



arm

UK Gender
Pay Gap
Report 2022



JANUARY 2023

CEO STATEMENT

At Arm, we are guided by our North Star, to build the future of computing, on Arm. Together. For everyone. We have an unbelievable culture in terms of how we work together, how we help one another, how collaborative we are. It's one of our superpowers. We also know that having a diverse workforce and inclusive culture makes us better and enables us to drive the creativity and innovation needed within the technology ecosystem.

After spending 2021 elevating our commitment to Diversity, Equity and Inclusion (DEI), in 2022, we focused on embedding DEI throughout the organization – in the way we operate, make decisions, and collaborate with all of our partners. This is a crucial moment in Arm's history, and it will take the talents of people from all backgrounds to achieve our objectives.

Since more men work in technical functions across all grades at Arm than women, particularly within our engineering functions, our UK Gender Pay Gap score is directly impacted. However, I'm happy to say that the work we have done in advancing DEI has enabled us to show progress in all areas since our last report:

- + Our median gender pay gap has reduced by 1.47%
- + Our mean gender pay gap has reduced by 2.64%
- + Our bonus gender pay gap has reduced by 8.25%

Even though we do have a gender gap, it does not mean men are paid more than women at Arm. We are committed to men and women being paid fairly for the same work and we perform a global Fair Pay analysis each year with an external consultancy to ensure that there is no bias in pay. Furthermore, we now include an additional step during our Mid-Year and Annual Review processes for an internal, enterprise-wide diversity, equity and inclusion review to mitigate any bias in our process.

Although we have made progress, we know we still have work to do to ensure that women flourish at Arm. We are driving a number of initiatives to help us move the needle, including building more inclusive recruiting practices, broadening the sources from which we recruit talent, and providing inclusive hiring training and best practices to hiring managers and teams.

We also continue to put a sharp focus on attracting female talent and building our pipeline of technical and engineering talent with our Early Careers programme.

Women@Arm works with our other ERGs, which are focused on various underrepresented and marginalized communities

Arm also has a Women's Employee Resources Group (ERG), called Women@Arm, which delivers impactful career, cultural, and community events across our global offices. In addition, Women@Arm works with our other ERGs, which are focused on various underrepresented and marginalized communities, to engage with allies and help make Arm a place where differences are valued and leveraged.

Externally, we support a variety of organizations and community projects with the aim of seeding interest in engineering and technical fields with young people, particularly those from underrepresented communities. These efforts are focused on building the technology industry's pipeline for the future by getting more people from different backgrounds to explore careers in engineering.

Improving the Gender Pay Gap within the technology industry will not be easy. It will take time for the investments we are making now to bear fruit through improved gender representation. But we will continue to focus on attracting, engaging, and retaining the best talent from the broadest talent pool and building a culture where everyone can thrive and do their best work.



Rene Haas, CEO



What is the UK Gender Pay Gap?

Since 2017, the UK government has required all UK companies with 250 or more employees to report 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, as required by the Equality Act 2010 (Gender Pay Gap) Regulations 2017.

This report sets out the UK gender pay gap and bonus gap at Arm Limited. The pay data of **2,977** UK Arm employees was analysed as of 5 April 2022 (**2,324** males and **653** females), including all UK full and part-time employees and casual workers. This is pay data for **1.33%** less men and **3.06%** 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 2022 was excluded from the hourly pay calculations.

The bonus data was taken between 6 April 2021 and 5 April 2022.

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.

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 identity 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 tables below show our overall median and mean gender pay and bonus gap based on hourly rates of pay as at the snap date of 5 April 2022, and bonuses paid in the year 6 April 2021 to 5 April 2022.

