has approved the internal committee to drive the company's low carbon strategy and hired a Director of Sustainable Development. Reference Section: 3.6
41.	Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).	Delegated staff, including several Board members, will approve the CR report.
Stakeholder Engagement		
42.	Publicly recognize responsibility for the company's impacts on internal and external stakeholders.	This takes the form of our corporate CR Report. Also, ARM has an "open-door" policy in regards to sustainability issues and is willing to share our strategy and challenges with any stakeholder or industry partner that enquires. Also, we are active in the UNGC Local UK Network, allowing for knowledge-sharing and feedback. Reference Section: 3
43.	Define sustainability strategies, goals and policies in consultation with key stakeholders.	Employees are actively engaged with policy development through regular Employee Engagement surveys as well as the ARM Consultation Forum. Other stakeholders are engaged at every available and appropriate opportunity. ARM's sustainability strategies and goals are in constant development. Reference Section: 3
44.	Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.	See item 43 above. This also takes the form of our CR report.
45.	Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'.	This is integrated and well-established within ARM's business. Reference Section: 3
Transparency and Disclosure		
46.	Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.	This takes the form of our CR report. Additionally, ARM's sustainability team regularly responds to individual stakeholder enquiries.
47.	Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilise, where appropriate, the Global Reporting Initiative framework.	The COP is integrated into the CR Report, which uses the GRI framework where possible. Reference Section: 2.3

48.	Integrate Communication on Progress into annual financial report or publish them together.	The COP is integrated into the CR Report, which is linked to the annual financial report. This relationship is expected to evolve over time. Reference Section: 6.2
49.	Secure external verification of Communication on Progress or seek other methods for legitimization by external stakeholders.	The COP will be validated by the UNGC as criteria for participation. We are also sharing this report with IBLF prior to publishing for their impartial advice. Reference Section: 2.3

6.3 Other Key Metrics

ARM is committed to reporting on as many key performance indicators (KPI) as possible to ensure transparency and monitor performance. In order to cover all relevant KPIs, including those not significant enough to be mentioned in the main body of the report, an index of these has been included below.

Environment

Title	KPI	Definition	ARM's 2010 Performance
Resource Reduction			
Emission Reduction/Waste Recycling Ratio	EPI_01_Waste	Total recycled and reused waste produced in tonnes divided by total waste produced in tonnes.	UK-based data provided; UK offices account for 48% of total ARM headcount. Reference section 4.2. Processes are in place to record data from other offices for next year.
Energy Use Total (J/\$M)	EPI_02_Energy	Total direct and indirect energy consumption in joules.	This data is not yet available for 2010.
Energy Purchased – non-renewables (J/\$M)	EPI_02_Energy	Direct energy purchased in joules.	2.2x10 ¹³ J for the largest four offices: Austin, Bangalore, Cambridge, and San Jose.
Indirect Energy Use (J/\$M)	EPI_02_Energy	Indirect energy consumption in joules.	This data is not yet available for 2010.
Purchased-Renewables (J/\$M)	EPI_02_Energy	Total primary renewable energy purchased in joules.	2.3x10 ¹³ J for the largest four offices: Austin, Bangalore, Cambridge, and San Jose.
Water Use Total (m ³ /\$M)	EPI_03_Water	Total water use in cubic meters.	In Cambridge, this was 4622 m ³ . Data is not available for other sites. Many of ARM's offices are located within multi-tenancy buildings of which we do not control the purchase of water. Additionally, many of these buildings have toilet and kitchen facilities shared amongst many tenants. However, measures are being put in place to measure this in the future where possible.
Fresh Water Use Total (m ³ /\$M)	EPI_03_Water	Total fresh water use in cubic meters.	Not available. Many of ARM's offices are located within multi-tenancy buildings of which we do not control the purchase of water. Additionally, many of these buildings have toilet and kitchen facilities shared amongst many tenants. However, measures are being put in place to measure this in the future where possible.

