



Arm Holdings plc

## AUDIT COMMITTEE CHARTER

### I. PURPOSE AND AUTHORITY

The Audit Committee is established by the Board of Directors of Arm Holdings plc to represent and assist the Board in its general oversight of:

- the integrity of Arm's financial statements and the company's accounting and financial reporting process, audits of the financial statements, internal controls and internal audit functions;
- Arm's compliance with legal, ethical and regulatory requirements relating to accounting and financial reporting matters, including review of any reports or disclosures required by applicable English law or regulation and the applicable rules and regulations of the U.S. Securities and Exchange Commission and The Nasdaq Stock Market LLC or any other stock exchange that lists Arm's American Depositary Shares or ordinary shares;
- the performance, qualifications and independence of Arm's independent registered public accounting firm and the U.K. statutory auditors;
- Arm's risk management policies to ensure that management is effectively identifying, assessing, monitoring and controlling major risk exposures; and
- Arm's material financial policies and actions.

The Audit Committee shall have the authority, in its sole discretion, at the company's expense, to obtain advice or assistance from independent legal, accounting, or other advisers or consultants as it determines necessary to carry out its duties and, if necessary, to institute special investigations. Without limitation, the committee shall have the sole authority to retain and terminate any independent adviser to be used to assist in the performance of the committee's duties, and shall have sole authority to approve the terms, costs and fees for such engagements. Arm shall provide the committee with appropriate funding, as determined by the committee, for the payment of (i) compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the company, (ii) compensation to any independent advisers retained by the committee in carrying out its duties and (iii) ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

The Audit Committee's responsibility is one of oversight only and does not relieve the company's management of its responsibilities for preparing financial statements that accurately and fairly present the company's financial results and condition, or the responsibilities of the independent auditor relating to the audit or review of financial statements. Nor is it the duty of the committee to assure compliance with laws and regulations or Arm's Code of Conduct.

The Audit Committee shall conduct its business in accordance with this Charter, Arm's Memorandum and Articles of Association, the U.K. Companies Act 2006 and any direction by the Board. In discharging its duties and responsibilities, the committee shall have full access to any applicable books, records, or facilities of the company.

## **II. MEMBERSHIP**

The Audit Committee will consist of at least three members of the Board. Each member of the committee must be a non-executive director and meet the applicable independence and experience requirements of The Nasdaq Global Select Market, the Securities Exchange Act of 1934 and the rules and regulations of the U.S. Securities and Exchange Commission. The company may avail itself of any permitted exemptions from these independence requirements. In addition, each committee member must be financially literate, as determined by the Board, and at least one committee member must be an audit committee financial expert, as determined by the Board in accordance with applicable U.S. securities laws.

Members of the Audit Committee shall be appointed by the Board. Committee members may be removed at any time, with or without cause, by the Board. Committee members may resign at any time and may resign from the committee without resigning from the Board. The committee chairperson shall be designated by the Board, or, if it does not do so, the members of the committee shall elect a chairperson by a vote of the majority of the full committee.

## **III. MEETINGS**

The Audit Committee shall meet as often as it deems necessary, but no less frequently than quarterly. Formal action to be taken by the committee will be by unanimous written consent or by the affirmative vote of at least a majority of the members present at a meeting at which a quorum is present (or, in case a quorum at the time consists of two members of the Committee, both members present). A quorum will consist of at least a majority, but not less than two, of the members of the committee. Each member of the committee is entitled to one vote. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. Members may participate in meetings of the committee by means of conference call or similar communications equipment providing a means by which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

The Audit Committee chairperson will preside at each meeting. The committee chairperson, in consultation with the other members, will set the length and agenda for each meeting. The chairperson of the committee (or other member designated by the chairperson or the committee in the chairperson's absence) shall regularly report to the full Board on its proceedings and actions. The committee will maintain written minutes of its meetings. The minutes will be maintained with the books and records of the company, and each member of the committee and the Chief Financial Officer shall have access to the minutes of the committee.