	Gender Pay Gap	Gender Bonus Gap
Median	21.97%	28.78%
Mean	19.92%	26.12%

For comparison against other companies in the UK in April 2022, early submissions for the UK gender pay gap reports are:

All UK Companies*

- + ONS Provisional Median: 14.9%
- + ONS Provisional Mean: 13.9%

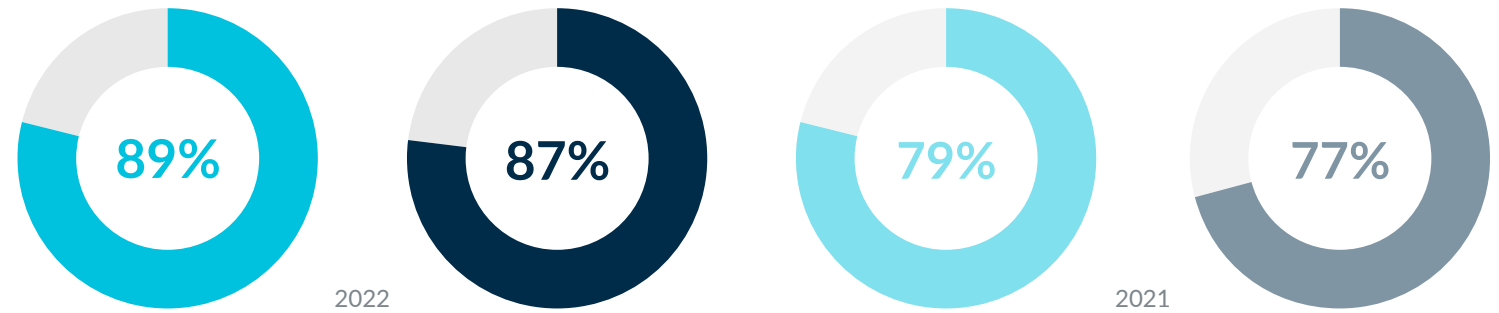
Professional, Scientific, and Technical Companies*

- + ONS Provisional Median: 19.9%
- + ONS Provisional Median: 18.2%

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

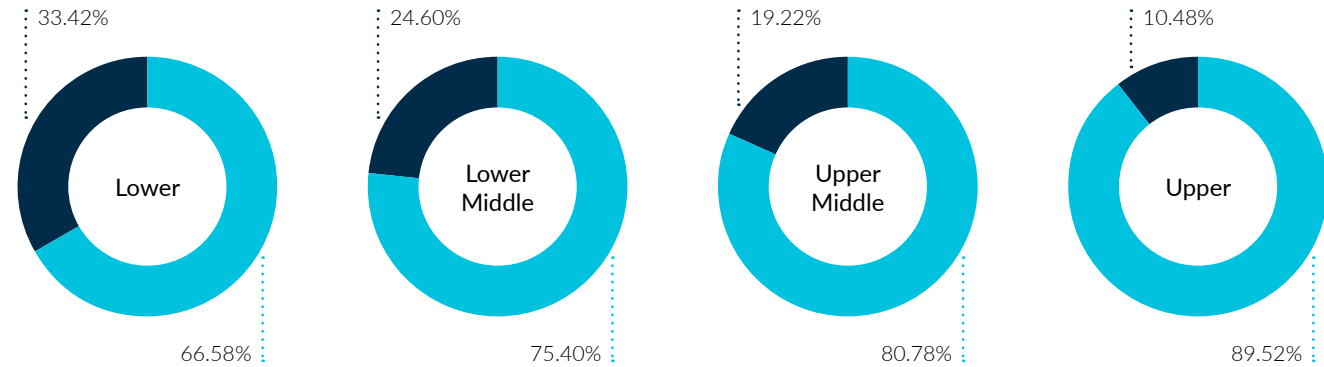
What proportion of UK employees received bonus pay?

Female Male



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.

Proportion of females and males in each quartile band:

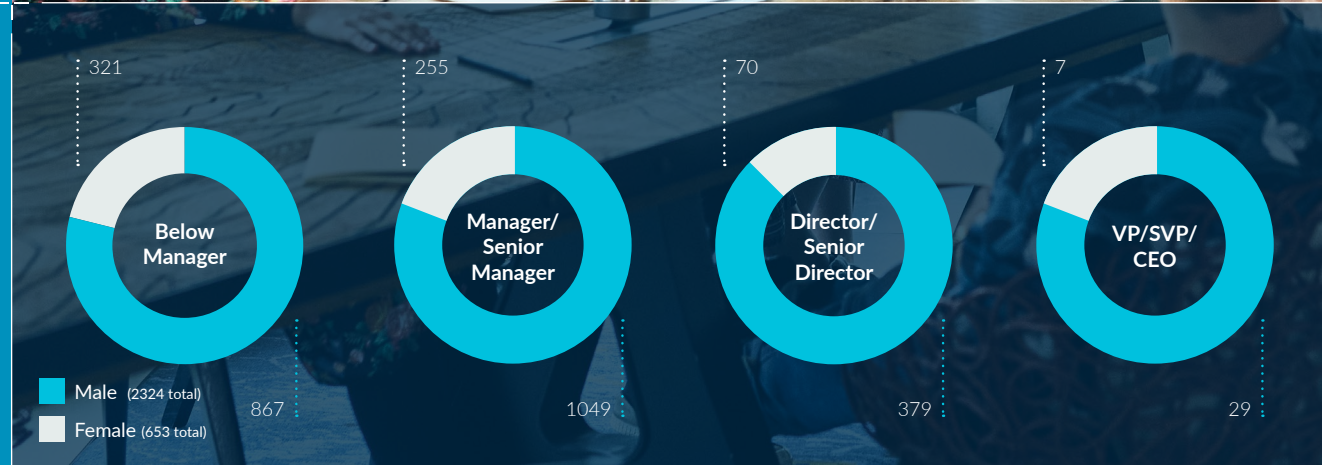


Understanding the Gap

Our population as of April 2022, was made up of **78%** males and **22%** females. Similarly, there are fewer females in senior positions where higher levels of remuneration and bonuses are paid, therefore impacting our bonus gap. The Arm mean rate has decreased further this year to **19.92%**, from 2022 to 2021, this is a decrease of **2.64%** and a year-on-year improvement. Additionally, Arm's median has decreased to **21.97%** which is a year-on-year decrease of **1.47%**. Arm's employee composition. The median bonus gap has decreased by **8.25%** year-on-year, this is a significant improvement in the bonus gap.

OUR PLAN

The year-on-year improvements are due to a number of initiatives, including our commitment to conducting a detailed annual global pay equity analysis, which includes a DEI analysis of salary and promotion recommendations, to mitigate any unconscious bias and ensure that all salaries are comparable and justifiable. Our internal analysis shows that male and female are paid equally for the same work. The technical/engineering role market is an extremely competitive talent market and the demand for these skills drives higher rates of compensation and equity in comparison to non-technical/engineering roles. We continue to focus efforts on ensuring Arm is an attractive and supportive employer for women, but it will take time before we see more equal representation of males and females in technical/engineering roles. We are committed to achieving meaningful change, and we are working towards this through our partnerships within the local community. 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.



Our Diversity, Equity and Inclusion (DEI) Strategy

In May 2021, Arm appointed its first Chief Diversity Officer and made a stronger commitment to Diversity, Equity, and Inclusion (DEI). The focus over the first year was about elevation - amplifying some of the DEI work that had already been occurring and introducing new foundational elements.

We partnered with DEI experts and completed an independent DEI assessment with the IVY Planning Group that looked at all aspects of DEI across the company. The DEI assessment informed our next steps, which included creating and rolling out the DEI strategy, launching Employee Resource Groups (ERGs) and Employee Communities (ECs), and holding company-wide DEI education sessions. In 2022, we moved into the next stage of Arm's DEI journey: embedding DEI into the fabric of how we operate. As part of the DEI strategy, we introduced an accountability mechanism for everyone at Arm to demonstrate their commitment to DEI. During the 2022 Annual Review process (and continuing going forward), everyone received a performance rating that reflected how active they had been when it came to DEI. Our goal with the DEI rating is for everyone to make a purposeful shift towards being an active ally when it comes to DEI, by intentionally and consistently taking action to support the DEI strategy and making Arm, our ecosystem, and our communities stronger.

INCLUSIVE RECRUITING AT ARM

Arm's Talent Acquisition team continues to find ways and create initiatives to engage and attract a diverse set of candidates. Throughout the year, the team attend diversity recruitment fairs and community events focused on STEM careers to highlight Arm as an employer of choice and the opportunities available for both early careers and experienced hiring levels. Globally, we have been working with a wider set of universities to attract more diverse candidates and specifically, in the UK we have also developed and grown our apprenticeship programme to attract more talented people from different educational backgrounds.