Title	KPI	Definition	ARM's 2010 Performance
Water Recycled (m ³ /\$M)	EPI_03_Water	Amount of water recycled or reused in cubic meters.	Not available. Many of ARM's offices are located within multi-tenancy buildings of which we do not control the purchase of water. Additionally, many of these buildings have toilet and kitchen facilities shared amongst many tenants. However, the ARM-Austin office uses greywater reclamation for toilet facilities. Reference section: 4.2
Natural Gas (J/\$M)	EPI_02_Energy	Natural gas energy purchased in joules.	Not verifiable for this year, due to the amount being negligible. However, measures are being put in place to measure this in the future where possible.
Electricity (J/\$M)	EPI_02_Energy	Electricity purchased in joules.	4.6x10 ¹³ J for the largest four offices: Austin, Bangalore, Cambridge, and San Jose.
Emission Reductions			
CO ₂ Equivalents Emission (mt/\$M)	EPI_04_Emissions	Total CO ₂ and CO ₂ equivalents emission in tonnes.	5,462 tonnes for the largest four offices: Austin, Bangalore, Cambridge, and San Jose.
CO ₂ Equivalents Emission Direct	EPI_04_Emissions	Direct CO ₂ and CO ₂ equivalents emission in tonnes.	Nil or negligible. None of ARM's direct business activities produce this. Some trace undetectable emissions may occur during facilities maintenance. ARM is continually exploring ways to reduce even this small amount.
CO ₂ Equivalents Emission Indirect	EPI_04_Emissions	Indirect of CO ₂ and CO ₂ equivalents emission in tonnes.	5,448 tonnes for the largest four offices: Austin, Bangalore, Cambridge, and San Jose.
CO ₂ Equivalent Indirect Emissions, Scope Three	EPI_04_Emissions	Total CO ₂ and CO ₂ Scope Three equivalent emission in tonnes.	ARM's CO ₂ emissions from air travel were not available in 2010 due to data inconsistencies from our travel providers. Reference Section: 4.2
Ozone-Depleting Substances	EPI_04_Emissions	Total amount of ozone depleting (CFC-11 equivalents) substances emitted in tonnes.	Nil or negligible. None of ARM's direct business activities produce this. Some trace undetectable emissions may occur during facilities maintenance. ARM is continually exploring ways to reduce even this small amount.
NOx Emissions	EPI_04_Emissions	Total amount of NOx emissions emitted in tonnes.	Nil or negligible. None of ARM's direct business activities produce this. Some trace undetectable emissions may occur during facilities maintenance. ARM is continually exploring ways to reduce even this small amount.
SOx Emissions	EPI_04_Emissions	Total amount of SOx emissions emitted in tonnes.	Nil or negligible. None of ARM's direct business activities produce this. Some trace undetectable emissions may occur during facilities maintenance. ARM is continually exploring ways to reduce even this small amount.

Title	KPI	Definition	ARM's 2010 Performance
VOC Emissions	EPI_04_Emissions	Total amount of volatile organic compounds (VOC) emissions in tonnes.	Nil or negligible. None of ARM's direct business activities produce this. Some trace undetectable emissions may occur during facilities maintenance. ARM is continually exploring ways to reduce even this small amount and tries to use water-based paints wherever possible.
Waste Total	EPI_01_Waste	Total amount of waste produced in tonnes.	Data for UK provided. Reference section: 4.2 Processes being put in place to collect data for other offices, where possible. Many of ARM's offices are located within multi-tenancy buildings of which we do not control the waste collection processes.
Non-Hazardous Waste	EPI_01_Waste	Total amount of non-hazardous waste produced in tonnes.	Data for UK provided. Reference section: 4.2 Processes being put in place to collect data for other offices, where possible. Many of ARM's offices are located within multi-tenancy buildings of which we do not control the waste collection processes.
Hazardous Waste	EPI_01_Waste	Total amount of hazardous waste produced in tonnes.	ARM complies fully with the EU Waste Electrical and Electronic Equipment (WEEE) Directive, which classifies waste IT equipment as hazardous. To this end, our electrical surplus in European offices is recycled and reused by local IT disposal firms. Processes are being put in place to record the amount of this discarded equipment in the future. None of ARM's direct business activities produce other forms of hazardous waste.
Effluents Discharged	EPI_01_Waste	Total weight of water pollutant emissions in tonnes.	None of ARM's direct business activities produce these emissions. Biodegradable washing products (such as Ecover) are used in many offices. Other effluents are limited to the equivalent domestic-type wastes.
Environmental Provisions (per \$M)	EPI_05_RiskMitigation	Other or environmental provisions as reported within the balance sheet.	There are none reported in the balance sheet.
Environmental Management System Certified Percent	EPI_05_RiskMitigation	The percentage of company sites or subsidiaries that are certified with any environmental management system.	0%. We are certified to ISO9001. As a non-manufacturing company, EMS certification has not been a priority. However, our facilities department is continually working with LRQA to informally follow ISO14000 procedures. Reference section: 4.2

Title	KPI	Definition	ARM's 2010 Performance
Environmental Partnerships	EPI_05_RiskMitigation	Does the company report on partnerships or initiatives with specialised NGOs, industry organisations, governmental or supragovernmental organisations, which are focused on improving environmental issues?	Reference sections: 1.2, 3.6, 4.2
ISO 14000	EPI_05_RiskMitigation	Does the company claim to have an ISO 14000 certification?	See above.
Commercial Risks and/or Opportunities Due to Climate Change	EPI_05_RiskMitigation	Is the company aware that climate change can represent commercial risks and/or opportunities?	Reference sections: 1.2, 3.3, 3.6, 4.2
Environmental Investments Initiatives	EPI_05_RiskMitigation	Does the company report on making proactive environmental investments or expenditures to reduce future risks or increase future opportunities?	Future Business is an investment in clean-tech and future entrepreneurship. Reference section: 3.5

