
UK Gender Pay Gap Report 2021



arm

Introduction

This report sets out the UK gender pay gap and gender bonus gap at Arm Limited including additional data as required by the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The pay data of 2,988 UK Arm employees was analysed as of 5 April 2021 (2,355 men and 633 women), including all UK full and part-time employees and casual workers. This is pay data for 12% more men and 10% more women than was analysed last year. The data does not include freelancers or other staff not on the Arm UK payroll. Anyone not receiving full pay on 5 April 2021 was excluded from the hourly pay calculations.

The bonus data was taken between 6 April 2020 and 5 April 2021.

CEO STATEMENT

Sparking the World's Potential by Bringing Brilliant People Together underpins Arm's company culture. We strongly believe that a brilliant and diverse workforce helps to make Arm the great company it is, both in terms of culture and engineering breakthroughs. We are at a pivotal moment in our history that needs the great minds of people from all backgrounds to achieve our goals. Consequently, we have elevated our commitment to Diversity, Equity and Inclusion (DE&I) and have invested in the community to ensure we continue to make Arm attractive and inclusive for all.

At Arm, more men work in the technical sector than women across all grades, especially within our engineering functions. This has a direct impact on our UK Gender Pay Gap score. Whilst our median gender pay gap in the UK has grown by 0.92% since our last report, that does not mean men are paid more than women. In fact, we ensure that all salaries are justifiable and take a zero-tolerance approach to any differences in pay for both gender and race / ethnicity. We are committed to men and women being paid fairly for the same work. To that end, we operate an annual, global Fair Pay analysis with an external consultancy to ensure that there is no bias in pay.

It is important that we continue to assess how we operate internally to ensure that women thrive at Arm. We began working with the IVY Planning Group, a DEI consultancy, at the end of 2020. In 2021, they delivered a series of DEI initiatives, including educative training for employees and managers to help drive a shift in behaviours to make Arm even more inclusive, collaborative and innovative. They also conducted an independent assessment that looked at all aspects of DEI across Arm and provided recommendations to inform our DEI strategy.

Arm also has a Women's Employee Resources Group (ERG), which, along with the other ERGs, supports employees from underrepresented and marginalized backgrounds. These groups, play an active role in building community for their constituents, in addition to inspiring allies to get involved in driving internal change.

From a recruitment standpoint, we continue to make progress in increasing the number of women employed by Arm, particularly in technical roles. Our figures for the first half of FY21 show we increased the proportion of female applicants

by 1 percentage point compared to FY20. Between April 2020 and April 2021, women comprised 25% of our total applicants and 21% of our hires. We are also seeing progress in our pipeline within the Early Careers programme. Although a larger number of female hires are in the lower grades and within the lower two pay quartiles, we are leveraging the Early Careers programme to attract and retain females at the start of their engineering journey.

Between April 2020 and April 2021, women comprised **25%** of our total applicants and **21%** of our hires.

Externally, we support local communities with projects to excite and spark the potential of young, aspiring individuals keen to explore the engineering world. Our goal is to help build the pipeline for the future within this sector and encourage more people from different backgrounds to have careers within the engineering industry (see page 8 for further details).

The journey to improving the Gender Pay Gap within the technical sector is long, and it will take time for us to see the outcomes of the industry's efforts to encourage equal gender representation. In the meantime, we will continue to focus on attracting, retaining and supporting everyone at Arm to ensure they reach their full potential and that we fulfil our company purpose.



Rene Haas

Rene Haas, CEO

What is the UK Gender Pay Gap?

The UK gender pay gap is the difference between the hourly earnings of men and women in the company. This includes base pay; allowances and any bonus or other incentive pay. The gender bonus gap is the difference in the bonus pay received by men and women.

Since April 2017, the UK Government has required all UK companies to annually publish figures on mean and median UK gender pay gap, mean and median gender bonus gap, the proportion of men and women receiving bonuses and the proportion of men and women in each quartile of the organisation's pay structure. UK gender pay gap reporting looks at total earnings by gender, which differs from equal pay for equal work, which is a broader legal requirement.

