



Gender pay gap report

2022 to 2023

Executive statement

At The AA, our **Diversity, Equality and Inclusion (DEI)** strategy sets out our vision to create a safe and inclusive workplace that reflects both our customers and our communities while providing a workplace where people feel that they belong and that they can thrive.

We continue to run a programme of activities which underpin our strategy and demonstrate our commitment to the DEI agenda.

We want The AA to be a place that is welcoming to all, where openness, respect and support for each other are core aspects of our business. We all gain from this, as do our members and customers.

Our aims are:

- ✔ To represent the customers and communities we serve and provide products with great customer outcomes.
- ✔ To encourage different thoughts and ideas, enabling debate and innovation that drives increased business success.
- ✔ To attract and retain the best talent and to support all our people in reaching their full potential.

In our **2023 gender pay gap report**, we share the latest results of our gender pay gap analysis. We confirm that this information and data is accurate as of the snapshot date of 5 April 2023.

We know achieving our DEI targets will be challenging due to the industry we work within but we will constantly **push for better** to ensure our employees are treated fairly and equitably at all levels of the business.



Jakob Pfaudler
Chief Executive Officer



Louise Benford
Chief People Officer

What is Gender Pay?

Gender Pay and Equal Pay are often confused, but they're different.

Equal Pay looks at the rates of pay for males and females performing the same or similar work and it's a legal requirement to pay them the same.

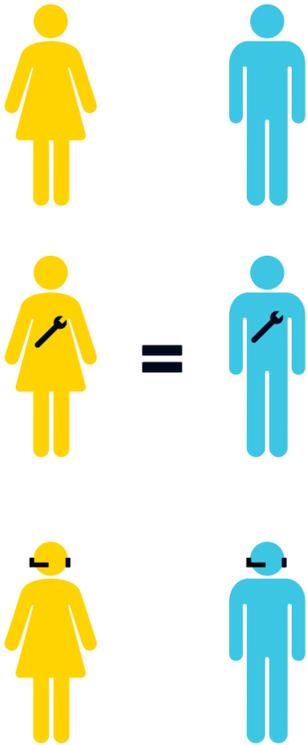
Gender Pay on the other hand compares the average earnings of all the males and females in your workforce regardless of their role or seniority.

External societal factors such as caring responsibilities, occupational choices and part-time working can impact Gender Pay figures, whereas these wouldn't impact Equal Pay.

Gender pay gap reporting looks at a variety of data points, including mean and median pay/bonus gaps, as well as the proportion of males and females receiving a bonus and pay quartiles.

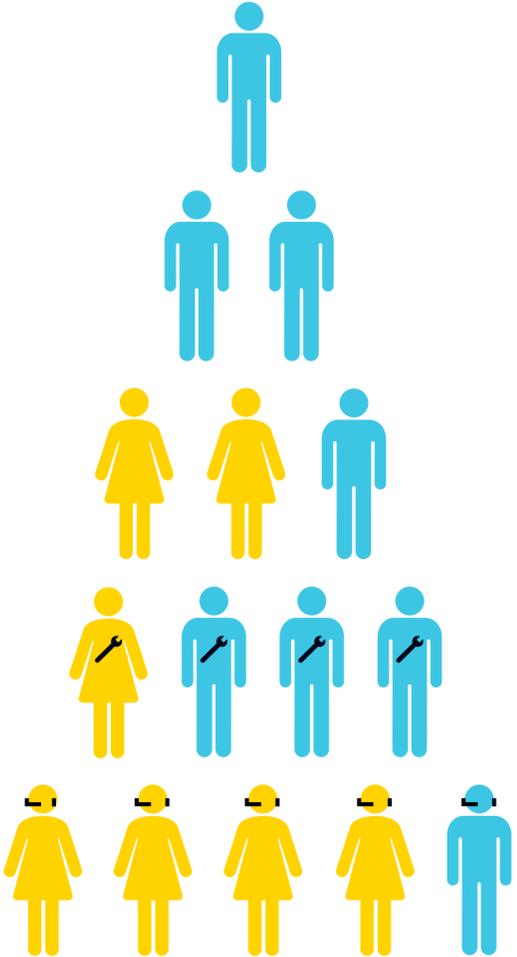
Equal Pay

Means males and females performing the same role receive the same pay.



Gender Pay

Indicates the difference in average earnings between males and females.



Gender Pay reporting explained

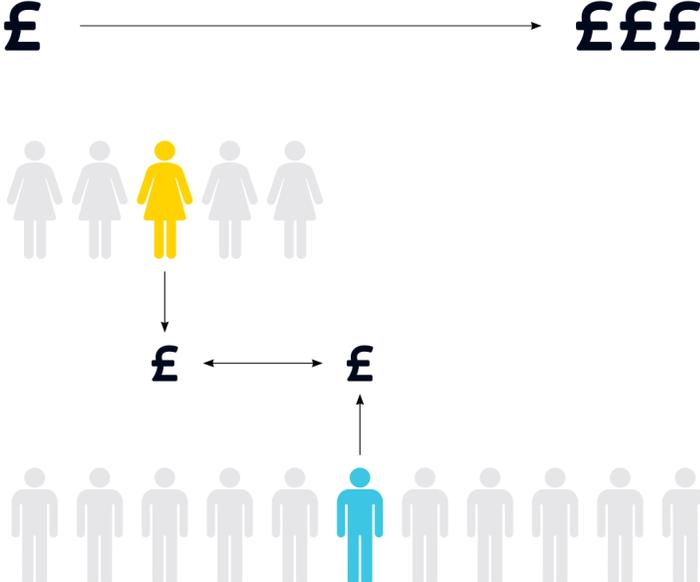
Mean

Compares the average pay or bonus of all males and all females in the company.

