
UK Gender Pay Gap Report 2020



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 2,683 UK Arm employees was analysed as of 5 April 2020 (2,108 men and 575 women), including all UK full and part-time employees and casual workers. This is pay data for 8% more men and 14% 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 2020 was excluded from the hourly pay calculations.

The bonus data was taken between 6 April 2019 and 5 April 2020.

CEO Statement

Innovation is at the heart of Arm's success – and we know we will be more innovative and better serve the technology needs of a diverse world if we are from a diverse mix of backgrounds.

Over the past few years, we have made strides in attracting more women to join Arm, and also ensuring they thrive throughout their careers with us. We have reviewed our technical and engineering career paths and talent pool, and introduced a mentorship program to support women and other underrepresented groups in Arm who want to progress in a technical/engineering career. We have published a diversity data report broken down by gender within Arm, to be more transparent about where our challenges are and to help us find solutions. In the UK, we have built external partnerships to attract a more diverse talent pool and evolved our early careers programmes. We are now reaching talented people from a wider pool of universities through our graduate schemes and from a broader range of educational backgrounds through our apprenticeship programme. We have provided tools and resources to increase our employee's awareness of their unconscious biases, and we have delivered awareness campaigns, such as how to speak up and how to report grievances. Our Women's Networks, and other employee affinity groups, have played an active role in supporting our communities internally, and also driven us to make progress on Diversity and Inclusion (D&I).

Although we are progressing in many areas, our median gender pay gap in the UK has grown by 6.79% since our last report. This increase is due to market forces driving up the pay of our engineers. As we have more men than women working for Arm, and particularly at more senior pay grades, when market forces drive up the pay of our engineers, it affects our gender pay gap. It does not mean that men and women at Arm are paid unequally for the same work. Over the past several years, Arm has partnered with a leading reward and HR consultancy to perform a deep dive analysis of compensation data for all established Arm employees, globally, to identify any discrepancies that do not align with our zero-tolerance policy for unexplainable difference in pay. We build this Fair Pay analysis into our annual reward calendar, which enables us to proactively identify and correct any fair pay issues as soon as they are identified.

We are continuing to increase the number of women we are recruiting especially in technical roles. Comparing our figures to last year's report, we have slightly increased the proportion of female employees. We are seeing progress in our pipeline too. Comparing our figures for FY19 with figures for the first half of FY20,

we increased the proportion of female applicants by 2 percentage points. In FY20, women comprised 28% of our total applicants and 35% of our hires.

While female representation has improved overall, a large proportion of new female hires are in lower grades and within the lower two pay quartiles, influenced by our graduate hiring. While the number of females in senior roles is increasing, it will take time for this to be seen in our overall gender pay gap figures.

Although we are seeing progress in the number of women applying for and being selected for roles at Arm, there is still a more work for us to do. The sector-wide challenge that less women choose STEM careers than men, remains. To help to address this, we carry out valuable work in our UK communities to encourage more girls and women to choose a career in STEM. You can read more about this on [page 6](#). Improvements in our pipeline will take time to impact on our gender pay gap figures, but we are confident that the actions we take today will have a positive effect in years to come.

But we must continue to look beyond this, and review how we operate internally, to ensure women not only want to join Arm, but that they want to stay, thrive and progress their careers with us.

At the end of 2020 we sought independent support from D&I experts, IVY Planning Group, to help us to improve our D&I efforts, and help us to keep moving in the right direction and with pace. They will work with us to deliver a series of initiatives in 2021, including further training for managers to drive a shift in behaviours to make Arm even more inclusive, collaborative and innovative. They will also deliver an independent D&I assessment that will look at all aspects of D&I across Arm, including a review of how we develop women's careers, and provide recommendations to inform our D&I strategy.

Last year we rearticulated our company purpose - "bringing brilliant people together to unlock the power of technology and spark the world's potential". Collaboration and partnership, both inside Arm and across industry, has been the cornerstone of Arm's success. We believe that we have to be more progressive on D&I in order to continue to thrive.



Simon Segars, 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, this differs from equal pay for equal work, which is a broader legal requirement.

In the UK 5,916* employers reported gender pay gap data for 2019/20; 81% of employers stated that median hourly pay was higher for men than for women in their organisation, 12% stated that the median hourly pay was higher for women and 7% stated that median hourly pay was the same for women as for men.**

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.

*Due to the coronavirus pandemic, the enforcement of the gender pay gap deadlines for the year 2019/20 were suspended, so fewer employers have reported data for this period (5916 employers compared with 10,840 for the year 2018/19).