Gender has been analysed and reported in a binary manner for the purpose of the UK Gender Pay Gap reporting requirements. However, we understand that gender is more complex than "male" and "female" and some people identify with a non-binary gender. At Arm, we welcome and support all individuals regardless of their gender and remain committed to ensuring that people receive equal pay for equal work.

MEDIAN

The median is the number which is in the middle of a ranking of pay from lowest to highest. This is broadly understood to be the best representation of typical pay as extremes of low and high pay do not affect the median.

MEAN

The mean is calculated by adding up the total pay of employees and dividing by the number of employees in the list. This calculation is completed separately for men and women. While useful, this true average is easily skewed by a small number of high or low earners.



Our Figures

The table below shows Arm's UK gender pay and bonus gap data for 2021:

	Gender pay gap	Gender bonus gap
Median	23.43%	37.3%
Difference to 2020 median +/-	+0.92%	+2.72%
Mean	22.56%	26.3%
Difference to 2020 mean +/-	-1.21%	+0.25%

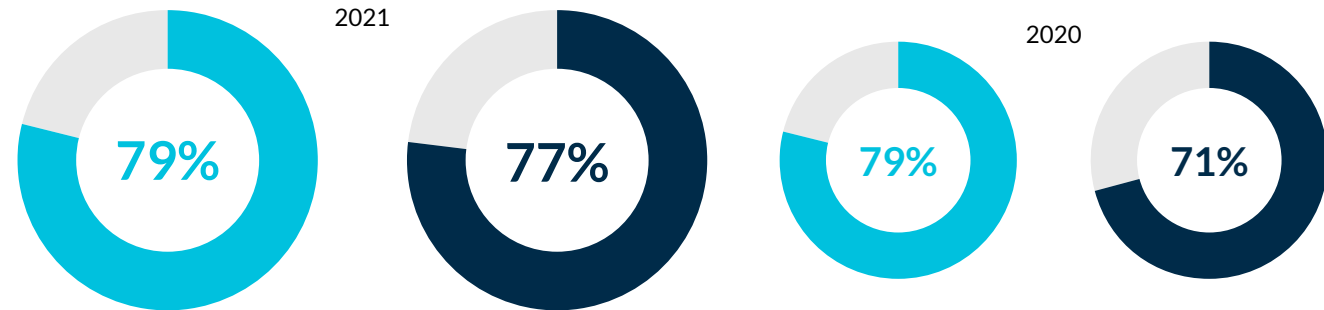
For comparison against other companies in the UK in April 2021, early submissions for the median UK gender pay gaps reported are:

- + All UK Companies: 15.4%*
- + Professional, Scientific and Technical: 19.9%*

*Source: ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearnings/ashgenderpaygaptables

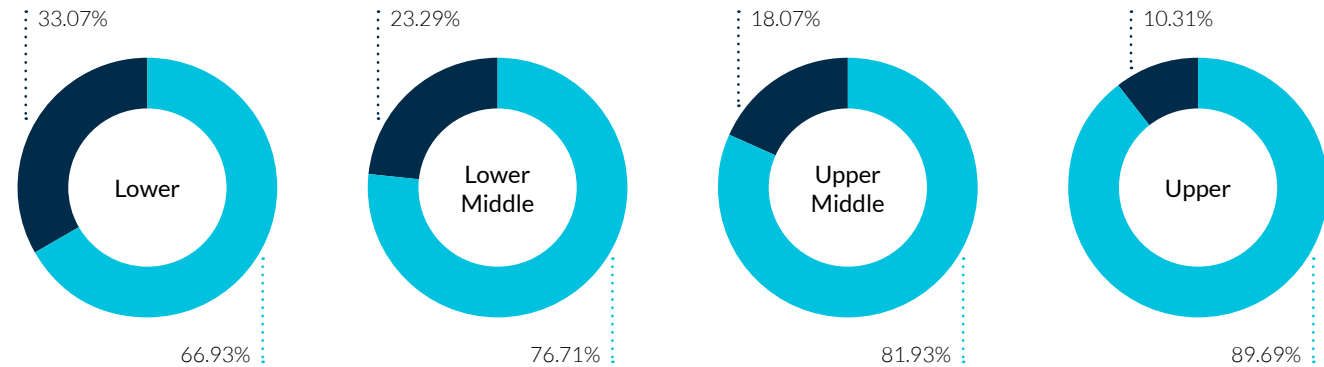
The figures below provide the further UK pay gap metrics required, including the percentage of each gender receiving bonuses and the percentage of men and women in each quartile of our pay structure.