Social

Product Responsibility			
Customer Health & Safety	SPI_01_ProductResp	Does the company have appropriate internal communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to protect customer health & safety?	Reference Section: 4.6
Quality	SPI_01_ProductResp	Does the company have appropriate internal communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve products and services quality?	Reference section 4.6
Responsible R&D	SPI_01_ProductResp	Does the company describe, claim to have or mention processes in place to maintain responsible R & D practices?	Reference section 4.6
Responsible Marketing	SPI_01_ProductResp	Does the company describe, claim to have or mention processes in place to maintain responsible marketing practices?	Reference section 4.6
Product Access	SPI_01_ProductResp	Does the company describe, claim to have or mention processes in place to provide product access to low income or disabled customers?	As a business-to-business supplier, this is not an issue. However, we are working closely with emerging economies (such as Brazil) and are researching technology appropriate for developing countries.

Title	KPI	Definition	ARM's 2010 Performance
Product Quality and Responsibility Internal Audits	SPI_01_ProductResp	Does the company conduct internal audits on the elements driving its product quality and responsibility?	Reference section 4.6
Community			
Good Citizen	SPI_02_Community	Does the company have a policy to strive to be a good corporate citizen?	Reference section: 3.5
Critical countries	SPI_02_Community	Does the company have a policy to limit activities in undemocratic countries abusing human rights?	No.
Indigenous People	SPI_02_Community	Does the company have a policy to respect the rights of indigenous people?	The nature of ARM's business is such that risks of this nature are minimal. See 3.4
Indirect Economic Impact	SPI_02_Community	Does the company have a policy to strive to increase the indirect economic impact it has on local communities?	Reference Sections: 3.5, 4.5
Good Citizen	SPI_02_Community	Has there been a public commitment from a senior management or board member to good corporate citizenship?	CEO Warren East signed the UNGC. Both he and HR VP Bill Parsons were participants in the Cambridge Responsibility Forum, which was co-founded by ARM. Reference Sections: 1.2, 3.5
Stakeholder Dialogue	SPI_02_Community	Has there been a public commitment from a senior management or board member to encourage dialogue with stakeholders?	This is demonstrated by senior management's endorsement of the UNGC and its Blueprint for Sustainability Leadership, as well as ARM's participation in the World Climate Summit and our regularly conducted Employee Engagement Surveys. Reference Sections: 1.2, 3.1, 6.2
Business Ethics	SPI_02_Community	Has there been a public commitment from a senior management or board member to general business ethics?	This is shown by management's endorsement of the UNGC and participation in the Cambridge Responsibility Forum. Reference Sections: 1.2, 3.5
Good Citizen	SPI_02_Community	Does the company have appropriate internal communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, newsletter, website, etc.) to improve its good corporate citizenship?	Reference Section: 4.4

Title	KPI	Definition	ARM's 2010 Performance
Suppliers or contractors	SPI_02_Community	Does the company have appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve its partnership with suppliers and contractors?	Reference Section: 3.4
Indirect Economic Impact	SPI_02_Community	Does the company have appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve the indirect economic impact it has on local communities?	Reference Section: 3.5
Fair Competition	SPI_02_Community	Does the company have appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve fair competition?	Reference Section: 4.4
Bribery and Corruption	SPI_02_Community	Does the company have appropriate internal communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to avoid bribery and corruption at all its operations?	Reference Section: 4.4
Political contribution	SPI_02_Community	Does the company have appropriate internal communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve its compliance with local regulations regarding political contributions?	Reference Section: 4.4
Business Ethics	SPI_02_Community	Does the company have appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve general business ethics?	Reference Section: 4.4
OECD Guidelines	SPI_02_Community	Does the company claim to follow the OECD guidelines?	ARM believes the guidelines are covered by our UNGC commitments. Reference Sections: 1.2, 6.2
Community Reputation Progress Surveys	SPI_02_Community	Does the company show through the use of surveys or measurements that it is improving its success on the elements driving its reputation within the global community?	These measures are contained throughout this report. Additionally, our reputation is monitored through our UNGC commitments. Reference Sections: 1.2, 6.2
Cash Donations (% of 2008 Rev)	SPI_02_Community	Total amount of cash donations by the company.	Reference Section: 4.5