The Audit Committee may ask any officer or employee of Arm, or the company's outside counsel, the independent auditor, or any consultant or other advisor to the company to attend a meeting of the committee or to meet with any members of, or consultants to, the committee. Further, the committee may ask any such officer, employee, outside counsel the independent auditor, consultant or advisor to provide any pertinent information to the committee or to any other person or entity designated by the committee.

#### **IV. DUTIES AND RESPONSIBILITIES**

To fulfill its responsibilities and duties, the Audit Committee shall:

##### **A. Oversight of the Company's Relationship with Auditor**

1. Be directly responsible for the appointment, the review and approval on a continuing basis, the retention and the termination of the independent auditor, including the U.K. statutory auditors. The committee has the authority and responsibility to determine the compensation and to oversee and review the performance of the independent auditors and to resolve any disagreements between management and the independent auditors regarding financial reporting. The independent auditor reports directly to the committee.
2. Review and discuss with the independent auditor the continuing independence of the independent auditor, including obtaining and reviewing, on at least an annual basis, a report from the independent auditor delineating all relationships between the independent auditor and the company and its affiliates consistent with applicable requirements of the Public Company Accounting Oversight Board.
3. Evaluate, at least annually, the independent auditor's qualifications, performance, and independence, which evaluation shall include a review and evaluation of the lead partner of the independent auditor. The committee shall assure the regular rotation of the lead audit partner and consider whether rotation of the independent auditor is in the best interests of the company, considering all relevant circumstances.
4. Establish a policy regarding the hiring by Arm of current and former employees of its independent auditor.
5. Review the general scope and plan for the independent auditor's annual audit.
6. Pre-approve all permissible non-audit services and all audit, review or attest engagements required under the securities laws (including the fees and terms thereof) to be performed for Arm by its independent auditors; provided, however, that de minimis non-audit services may instead be approved in accordance with applicable U.S. securities laws. The committee may delegate to the chairperson of the committee or to a subcommittee the authority to grant pre-approvals of audit and permissible non-audit services, so long as the decisions of such chairperson or subcommittee are presented to the full committee at its next scheduled meeting.
7. Review any reports of the independent auditor mandated by the Securities Exchange Act of 1934, including Section 10A, and obtain from the independent auditor's assurance that it has complied with Section 10A of the Securities Exchange Act of 1934.
8. Review and discuss with the independent auditor and management the results of the annual audit, including comments or recommendations of the independent auditor.
9. Review the independent auditor's letter to management and ascertain that management has adequately responded to the letter.
10. Meet periodically with the independent auditor, without members of management

present.

## **B. Oversight of Financial Reporting**

11. Consider, in consultation with management, the independent auditor and internal auditor, the integrity of the accounting and financial reporting processes and controls of the company.
12. Review and discuss with management and the independent auditor the company's annual financial statements prior to filing or distribution, including the review of the U.K. statutory accounts and the U.K. annual report and the matters required to be discussed by applicable accounting standards. This review should include a discussion of significant issues regarding accounting principles, practices, and judgments with management and the independent auditor. Recommend to the Board, if appropriate, that the audited financial statements be included in Arm's Annual Report on Form 20-F for filing with the U.S. Securities and Exchange Commission.
13. Review and discuss with management and the independent auditor the company's interim financial statements. Discuss any significant changes to Arm's accounting principles, practices and judgments with management and the independent auditor. To the extent applicable, consider whether it will recommend to the Board that the interim financial statements be furnished in the company's Current Report on Form 6-K with the U.S. Securities and Exchange Commission.
14. Review and discuss with management and the independent auditor their reports regarding the company's internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management or the independent auditor.
15. To the extent applicable, review, before release, the unaudited operating results in Arm's earnings release and/or discuss the contents of the company's earnings release with management, as well as financial information and earnings guidance provided to analysts and rating agencies. Review, before release, any non-GAAP or pro forma financial information, guidance or revised guidance to be included in a press release of the company.
16. Review the regular internal reports (or summaries thereof) to management prepared by the internal auditing department and management's response.
17. Discuss with Arm's internal legal counsel and management the substance of any material litigation, contingencies or claims that had, or may have, a significant impact on the financial statements.
18. Review and discuss with management and the independent auditor any material changes to existing, critical accounting policies or to the application of those policies, the potential effect of alternative accounting policies available under GAAP or IFRS and the treatment recommended by the independent auditor and the Company's disclosure of non-GAAP or non-IFRS financial measures.