What proportion of UK employees received bonus pay?



100% of all eligible employees received a bonus; there is no management discretion in this. Some people are ineligible for bonus due to being on a fixed term contract or having joined the company after the eligibility date during the bonus year.

What proportion of UK employees do we have in each of our pay quartiles?



Understanding the Arm UK Gender Pay Gap

The Arm mean rate has decreased to 22.56% compared with last year. This improvement is due to a number of initiatives referenced in this report, including conducting a detailed annual global pay equity analysis and the enhancement of our DEI analysis to review the promotion and salary increase recommendations, ensure there is no unconscious bias and that all salaries are comparable and justifiable. The median gender pay gap has increased slightly for this reporting period. This is the result of pay increasing disproportionately in the engineering function and at higher grades in response to market forces, where the sector historically sees a greater number of males compared to females. Internal analysis shows that men and women are paid equally for the same work, and we continue to recruit and develop our female employees from onboarding and through our DEI initiatives. We anticipate our efforts to attract and retain the best talent regardless of gender will continue to be reflected in the Gender Pay Gap results over the long-term.

We continue to focus efforts on ensuring Arm is an attractive employer for women, but it will take some time before we see a more equal representation of both genders in the engineering function and at higher levels and hence the reduction in the gender pay gap within the technology sector. To address this, we have a responsibility to work within the local communities to support all individuals who would like to have a career in STEM and address internally any differences in pay and gender disparity.

The bonus gap reflects the fact that we have more men in senior roles where receiving higher variable pay (i.e., bonus) is in line with market expectations.

The Arm mean rate has decreased to **22.56%** compared with last year.





Building the Female Talent Pipeline Within Arm

It will take time to address our UK gender pay gap, but at Arm we are committed to offering fair, equal and unbiased recruitment, promotion and reward systems and a safe, inclusive and flexible work environment where all our people can thrive and be their brilliant selves every day.

From attracting female talent to Arm, to growing, developing and retaining them once they have joined us, we are committed to ensuring that everyone has an equal opportunity to progress. These include:

Investment in DEI

This year, we expanded our DEI team, bringing in experienced subject matter experts to lead this work at Arm, in addition to adding employees to the team with internal knowledge and expertise. We also made significant investments in partnering with external DEI consultants who delivered a range of learning and development sessions to build the capability and confidence of our people. Our employees learnt how to foster inclusion in their day-to-day work activities and interactions, managers were trained on how to have more effective conversations about difference with their teams, and thorough assessments of current working practices enabled us to further inform our DEI strategy.

Attraction

Our aim is to make Arm an attractive employer for everyone, and we continue to look for a diverse set of candidates. This includes using leading edge technology to help us to eliminate any potential gender bias in our recruitment process and working with partner organisations and take part in diversity recruitment and community events to highlight Arm as an employer of choice for both early career level and experienced hiring level candidates.

Globally, we have been working with a broader set of universities to attract more diverse candidates and have also developed our apprenticeship programme to attract more talented people from different educational backgrounds.

Inclusion Matters

We are dedicated to creating an inclusive environment where each and every voice is heard and welcomed, and where innovation can flourish. The DEI team has been focusing on ways to drive inclusion for all, bringing in experts to help everyone understand the neuroscience of inclusion and how to be more consciously inclusive, providing DEI resources internally to encourage self-paced learning pathways to drive inclusion, and building a network of DEI Champions and working groups to bring the DEI strategy to life and make it relevant within their teams and functional areas.