Title	KPI	Definition	ARM's 2010 Performance
Lobbying Political Donations	SPI_02_Community	Total spending for political lobbying, support of political candidates or donations to parties.	It is the Company's policy not to make any political contributions. Reference Section: 4.4
Human Rights			
Freedom of Association	SPI_03_HumanRights	Does the company have a policy to ensure the freedom of association of its employees?	This is covered through ARM's endorsement of UNGC Principles. Reference Sections: 1.2, 6.2
Child Labour	SPI_03_HumanRights	Does the company have a policy to avoid child labour?	This is covered through ARM's endorsement of UNGC Principles. Reference Sections: 1.2, 6.2
Forced Labour	SPI_03_HumanRights	Does the company have a policy to avoid forced labour?	This is covered through ARM's endorsement of UNGC Principles. Reference Sections: 1.2, 6.2
Supply Chain Human Rights	SPI_03_HumanRights	Does the company have a human rights policy applying to its supply chain?	In suppliers' contracts, they are encouraged to abide by ARM's Code of Business Conduct and Ethics policy in their own organisations. Reference Section: 4.4
Human Rights	SPI_03_HumanRights	Does the company have a general, all-purpose policy regarding human rights?	ARM's Code of Business Conduct and Ethics Reference Section: 4.4
Freedom of Association	SPI_03_HumanRights	Does the company describe, claim to have or mention the processes in place to ensure the freedom of association of its employees?	The nature of our business is such that dangers to these rights are minimal. In addition, ARM's Code of Business Conduct and Ethics requires us to follow all applicable laws of the countries in which we operate. Reference Section: 4.4
Child Labour	SPI_03_HumanRights	Does the company describe, claim to have or mention processes in place to avoid the use of child labour?	This is covered through ARM's endorsement of UNGC Principles. Reference Sections: 1.2, 6.2
Forced Labour	SPI_03_HumanRights	Does the company describe, claim to have or mention processes in place to avoid the use of forced labour?	This is covered through ARM's endorsement of UNGC Principles. Reference Sections: 1.2, 6.2
Supply Chain Human Rights	SPI_03_HumanRights	Does the company describe, claim to have or mention processes in place to apply human rights standards to its supply chain?	We believe that through the combination of ARM's Code of Business Conduct and Ethics, the nature of ARM's business, ARM's commitment to the UNGC, and regular internal audits, the company has sufficient processes and communication tools in place to avoid use of child and forced labour, to ensure freedom of association, to apply human rights standards to the supply chain. Reference Section: 4.4
Human Rights	SPI_03_HumanRights	Does the company describe, claim to have or mention processes in place to ensure the respect of human rights in general?	See above answer. Reference Section: 4.4

Title	KPI	Definition	ARM's 2010 Performance
Fundamental Human Rights ILO UN	SPI_03_HumanRights	Does the company claim to comply with the fundamental human rights convention of the ILO or support the UN declaration of human rights?	This is covered through ARM's endorsement of UNGC Principles. Reference Sections: 1.2, 6.2
Human Rights Internal Audits	SPI_03_HumanRights	Does the company conduct internal audits on the elements driving human rights?	This takes the form of our Employee Engagement survey, supply chain satisfaction audits, and the procurement screening process. Reference Sections: 3.1, 3.4
Human Rights Contractor	SPI_03_HumanRights	Does the company report or show to use human rights criteria in the selection or monitoring process of its suppliers or sourcing partners?	In suppliers' contracts, they are encouraged to abide by ARM's Code of Business Conduct and Ethics policy in their own organizations. Reference Section: 4.4
Human Rights Breaches Contractor	SPI_03_HumanRights	Does the company report or show to be ready to end a partnership with a sourcing partner if human rights criteria are not met?	This is demonstrated through our inclusion of ethical principles in the sourcing process so that such issues are visible to the Procurement department. Reference Section: 4.4
Human Rights Communication NGOs Local Communities	SPI_03_HumanRights	Does the company report to communicate with local communities (and NGOs) concerning human rights?	Through initiatives such as the Cambridge Responsibility Forum, ARM's local community engagements, and local networks of the UNGC, ARM uses many vehicles to communicate on all aspects of its sustainability policy. Reference Section: 1.2, 3.5
Human Rights Improvement Tools	SPI_03_HumanRights	Does the company have the appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to ensure the respect of human rights?	We believe that through the combination of ARM's Code of Business Conduct and Ethics, the nature of ARM's business, ARM's commitment to the UNGC, and regular internal audits, the company has sufficient processes and communication tools in place. Reference Section: 4.4
Diversity and Opportunity			
Diversity and Opportunity	SPI_04_Diversity_Opportunity	Has there been a public commitment from a senior management or board member to diversity and equal opportunity?	There was no specific public commitment in 2010.
Diversity and Opportunity	SPI_04_Diversity_Opportunity	Does the company describe, claim to have or mention processes in place to drive diversity and equal opportunity?	Our corporate policies prevent sponsorship of illegal activities or those that violate Equal Opportunity. This is encouraged through our employee training courses and AFDS process. Reference Section: 4.3
Women Employees	SPI_04_Diversity_Opportunity	Percentage of women employees.	Reference Section: 4.3
Women Managers	SPI_04_Diversity_Opportunity	Percentage of women managers.	Reference Annual Report.