**House of Commons Library - Gender Pay Gap Briefing Paper 2020 - 23 November 2020

Our Figures

The table below shows Arm's UK gender pay and bonus gap data for 2020:

	Gender pay gap	Gender bonus gap
Median	22.51%	34.57%
Difference to 2019 median +/-	+6.79%	+5.55%
Mean	23.76%	26.04%
Difference to 2019 mean +/-	+8.74%	-0.74%

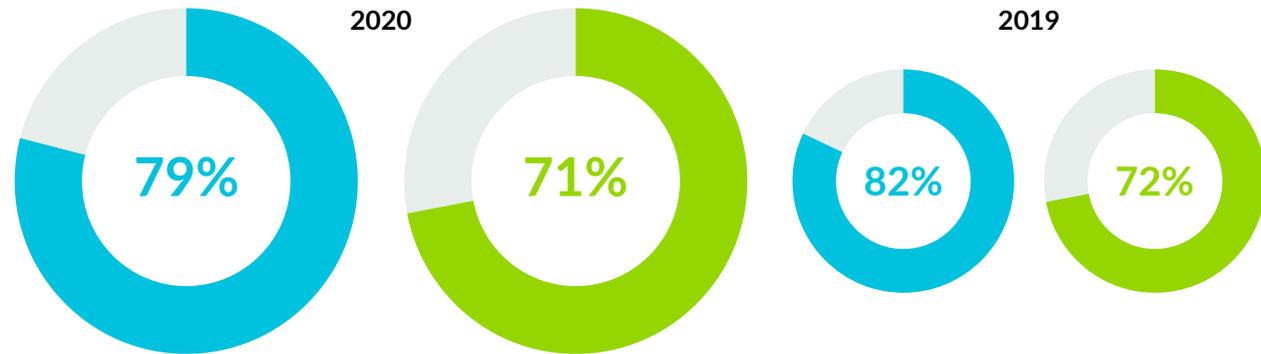
For wider comparison against other companies in the UK in April 2020, the median UK gender pay gaps reported were:

- + All UK Companies: 12.8%*
- + Professional, Scientific and Technical: 22.4%**

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.

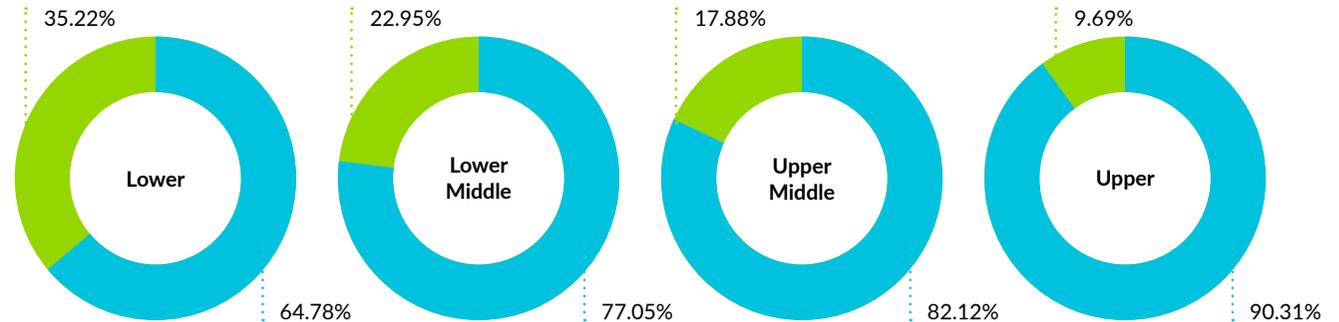


What proportion of UK employees received bonus pay?



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?



*Source: House of Commons Library - Gender Pay Gap Briefing Paper 2020 - 23 November 2020

**Source: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables>



Understanding the Arm UK gender pay gap

Our UK gender pay and bonus gaps are a result of the distribution of males and females across Arm. Our global analysis shows that men and women are paid equally for the same work. However, we have more males than females across the organisation and this increases at higher pay grades. Our median gender pay gap has increased to 22.51% this year. This increase compared to last year is due to market forces driving up salaries in engineering over this time. Arm's Engineering function has a greater proportion of males compared to other functions, so this has had a disproportionate impact on the male population at Arm.

We have again increased the proportion of women joining Arm. However, while overall female representation has improved, a large proportion of new female hires are in lower grades and within the lower two pay quartiles. While a steady pipeline of female employees is being promoted through Arm's internal grade framework, and the number of females in senior roles is increasing, it will take time for this shift to be seen in the overall gender pay gap figures and we understand there is still a lot of work to be done in closing this gap over the long-term.

