

2017 Gender Pay Gap Report

The AA aims to ensure people are treated equally at work, across all levels and locations. This includes making sure everyone has the same opportunities for reward, recognition and training.

The issues of the gender pay gap and equal pay are often confused. Equal pay considers pay differences between individuals performing the same or similar work, whilst the gender pay gap compares differences in the average earnings of men and women regardless of their role or seniority.

We aim to pay men and women the same pay for doing comparable roles. Our reported gender pay results however show a gap. This is largely because we have fewer women than men working in senior leadership positions and very few women working in our roadside patrol roles. As patrol and senior leadership roles are generally paid more, under-representation of women in these roles creates a gender pay gap.

At the AA, around 70% of our employees are men and around 30% are women. We are committed to bringing a better gender balance to our workforce, but there is some way to go as this report shows. We know it will take time and we will continue to tackle the root causes by eliminating any unconscious bias in our systems, processes and policies and by ensuring that we actively encourage women to apply for our patrol roles.

We recognise the importance of the gender pay gap reporting, the transparency it brings and its role in driving positive change for the future.

I confirm that the gender pay gap data contained in this report is accurate.

Helen Hancock
Human Resources Director

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The AA Gender Pay Outcomes

All UK companies with 250 or more employees are required to publish details of their gender pay and bonus gap by 4 April 2018. In addition to the legal requirement, we are publishing AA Group figures voluntarily, which includes AA Developments Limited and AA Plc.

The gender pay gap shows the difference between the mean (average) and median (mid-point) pay and bonus earnings of male and female employees, expressed as a percentage of male employee's earnings.

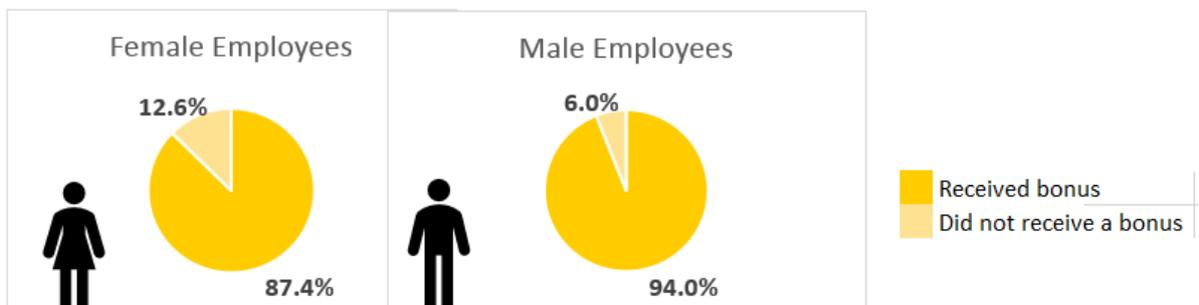
The table below presents our overall mean and median gender pay gap based on hourly rates of pay as at the snapshot date (5 April 2017). It also captures the mean and median differences in bonuses paid to men and women at the AA in the year up to 5 April 2017.

Mean and median pay and bonus gap

Gender gap	Pay		Bonus	
	AA Developments Limited	AA Group	AA Developments Limited	AA Group
Mean	18.8%	18.9%	39.6%	39.6%
Median	26.6%	26.7%	0.5%	0.7%

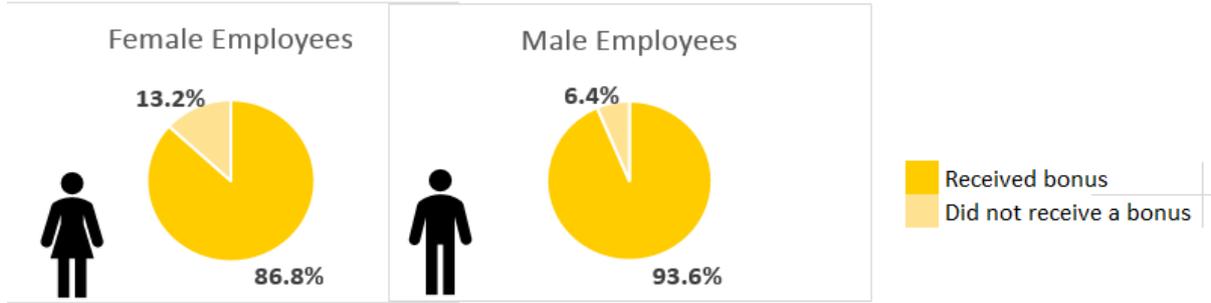
We operate a variety of gender neutral bonus schemes across the organisation recognising the successes of individual and team performances that contribute to our overall business plans.