Title	KPI	Definition	ARM's 2010 Performance
HRC Corporate Equality Index	SPI_04_Diversity_Opportunity	The score of the company in the HRC corporate equality index from the Human Rights Campaign Foundation.	As this index is comprised of US companies, ARM is not on the HRC Corporate Equality Index. We believe the principles are covered through ARM's endorsement of the UNGC.
Diversity and Opportunity Awards	SPI_04_Diversity_Opportunity	Has the company won any prize or award relating to diversity or opportunity?	Yes, and we have also given community awards, such as the Arkwright Scholarship, to local students of a diverse nature. Reference Section: 1.3
Diversity and Opportunity Improvement Tools	SPI_04_Diversity_Opportunity	Does the company have the appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve diversity and opportunity?	This takes the form of our Employee Engagement Surveys, AFDS process, and ARM Consultation Forum. Reference Section: 3.1
Employment Quality			
Generous Fringe Benefits	SPI_05_EmploymentQuality	Does the company claim to provide its employees with a pension fund, health care or other insurances?	Reference Section: 4.3
Turnover of Employees	SPI_05_EmploymentQuality	Percentage of employee turnover.	10.94%
Net Employment Creation	SPI_05_EmploymentQuality	Net Employment Creation: calculated from the company's employment records	Starters: 360 Leavers: 173 Net Employment creation = 187
Health and Safety			
Total Injury Rate	SPI_05_EmploymentQuality	Total number of injuries and fatalities including no-lost-time injuries relative to one million hours worked.	Reference Section: 4.3
Employee Fatalities	SPI_05_EmploymentQuality	Number of employee fatalities resulting from operational accidents.	Reference Section: 4.3
Contractor Fatalities	SPI_05_EmploymentQuality	Number of contractor fatalities resulting from operational accidents.	Reference Section: 4.3
Lost Time Injury Rate	SPI_05_EmploymentQuality	Total number of injuries that caused the employees and contractors to lose at least a working day relative to one million hours worked.	Reference Section: 4.3
Lost Time Injury Rate Employees	SPI_05_EmploymentQuality	Number of injuries that caused the employees to lose at least a working day relative to one million hours worked.	Reference Section: 4.3
Training and Development			
Training and Career Development Progress Surveys	SPI_05_EmploymentQuality	Does the company show through the use of surveys or measurements that it is improving its success on the elements driving employee training and career development?	Reference Section: 4.3

Title	KPI	Definition	ARM's 2010 Performance
University Donations Scholarships	SPI_05_ EmploymentQuality	Does the company make donations or scholarships to schools and universities?	Reference Section: 3.5, 4.5
Training and Development/ Training Hours	SPI_05_ EmploymentQuality	Average hours of training per year per employee.	Reference Section: 4.3
Training and Career Development Improvement Tools	SPI_05_ EmploymentQuality	Does the company have the appropriate communication tools (whistle blower, ombudsman, suggestion box, hotline, newsletter, website, etc.) to improve employee training and career development?	This takes the form of our AFDS process. Reference Section: 3.1, 4.3

Corporate Governance

Board Functions

Nomination	GPI_01_ BoardFunctions	Does the company have a policy to maintain an effective and independent nomination committee?	Reference Annual Report: Corporate Governance Section.
CSR	GPI_01_ BoardFunctions	Does the company have a policy to maintain an effective and independent CSR committee?	Not at present.
Corporate Governance	GPI_01_ BoardFunctions	Does the company have a policy to maintain an effective and independent corporate governance committee?	This is not a UK requirement. Issues addressed by audit, nominated, and remuneration committee. Reference Annual Report: Corporate Governance Section.
Effective Board	GPI_01_ BoardFunctions	Does the company have a general, all-purpose policy on the effectiveness and independence of its board committees?	Reference Annual Report: Corporate Governance Section.
Audit	GPI_01_ BoardFunctions	Does the company comply with regulations regarding audit committees?	Reference Annual Report: Corporate Governance Section.
Nomination	GPI_01_ BoardFunctions	Does the company comply with regulations regarding nomination committees?	Reference Annual Report: Corporate Governance Section.
Compensation	GPI_01_ BoardFunctions	Does the company comply with regulations regarding compensation committees?	Reference Annual Report: Corporate Governance Section.
Corporate Governance	GPI_01_ BoardFunctions	Does the company comply with regulations regarding corporate governance committees?	ARM does not have a Corporate Governance Committee.
Corporate Governance Committee	GPI_01_ BoardFunctions	Does the company have a corporate governance committee?	ARM does not have a Corporate Governance Committee.

