

UK Gender Pay Gap Report 2017



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CEO statement

I am incredibly proud to be the CEO at Arm and support activities such as the UK gender pay gap reporting, that ensure we are fair and equitable to the brilliant people who choose to work at Arm.

At Arm, we thrive on solving technical challenges that enable opportunity for a globally connected population. At the same time, we recognize that we will only achieve our full potential when we draw upon the best and the brightest across the entire population. As part of that, we have made a deep commitment within Arm to diversity and inclusion in everything we do. The principles of inclusiveness, individuality, and achievement are so critical, that they are baked into our corporate values:

- We, not I
- Passion for progress
- Be your brilliant self

We have worked internally to ask tough questions of ourselves to ensure that we are living these values in practice. We are committed to equal pay for equal work and support the UK gender pay gap reporting as a helpful step in transparency across the nation, and by extension to our other sites across the world.

We also recognize that improving diversity and being broadly inclusive will not happen overnight. We have taken deliberate steps to improve these measures and are beginning to see the fruits of our work. We will not waver from our commitments and, challenge our peer companies to join us in this important effort.

Simon Segars



What is the UK gender pay gap?

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

From April 2017, the UK Government requires all UK companies with over 250 employees to annually publish figures on median and mean UK gender pay gap, median and mean gender bonus gap, the proportion of men and women receiving bonuses and the proportion of men and women in each quartile of the organization's pay structure.

Gender pay gap reporting is a newly introduced requirement for companies to disclose information that looks at total earnings by gender. This is in contrast to equal pay for equal work, which continues to be a legal requirement.

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. Reporting both mean and median figures provides a more rounded picture of the UK gender pay gap.

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.

Our figures

The table below shows our UK gender pay and bonus gap data.

	Median	Mean
Gender pay gap	15.5%	11.1%
Gender bonus gap	30.8%	40.5%

The pay data is taken at a snapshot date of 5 April 2017 and bonus data between 5 April 2016 and 4 April 2017.

For comparison the median gender pay gap in 2016 was:

- 18.4%² for the UK as a whole
- 25%¹ for the high-technology sector
- 22.4%² for professional, scientific and technical companies

Sources:

¹ Mercer GPG High Tech Cut 2016 and GPG survey 2017; approximate figure only as definitions are not precisely the same, but very similar

² <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2016provisionalresults#main-points>

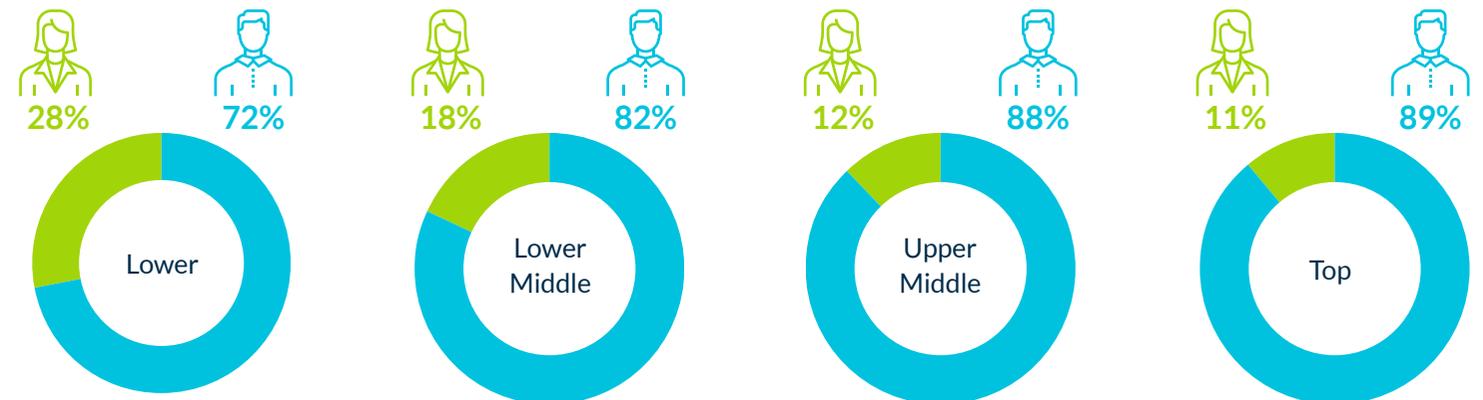
The figures below provide the further UK pay gap metrics required, including the percentage of each gender receiving bonuses and the percentage of men and women in each quartile of our pay structure.