AA Developments Limited - Proportion of employees awarded a bonus



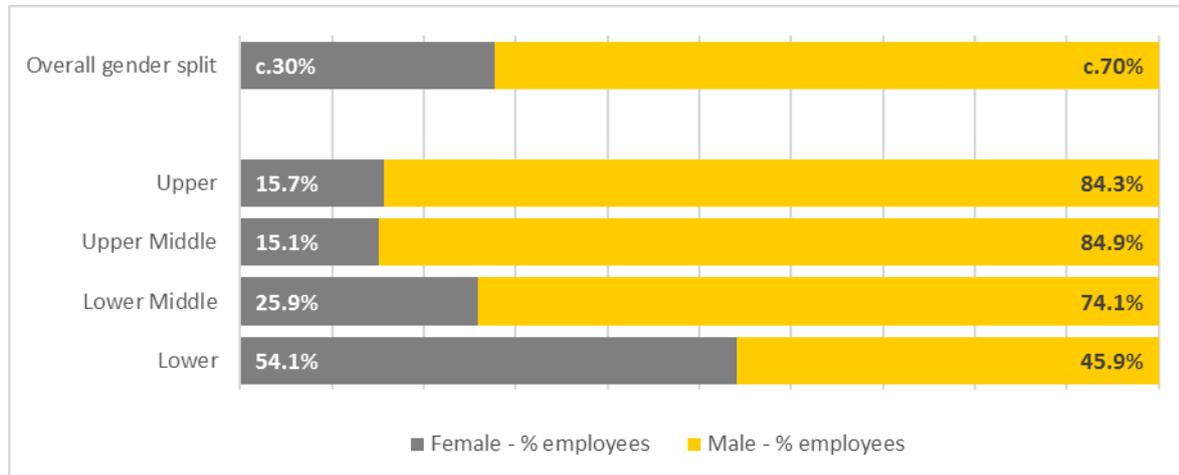
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AA Group - Proportion of employees awarded a bonus



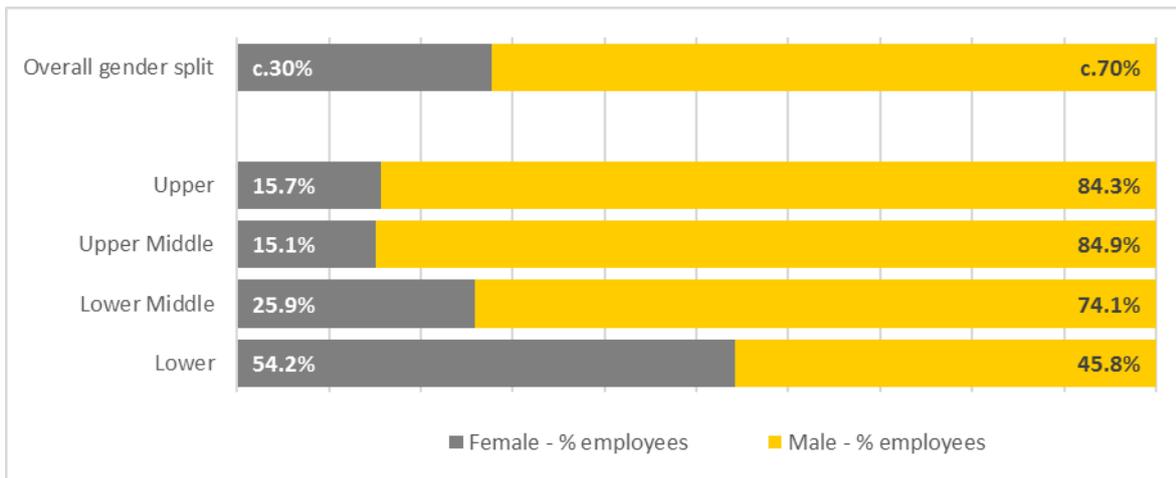
The charts below show the proportion of male and female employees in four quartile hourly rate pay bands, ranked from the lowest hourly rate to the highest hourly rate. The analysis is prepared by dividing our employee population into four equal groups.

AA Developments Limited – Proportion of employees in each pay quartile



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AA Group - Proportion of employees in each pay quartile



Understanding the Gap at the AA

- Roadside Services is currently a male dominated sector. At the AA around 70% of our employees are men and around 30% are women;
- The vast majority of employees in the top two pay quartiles are patrols, who generally receive a pay premium to reflect their technical skills. Men represent 99% of our patrol workforce and overall the patrol workforce constitutes around 43% of our employee population;

This has a material impact on our reported gender pay gap. For example, our median gender pay gap in the remainder of the organisation falls to 9.6% compared to the 26.7% reported for the Group as a whole;
- Women represent 55% of our contact centre workforce, which tend to include lower paid roles;
- Women are under-represented in higher paid roles in senior professional and executive positions. Overall, women represent around 25% of this professional group.

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Managing the Gender Pay Gap for the future

Our Executive team acknowledges the imbalance of women in more senior roles and welcomes the Government initiative on pay gap reporting. Simply put, it's the right thing to do. Our current gap is 18.9%, driven in part, by the traditionally male dominated nature of our industry and in part, by the high proportion of women in more junior roles with lower earning potential.

As part of our ongoing commitment to more balanced gender pay, we will:

- Review and support equal development opportunities and provide flexible working arrangements wherever possible;
- Continue to review our pay and reward structures to make sure gender bias doesn't exist. Already, our roles are underpinned by job evaluation and transparent pay grades, but the report highlights the need to do more to improve equality and diversity;
- Apply this same lens to our recruitment practices, making sure we use gender neutral language so as to encourage more female applications for roles across the AA, particularly in our patrol workforce.

The findings from this report and the awareness it raises means we must continue to question and truly understand any barriers to equality and diversity, and take action so that we achieve a high performing workforce where all our employees can reach their full potential.



Simon Breakwell

Chief Executive Officer