Title	KPI	Definition	ARM's 2010 Performance
Audit	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain an effective and independent audit committee?	This is described in the committee's Terms of Reference. Reference Annual Report: Board Evaluation in Corporate Governance Section.
Nomination	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain an effective and independent nomination committee?	This is described in the committee's Terms of Reference. Reference Annual Report: Board Evaluation in Corporate Governance Section.
Compensation	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain an effective and independent compensation committee?	This is described in the committee's Terms of Reference. Reference Annual Report: Board Evaluation in Corporate Governance Section.
CSR	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain an effective and independent CSR committee?	ARM does not have a CSR committee.
Corporate Governance	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain an effective and independent corporate governance committee?	ARM does not have a Corporate Governance Committee.
Attendance	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain high board meeting attendance?	This is described in the committee's Terms of Reference. Attendance is required as described in each member's contractual obligations. Reference Annual Report: Corporate Governance Section.
Effective Board	GPI_01_ BoardFunctions	Does the company describe in the bylaws, statutes or code of conduct that it strives to maintain the general effectiveness and independence of its committees?	This is described in the committee's Terms of Reference. Reference Annual Report: Board Evaluation in Corporate Governance Section.
Board Functions and Committees Improvement Tools	GPI_01_ BoardFunctions	Does the company have the necessary internal improvement and information tools to develop appropriate and effective board functions and committees?	Reference Annual Report: Corporate Governance Section.
Audit	GPI_01_ BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain an effective and independent audit committee?	Reference Annual Report: Corporate Governance Section.
Nomination	GPI_01_ BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain an effective and independent nomination committee?	Reference Annual Report: Corporate Governance Section.

Title	KPI	Definition	ARM's 2010 Performance
Compensation	GPI_01_BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain an effective and independent compensation committee?	Reference Annual Report: Corporate Governance Section.
CSR	GPI_01_BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain an effective and independent CSR committee?	ARM does not have a CSR committee.
Corporate Governance	GPI_01_BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain an effective and independent corporate governance committee?	ARM does not have a Corporate Governance Committee.
Attendance	GPI_01_BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain high board meeting attendance?	Attendance is required as described in each member's contractual obligations. Reference Annual Report: Corporate Governance Section
Effective Board	GPI_01_BoardFunctions	Does the company describe, claim to have or mention the processes in place to maintain the general effectiveness and independence of the board committees?	Reference Annual Report: Corporate Governance Section.
Board Meeting Attendance Average	GPI_01_BoardFunctions	The average overall attendance percentage of board meetings as reported by the company.	Reference Annual Report: Corporate Governance Section.
Board Structure			
Independence		Does the company have a policy regarding the independence of its board?	Yes, as required by the UK Corporate Governance Code. Reference Annual Report.
Gender	GPI_02_BoardStructure	Does the company have a policy regarding the gender diversity of its board?	Our board gender diversity in balance with the industry. While ARM has no explicit policy, there is a desire is to have further qualified women on board, as we recently brought on a new one. Reference the Chairman's Introduction to the Corporate Section of the Annual Report.
Culture	GPI_02_BoardStructure	Does the company have a policy regarding the cultural diversity of its board?	While ARM has no explicit policy, there is a desire is to have more diversity on board, subject to skills and experience.
Experience	GPI_02_BoardStructure	Does the company have a policy regarding the adequate experience on its board?	Reference Annual Report: Corporate Governance Section.
Balanced Board	GPI_02_BoardStructure	Does the company have a general, all-purpose policy regarding a balanced board?	While ARM has no explicit policy, there is a desire is to have a balanced board. Reference Annual Report: Corporate Governance Section.