We continue to embed the use of a tool into our recruitment process, which is used by our hiring managers to consider advanced workplace inclusive language guidance creating a gender-neutral tone eliminating bias in job posts. Our hiring managers also have access to a range of training tools to upskill interview techniques and providing feedback to ensure that includes DEI guidance.



WOMEN@ARM

Women@Arm, whose mission is to engage, inspire and empower women at Arm to advance their skills and realize their potential, is one of our seven Employee Resource Groups (ERGs). The UK Chapter of Women@Arm focuses on supporting women with their career aspirations, providing networking opportunities, championing each other, and learning and growing together. The ERG celebrates the achievements of women at Arm and elevates female role models in the business at every level. For example, for International Women's Day in March 2022, the group spotlighted members and their recent achievements, in addition to holding a session with Dr. Suzanne Doyle-Morris, a speaker, executive coach and author who specializes in gender in the workplace.

From attracting female talent, to growing, developing, and retaining them once they have joined us, we are committed to ensuring everyone has an equal opportunity to thrive and to progress at Arm. We will continue to listen to feedback and make tweaks to our DEI strategy as needed, but we are dedicated to moving the needle and make progress when it comes to gender equity.



Arm in the Local Community

Arm recognises the importance of empowering and supporting the next generation, in particular, girls, to reach their fullest potential. Our people provide coaching and mentoring through our community engagement program, Team Arm, which has a strategic focus on STEM outreach. In 2022, Arm increased its volunteering hours, as we are committed to bring about positive change in our communities.



Arms Primary School Outreach Programme

Arms Primary School Outreach Programme collaborates with local Primary Schools to provide outreach programmes for their students. The sessions aim to expose younger children to the impact Arm has on everyone's daily lives all around the globe and enthuse them about the work we do. The goal of this approach is to open up students' minds to greater opportunities in their future, help engage Arm offices with their local communities, and in the long-term, help diversify Arm's hiring pipelines.



Uptree

Uptree connects employers and young people from a diverse audience of over 207,000 UK students, of which 52% are female. 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 FY21, we hosted over 400 students through 10 events.



GLAM
(Girls Leadership
Academy Meetup)

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 June and August of FY21, we hosted two week-long virtual event, giving them insight into the fundamentals of business, leadership and technology. 152 girls attended from across the US, EMEA and India. The events were supported by over 50 Arm volunteers, who took on roles as speakers, coding workshop hosts and judges for the participants' final business pitches. 82% of girls who attended said that they planned to do more coding as a result.



FIRST

FIRST Tech Challenge is an education charity inspiring more than 600,000 young people (aged 12-18) to think about their potential in STEM through robotics competitions. Teams are challenged to design, build, programme, and operate robots to compete in a head-to-head challenge. Our employees volunteer as coaches or mentors to support the students in developing STEM skills. In the UK, Arm is FIRST's Inclusion Partner, providing funding to remove barriers to participation in the First Tech Challenge programme for young people. Since 2019, Arm has provided bursaries to 400 young people. 36.2% of students are in receipt of Free School Meals.



RESULTS DISPLAYED AS A TABLE

Metric	2022	2021	22-21 Difference
Median Pay Gap	21.97%	23.43%	-1.46%
Mean Pay Gap	19.92%	22.56%	-2.64%
Median Bonus Gap	28.78%	37.30%	-8.52%
Mean Bonus Gap	26.12%	26.30%	-0.18%
% Males receiving bonus	89.04%	79%	10.04%
% Females receiving bonus	87.19%	77%	10.19%
Male Lower Quartile	66.58%	67%	-0.35%
Male Lower Middle	75.40%	77%	-1.31%
Male Upper Middle	80.78%	82%	-1.15%
Male Top Quartile	89.52%	90%	-0.17%
Female Lower Quartile	33.42%	33%	0.35%
Female Lower Middle	24.60%	23%	1.31%
Female Upper Middle	19.22%	18%	1.15%
Female Top Quartile	10.48%	10%	0.17%
Arm Limited Headcount	2977	2988	0.37%
Arm Limited Males	2324	2355	1.33%
Arm Limited Females	653	633	-3.06%

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