

2018 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 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, and our gender pay gap results in 2018 show a marginal improvement but there is some way to go. We know it will take time to improve gender parity and we will continue to tackle the root causes by eliminating any unconscious bias in our systems, processes and policies.

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.



Linda Kennedy
Chief People Officer

2018 Gender Pay Gap Report

What is the Gender Pay Gap

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 wide figures voluntarily which includes both 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 (i.e. 5 April 2018). It also captures the mean and median differences between bonuses paid to men and women at the AA in the 12 months up to 5 April 2018.

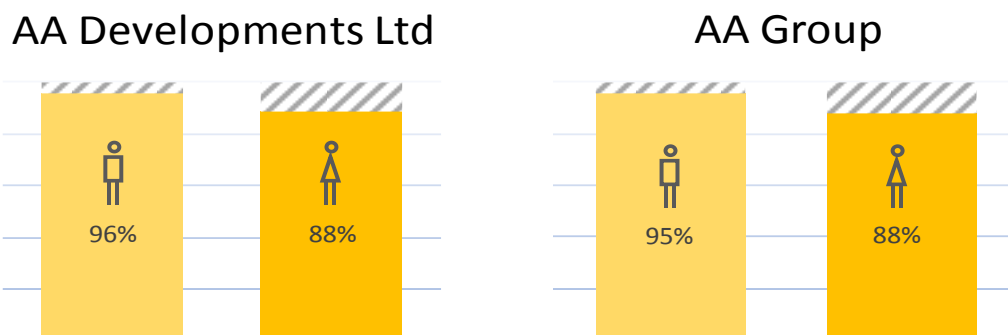
AA Gender Pay Results

Mean and median pay and bonus gap

| | AA Developments Ltd | AA Group |
|-----------------------------|---------------------|----------|
| Mean gender pay gap | 17.8% | 17.9% |
| Median gender pay gap | 23.2% | 23.2% |
| Mean gender bonus pay gap | 38.2% | 38.6% |
| Median gender bonus pay gap | 7.4% | 3.5% |

Proportion of employees receiving a 2018 bonus

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



2018 Gender Pay Gap Report

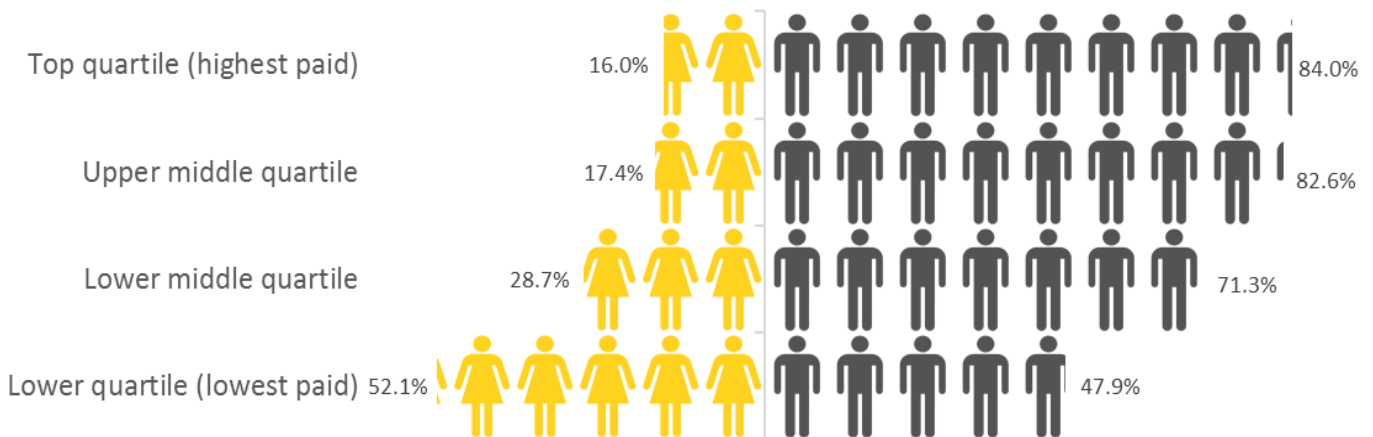
Pay Quartiles

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



AA Group - Proportion of employees in each pay quartile



2018 Gender Pay Gap Report

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 44% 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 is 11.7% compared to the 23.2% reported for the Group as a whole;

- Women represent 57% 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 28% of this professional group.

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 17.9%, driven in part, by the traditionally male dominated nature of our industry and in part, by slightly higher proportion of women in more junior roles with lower earning potential.

Compared to last year we have improved our gender pay gap slightly, and to support this we continue to:

- Encourage flexible working where possible
- Use gender neutral language for our adverts
- Formally evaluate each role via Hay methodology and benchmark salaries to ensure gender bias does not exist
- Set-up women's networks
- Continue to link up with schools and colleges and build on our apprenticeship scheme
- Review and support equal development opportunities and provide flexible working arrangements wherever possible;

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