Title	KPI	Definition	ARM's 2010 Performance
Independence	GPI_02_BoardStructure	Does the company comply with regulations regarding board independence?	Reference Annual Report: Corporate Governance Section.
Experience	GPI_02_BoardStructure	Does the company comply with regulations regarding the experience on the board?	Reference Annual Report: Corporate Governance Section.
Board Member Corporate Governance Training	GPI_02_BoardStructure	Does the company train its board members on the elements of good corporate governance?	Training is given, and individual members are allowed to attend outside training at the company's expense. Reference Annual Report: Corporate Governance Section.
Balanced Board Structure Improvement Tools	GPI_02_BoardStructure	Does the company have the necessary internal improvement and information tools for the board members to develop an appropriate balanced board structure?	Reference Annual Report: Corporate Governance Section.
Size	GPI_02_BoardStructure	Does the company describe, claim to have or mention processes in place to achieve an appropriately sized board?	We comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Independence	GPI_02_BoardStructure	Does the company describe, claim to have or mention processes in place to achieve an independent board?	We comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Culture	GPI_02_BoardStructure	Does the company describe, claim to have or mention processes in place to achieve cultural diversity on the board?	We comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Experience	GPI_02_BoardStructure	Does the company describe, claim to have or mention processes in place to achieve adequate experience on the board?	We comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Balanced Board	GPI_02_BoardStructure	Does the company describe, claim to have or mention processes in place to achieve a general balanced board?	We comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Board Structure/ Specific Skills	GPI_02_BoardStructure	Percentage expressed numerically of board members who have either an industry specific background or a strong financial background.	Reference Annual Report: Corporate Governance Section.
Board Structure/ Non-Executive Board Members	GPI_02_BoardStructure	Percentage expressed numerically of the board that is comprised of non-executive board members.	Reference Annual Report: Corporate Governance Section.

Title	KPI	Definition	ARM's 2010 Performance
Board Structure/ Percentage of Independent Board Members	GPI_02_BoardStructure	Percentage expressed numerically of independent board members as reported by the company (whereas the company stipulates that there is no significant institutionalised interest link between the company or the executives and the independent board members).	Reference Annual Report: Corporate Governance Section.
Balanced Board	GPI_02_BoardStructure	Does the company describe in the bylaws, statutes or code of conduct that it strives to have a general balanced board?	This is described in the committee's Terms of Reference. We also comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Independence	GPI_02_BoardStructure	Does the company describe in the bylaws, statutes or code of conduct that it strives to have an independent board?	This is described in the committee's Terms of Reference. We also comply with the UK Corporate Governance Code. Reference Annual Report: Corporate Governance Section.
Compensation Policy			
Executive Retention	GPI_03_Compensation	Does the company have a general, all-purpose policy regarding compensation to attract and retain executives?	Reference Annual Report.
Performance Oriented	GPI_03_Compensation	Does the company comply with regulations on performance oriented compensation?	Reference Annual Report.
Extra-Financial Performance Oriented	GPI_03_Compensation	Does the company comply with regulations on extra-financial performance oriented compensation?	Our Remuneration report sets out our compensation policy, which complies with market norms for UK-listed companies. Reference Annual Report.
Executive Retention	GPI_03_Compensation	Does the company comply with regulations on general compensation to attract and retain executives?	Reference Annual Report.
Performance Oriented	GPI_03_Compensation	Does the company describe, claim to have or mention processes in place for performance oriented executive compensation?	Reference Annual Report.
Extra-Financial Performance Oriented	GPI_03_Compensation	Does the company describe, claim to have or mention processes in place for extra-financial performance oriented executive compensation?	Our Remuneration report sets out our compensation policy, which complies with market norms for UK-listed companies. Reference Annual Report.
Executive Retention	GPI_03_Compensation	Does the company describe, claim to have or mention processes in place for appropriate general compensation to attract and retain executives?	Our Remuneration report sets out our compensation policy, which complies with market norms for UK-listed companies. Reference Annual Report.