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.

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, through to growing, developing and retaining them once they have joined us, we are focused on building programmes that ensure that everyone has an equal opportunity to progress. These include:

Investment in D&I

We have partnered with D&I experts, IVY Planning Group, to deliver further D&I sessions for our managers (which we are making mandatory), where they will learn how to have more effective conversations about difference with their teams. IVY Planning Group is also undertaking an independent D&I assessment that will look at all aspects of D&I across Arm, including a review of how we develop women's careers, and will make recommendations to inform our D&I strategy.

Attraction

Our aim is to make Arm an attractive employer for everyone, and we continue to look for a diverse set of candidates. To eliminate any potential gender bias in our recruitment process, we use a software tool to support the development of more inclusive and gender-balanced language used in our job advertisements. The use of this tool has also helped to educate our hiring managers about how to consider diversity during the recruitment process. We also participate in diversity recruitment and community events to highlight Arm as an employer of choice for both early career level and experienced hiring level candidates. In the UK specifically, 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. Over the last year we have hired more women, but we still have higher female representation at lower grades.





Inclusion Matters

We are dedicated to creating an inclusive environment where each and every voice is heard and welcomed, and where innovation can flourish.

We have a network of Champions who deliver interactive unconscious bias workshops through Project EveryOne, our tailored training programme for reducing unconscious bias in the workplace. Project EveryOne aims to create greater awareness of unconscious bias and provides tools to help reduce biases whilst enabling colleagues to come together and share insights.

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 reviewed our technical and engineering talent pools and have introduced a mentoring programme to help develop our people who want to progress in a technical/engineering career, including women and other underrepresented groups.

All of our employees have access to Everywoman Network personal and professional development resources. We also support Catalyst, providing our employees with insights, inspiration, and solutions on accelerating progress for women.

The manager D&I sessions mentioned above are also part of our professional and personal development programmes.

Progression/ Promotion:

We continue to promote a steady pipeline of female employees through to higher grade levels. We have also consistently seen higher percentage pay increases for women over the past five years. Incremental increases will not however be enough to fix the broader structural issues affecting our gender pay gap. Annual Review is just one part of Arm's longer-term strategy to ensure we have more female representation at senior levels. Arm also undertakes an annual global pay equity exercise to ensure there are no unexplainable differences in pay across the organisation.

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

Arm recognizes 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. 67% of Arm's volunteering activity supports United Nations Sustainable Development Goal #4: Quality Education, and Team Arm invests in charitable partnerships working to address gender imbalance in STEM in the UK and globally.



- + Our flagship charitable partner, FIRST, teaches children to think like engineers through robotics programmes. We are FIRST Tech Challenge UK's Inclusion Partner and granted 600+ 12- to 18-year-old students with programme bursaries in 2020. Together, we are working to target students less likely to engage with STEM. 40% of young people participating in the FIRST Tech Challenge UK last year identified as girls, rising to 50% up to the age of 14.
- + Uptree is a professional network connecting young people with the world of work and helping employers to reach young, diverse talent. Through our partnership, we hosted 887 sixth-form students – of whom 64.2% identified as women – through events designed to provide an insight into the diversity of skills and interests needed to work for Arm and in the technology industry.
- + As part of International Women in Engineering Day 2020, we partnered with Fire Tech, which offers technology education for children, to run free workshops to teach 9- to 17-year-olds about Artificial Intelligence. 51% of the 492 participants identified as female.

Appendix



Metric	2020	2019	Difference
Median Pay Gap	22.51%	15.72%	6.79%
Mean Pay Gap	23.76%	15.02%	8.74%
Median Bonus Gap	34.57%	29.02%	5.55%
Mean Bonus Gap	26.04%	26.78%	-0.74%
% Males receiving bonus	79%	82%	-3.00%
% Females receiving bonus	71%	72%	-1.00%
Male Lower Quartile	65%	70%	-5.00%
Male Lower Middle	77%	80%	-3.00%
Male Upper Middle	82%	84%	-2.00%
Male Top Quartile	90%	87%	3.00%
Female Lower Quartile	35%	30%	5.00%
Female Lower Middle	23%	20%	3.00%
Female Upper Middle	18%	16%	2.00%
Female Top Quartile	10%	13%	-3.00%
Arm Limited Headcount	2683	2451	9%
Arm Limited Males	2108	1947	8%
Arm Limited Female	575	504	14%