## **C. Oversight of the Internal Audit Function and Internal Controls**

19. Review and approve the appointment and replacement of the head of internal audit, who will report directly to the committee. The committee shall review and approve the design and implementation of an internal audit function for Arm, including its purpose, staffing, organization, responsibilities, budget and performance.
20. Review and approve, at least annually, the internal audit plan. The committee shall also receive regular reports from the internal auditor regarding the results of the internal audits. The committee shall also discuss with the internal auditor and management, at least annually, the responsibilities and staffing of Arm's internal audit function as well as the planned allocation of internal audit resources among its various areas of audit responsibilities.
21. Review, on a quarterly basis, the significant reports to management prepared by the internal audit function and management's responses and oversee the remediation of open audit issues.
22. Review and discuss with management the adequacy and effectiveness of the company's internal control over financial reporting and disclosure controls and procedures, including those related to the security of its information systems and risk assessment and risk management.
23. The committee shall meet periodically with the head of the internal audit, without members of management present.

#### **D. Compliance and Risk Oversight**

24. Review and discuss with management, the internal auditor and the independent auditor, the company's significant financial risk exposures and assess the steps management has taken to mitigate those exposures.
25. Review and discuss with management, on a periodic basis or as otherwise appropriate, the policies, practices and risk management relating to data privacy, technology and information security, including cyber security and retention and resilience of information systems, and the internal monitoring and control of such exposures.
26. Review, discuss and oversee the guidelines and policies by which the company assesses, manages, and reports risk-related matters and actions taken to mitigate such risks, and review and discuss with management and the independent auditor those risks that are likely to have a material impact on the company's financial statements or disclosures.
27. Review and discuss with management, on a periodic basis or as otherwise appropriate, the scope and quality of the company's ESG metrics and public disclosures, its sustainability strategy and ESG risks.
28. Review the effectiveness of the system for monitoring compliance with risk-management policies, laws and regulations, including, among others, export controls, the Foreign Corrupt Practices Act and other applicable anti-corruption laws, and the results of management's investigation and follow-up (including disciplinary action) of any instances

of noncompliance.

29. Obtain regular reports from management and the company's internal legal counsel regarding compliance matters and significant litigation.
30. Review and discuss with management and the independent auditor the findings of any material examinations by regulatory agencies.
31. Establish and oversee procedures for receipt, retention, and treatment of complaints, concerns or potential violations, including those from whistleblowers, and for employees to make confidential, anonymous complaints.
32. Review and approve, if applicable, in accordance with Arm's Related Party Transaction Policies and Procedures, any proposed transactions with related persons.

#### **E. Other Responsibilities**

33. To the extent appropriate or necessary, review the rationale for employing audit firms other than the independent auditor and, where an additional audit firm has been employed, review the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
34. Conduct or authorize investigations into any matters within the committee's scope of responsibility, as necessary or appropriate.
35. Perform any other activities consistent with this Charter, the Articles, as may be amended from time to time, and governing law, as the committee or the Board deems necessary or appropriate. In addition, while carrying out its duties, the committee members shall have due regard to their duties as directors under the Companies Act.

#### **F. General**

36. Report the activities of the committee through its chairperson to the Board.
37. Form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances (including a subcommittee consisting of a single member).
38. Periodically review, discuss and evaluate the committee's and individual members' performance.
39. Review and assess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

August 2023