Title	KPI	Definition	ARM's 2010 Performance
CEO Compensation Link to Total Shareholder Return	GPI_03_Compensation	Is the CEO's compensation linked to total shareholder return (TSR)?	In part. We have a TSR performance condition related to a long-term incentive plan, from which a portion of the CEO compensation's derived. Reference Annual Report: Remuneration Section.
Vision and Strategy			
Integrated Strategy	GPI_04_Vision_Strategy	Does the company have a policy to integrate ESG issues into its strategy and day-to-day decision making?	Reference Annual Report.
Extra-Financial Transparency	GPI_04_Vision_Strategy	Does the company have a policy to communicate transparently on ESG issues?	Reference Annual Report.
Sustainable Development	GPI_04_Vision_Strategy	Does the company describe in the code of conduct that it strives to improve its general sustainable development?	ARM's Code of Conduct and Business Ethics requires ethical behaviour in all dealings. Reference Section: 4.4
Integrated Strategy	GPI_04_Vision_Strategy	Does the company describe, claim to have or mention processes in place to integrate ESG issues into its strategy and day-to-day decision making?	Reference Annual Report.
Extra-Financial Transparency	GPI_04_Vision_Strategy	Does the company describe, claim to have or mention processes in place to communicate transparently on ESG issues?	Reference Annual Report.
Sustainable Development	GPI_04_Vision_Strategy	Does the company describe, claim to have or mention processes in place to improve its general sustainable development principles?	Reference Annual Report.
ICC's Business Charter for Sustainable Development	GPI_04_Vision_Strategy	Is the company a signatory of the ICC's Business Charter for Sustainable Development?	No, but we believe the requirements to be covered by our commitment to the UNGC. Reference Sections: 1.2, 6.2
CSR Sustainability Index Rating Monitoring	GPI_04_Vision_Strategy	Does the company monitor the success of its overarching and integrated vision and strategy by publishing a sustainability rating or by belonging to a specific sustainability index?	ARM is listed on both the FTSE4Good and the NASDAQ OMX CRD Global Sustainability 100 Index. Reference Sections: 1.3
Integrated Vision and Strategy Challenges	GPI_04_Vision_Strategy	Is the company openly reporting about the challenges of integrating financial and extra-financial issues, and the dilemmas and trade-offs it faces?	Reference Annual Report.
Global Compact	GPI_04_Vision_Strategy	Has the company signed the UN Global Compact?	Reference Sections: 1.2, 6.2
Global Compact Years	GPI_04_Vision_Strategy	Number of years the company has been a signatory of UN Global Compact.	One. Reference Sections: 1.2, 6.2

Title	KPI	Definition	ARM's 2010 Performance
CSR Sustainability Report	GPI_04_Vision_Strategy	Number of years (including current) the company has published a separate CSR/H&S/Sustainability report.	Over 5 years.
CSR Sustainability Reporting	GPI_04_Vision_Strategy	Does the company publish a separate CSR/H&S/Sustainability report or publish a section in its annual report on CSR/H&S/Sustainability? (0 = No, 1 = Yes)	Yes, both.
GRI Report Guidelines	GPI_04_Vision_Strategy	Is the company's GRI report published in accordance with the GRI guidelines?	Reference Sections: 2.3, 6.1
CSR Sustainability Report Global Activities	GPI_04_Vision_Strategy	Does the company's extra-financial report take into account the global activities of the company?	Reference Annual Report.
CSR Sustainability External Audit	GPI_04_Vision_Strategy	Does the company have an external auditor of its CSR/H&S/Sustainability report?	Reference Section: 2.4
CSR Sustainability External Data Audit	GPI_04_Vision_Strategy	Does the company have an external auditor that audits the data in the sustainability report?	Reference Section: 2.4
Vision and Strategy/ GRI Report	GPI_04_Vision_Strategy	Does the company publish a yearly GRI (Global Reporting Initiative) report in accordance with the guidelines and which meet all five GRI conditions?	Reference Sections: 2.3, 6.1
Shareholder Rights			
Shareholder Rights	GPI_05_ShareholderRights	Does the company have a general, all-purpose policy regarding shareholder rights?	This is in the Company's Articles of Association. Reference Annual Report.
Equal Voting Right	GPI_05_ShareholderRights	Does the company comply with regulations regarding equal voting rights principles?	ARM complies with all relevant UK legislation. There is only one class of shares; all have equal voting rights. Reference Annual Report.
Anti-Takeover	GPI_05_ShareholderRights	Does the company comply with regulations regarding anti-takeover devices?	ARM complies with all relevant UK legislation. There is nothing to disclose. Reference Annual Report.
Proposal Right	GPI_05_ShareholderRights	Does the company comply with regulations regarding shareholder engagement, resolutions or proposals?	We comply with the UK Corporate Governance Code. Reference Annual Report.
Voting Procedure	GPI_05_ShareholderRights	Does the company comply with regulations regarding shareholder voting procedures?	Reference Annual Report.
Shareholder Rights	GPI_05_ShareholderRights	Does the company describe, claim to have or mention processes in place to maintain general shareholder rights?	This is in the Company's Articles of Association. Reference Annual Report.

Title	KPI	Definition	ARM's 2010 Performance
Corporate Governance Report	GPI_05_ShareholderRights	Number of years (including current) the company has published a separate corporate governance report.	Over 10 years. Reference Annual Report.
Golden Parachute	GPI_05_ShareholderRights	Does the company have a golden parachute or other restrictive clauses related to changes of control (compensation plan for accelerated pay-out)?	There is nothing of this sort for shareholders. We comply with the UK Corporate Governance Code. Reference Annual Report.
Majority Vote	GPI_05_ShareholderRights	Does the company describe in the bylaws, statutes or code of conduct that it strives to require a majority vote of shareholders for resolutions and board member elections?	This is in the Company's Articles of Association and is required by the Companies Act of 2006, which ARM follows. Reference Annual Report.

To view the CR Report online visit: www.arm.com

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