What proportion of UK employees received bonus pay?



100% of all eligible UK employees received a bonus, there is no management discretion in this. The statistics above include people who are both eligible and in-eligible for bonus pay. People are in-eligible 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 UK pay gap

In the UK, we have studied our pay processes over multiple years and know that there are no significant differences and that we pay equally for equal work at all levels of the company. Fair pay and progression are priorities and we are confident that we are getting this right.

Further analysis of our UK pay gap figures confirms that our pay gap exists because we have a **greater proportion of women in lower paid job roles, not because men and women are paid unequally for the same work**. This is also the reason for our gender bonus gap. The high bonus gap figures reflect that we have more men in senior levels of the workforce where roles, in line with market norms, receive more variable pay. Additionally, the exceptional event of ARM Holdings plc being acquired by SoftBank resulted in employees receiving accelerated long-term bonus and share payments during this period. It's important to note that this was an abnormal year for Arm in this regard.

The analysis also shows that promotions and pay increase decisions are unbiased and that there is little difference between bonuses received by grade and gender.

What we're doing now

We are satisfied that unequal pay is not the cause of our pay gaps. We recognize that women are underrepresented in the technology industry and our efforts are focussed on making Arm an attractive employer for everyone. We believe that our company gains strength through diversity, and are committed to increasing diversity across all grades.

It's vital that we look for a diverse set of candidates and then **select those who will add the most value to Arm**. So far, we have already begun undertaking initiatives to improve gender diversity in the business and we will continue with these efforts. For example, over 2016 we ran Project Everyone, a program aimed at creating greater awareness around bias and supporting gender parity. Success stories so far include:

- Exceeding our target for the proportion of female employees we hire in early careers
- In India we have implemented a returner program focused on encouraging women back to work after taking time away. We hope to replicate this success in our other territories including the UK
- Launching communications and action plans to help our recruiters eliminate gender bias in our hiring process

Looking ahead

Looking ahead we are focussing on improving all kinds of diversity in the workplace.

Our UK gender pay gap shows that we must continue to build on the great success achieved so far at Arm and we have programs in place to ensure that this happens at all levels of the organisation.

We care about the development and progression of all our people so will

do this by offering opportunities to all, ensuring no group gets left behind, this means the minority and majority groups.

We will attract a more diverse range of candidates and then select those with the desired capabilities for Arm, irrespective of who they are, what they look like and where they have come from.

We have a number of initiatives underway to enable Arm to attract great people, these include;

- **Attracting:** a more diverse set of candidates, selecting people with the capabilities and behaviours that fit Arm best. Whoever they are, whatever their background.
- **Collaborating:** with academia and supporting STEM activities with young people to build the talent pipeline of the future.
- **Retaining:** employees through continuing the culture of flexible working, providing competitive benefits, a vibrant work environment, challenging and rewarding work, volunteering opportunities in the community and continuing to monitor our internal processes to ensure there is no bias in pay and promotions.
- **Developing:** all by training managers and providing unconscious bias training to ensure equal access to opportunities for all.



Arm in the Community

We recognize that attracting a diverse pool of talented individuals is an industry wide issue. UNESCO highlight gender differences in students who choose to enter STEM-related subjects and in performance in these subjects from as early as 15 years old.

At Arm, we aim to do our part and encourage future generations to get involved in STEM subjects by sponsoring the Engineering Education Scheme, Go4Set, Wise UP and the UK Engineering Skills Foundation. We also run the TeamArm initiative where we work directly with young people and encourage girls to ignite a passion in STEM.

At a broader level, we are committed to building an external ecosystem where we partner with other organizations to consider this challenge and collaborate in order to achieve our goal of a more diverse and inclusive industry and world.

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Declaration

I confirm that our data is accurate and has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Simon Segars, CEO