Professional and Personal Development

We are committed to ensuring that all employees are offered learning, development and progression opportunities, to help them thrive in their careers at Arm. We have recently created a diverse, representative technical and engineering talent pool with the purpose of increasing the diversity of technical and engineering leadership through the provision of equitable opportunities for development and progression.

Progression/ Promotion

We continue to recognise and acknowledge career progression for both genders, as well as ensuring that both male and female employees are fairly paid for the work that they do. To support this, we conduct an annual global pay equity exercise using an external advisor, which assesses comparable roles by gender, age and ethnicity to ensure we have no unexplainable differences in pay across the company and that every salary is justifiable.

Flexibility of Working Practices/Global Policy for Childbirth Leave and Parental Bonding Leave

We demonstrate a progressive approach to flexible working, through a high-trust approach to time off including flexible working practices for employees to balance work and family commitments. In March 2018, we also launched a formal policy to allow people who are welcoming a child into their home an extended amount of time on full pay to celebrate and adjust to this significant life event.



Building the Female Talent Pipeline in Our Community: A Long-Term Strategic Initiative

- Uptree provides a careers network for sixth-form students from state school backgrounds. The Arm partnership involves hosting work experience events at our UK offices (virtually during COVID), with specific focus on increasing uptake from female students from underserved and underrepresented backgrounds. In 2021, we hosted 777 students through 13 events and 41% identified as women. Before the events, 12% of students considered Arm to be an extremely attractive employer. After the events, this statistic increased to 85% who considered Arm to be a very or extremely attractive employer – an increase of 608%.
- FIRST Tech Challenge is an education charity inspiring young people (aged 12 – 18) to think about their potential in STEM through robotics competitions. There is a strategic focus on increasing participation from underrepresented groups, including girls. Up to April 2021, our partnership with FIRST has meaningfully impacted the futures of 2,500 young people. We continue to support FIRST as their Inclusion Partner and provided £75,000 in bursaries to 40 student teams in the relevant time period, impacting 500 students, with 33% girls participating in the programme across the UK. One school supported by Arm funding reported the number of girls taking GCSE Computing rose from 4% to over 40% in one year – attributing this in large part to participation in FIRST Tech Challenge.
- Arm partners with Girls' Leadership Academy Meetup, a virtual programme for girls aged 8 – 12 which aims to grow their confidence across eight key areas, including coding. In January 2021, we hosted a week-long virtual event for girls from this age group, giving them insight into the fundamentals of business, leadership and technology. 58 girls attended (45 UK, 13 USA). Over 80% of girls who attended said that they planned to do more coding as a result; a testament to the 5 female engineers at Arm who hosted a virtual coding workshop for the girls, based on content from the Arm School Program.

Arm recognises the shortage of young people and, in particular, girls choosing to pursue STEM subjects and careers; our people are passionate about helping us to address this imbalance.

Our employee community engagement program, Team Arm, has a strategic focus on STEM outreach. During the COVID pandemic, in 2021 26% of Arm's volunteering activity supported United Nations Sustainable Development Goal #4: Quality Education and 13% supported Goal #5: Gender Equality. Team Arm invests in charitable partnerships working to address gender imbalance in STEM in the UK and globally.



Appendix

Metric	2021	2020	Difference
Median Pay Gap	23.43%	22.51%	0.92%
Mean Pay Gap	22.56%	23.76%	-1.20%
Median Bonus Gap	37.30%	34.57%	2.73%
Mean Bonus Gap	26.30%	26.04%	0.26%
% Males receiving bonus	79%	79%	0.00%
% Females receiving bonus	77%	71%	6.00%
Male Lower Quartile	67%	65%	1.93%
Male Lower Middle	77%	77%	-0.29%
Male Upper Middle	82%	82%	-0.07%
Male Top Quartile	90%	90%	-0.31%
Female Lower Quartile	33%	35%	-1.93%
Female Lower Middle	23%	23%	0.29%
Female Upper Middle	18%	18%	0.07%
Female Top Quartile	10%	10%	0.31%
Arm Limited Headcount	2988	2683	11.37%
Arm Limited Males	2355	2108	11.72%
Arm Limited Females	633	575	10.09%