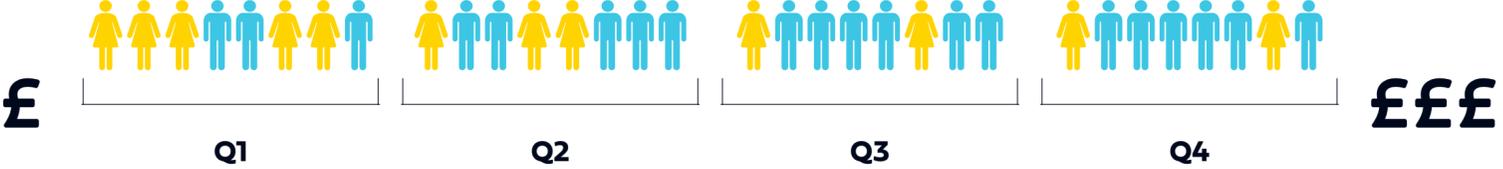


Median

Compares the pay or bonus of the middle employee for males to the middle employee for females.



Quartiles



- ✔ **Mean pay gap**
Compares the average pay of all males, and all females in the company.
- ✔ **Median pay gap**
Compares the pay of the middle employee for males to the pay of the middle employee for females.
- ✔ **Mean bonus gap**
Compares the average bonus pay paid to males and females.
- ✔ **Median bonus gap**
Compares the bonus paid to the middle employee for males with the bonus paid to the middle employee for females.
- ✔ **Pay quartiles**
Ranks the workforce in order of hourly pay, divides them into four equal groups and assesses the number of males and females in each group.

What classes as pay and bonus?

Pay

Pay for the purpose of gender pay gap reporting includes any monetary payment paid to a relevant employee in April including:

- ✔ **Basic pay**
- ✔ **Allowances e.g.**
 - Car
 - Location
 - Secondment
- ✔ **Pay for leave**
- ✔ **Shift premium pay**

It does not include payments such as:

- Paid overtime
- Allowances earned during overtime
- Pay for untaken leave
- Authorised business expenses
- Benefit in kind for non-cash benefits

Bonus

Bonus for the purpose of gender bonus gap reporting includes payments from the below list made to relevant employees between 6 April 2022 and 5 April 2023:

- ✔ **Annual bonus**
- ✔ **Incentives**
- ✔ **Commission**
- ✔ **Long Service Awards**
- ✔ **One-off, non-pensionable, non-consolidated bonuses**
- ✔ **Securities/securities options (i.e. shares)**

These bonuses can be paid in the form of:

- Cash
- Vouchers
- Securities (i.e. shares)



Our workforce demographic

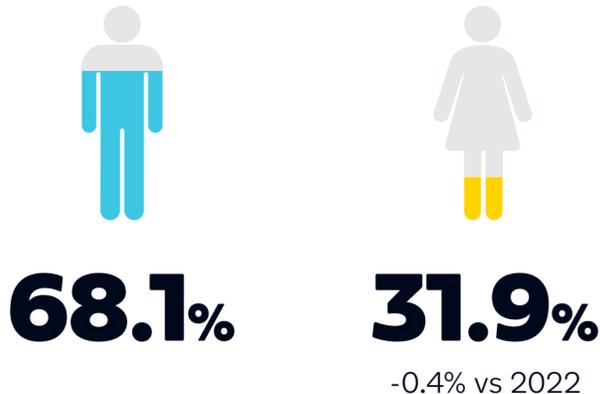
We know that one of the main drivers of our gender pay gap lies in the under representation of females in the company, with the male population consistently making up c.70% of our employee demographic. This is particularly the case within our roadside business, where 99% of our patrol workforce, who make up c.40% of our total workforce, are male.

Our other large volume area is our contact centre population which accounts for over 30% of our workforce and is 55% female.

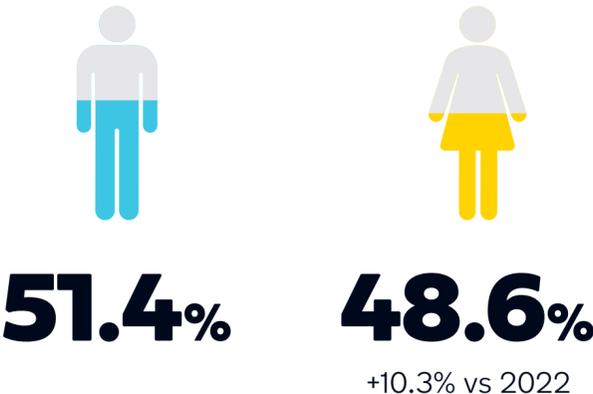
We continue to increase the number of females in senior roles within the business with female representation across our management grades increasing from 34% in 2022 to 39% (+5%) in 2023.

This number increases further to 48.6% when considering our Senior Leadership Group who are our most senior and strategic roles within the business.

Total population



SLG population

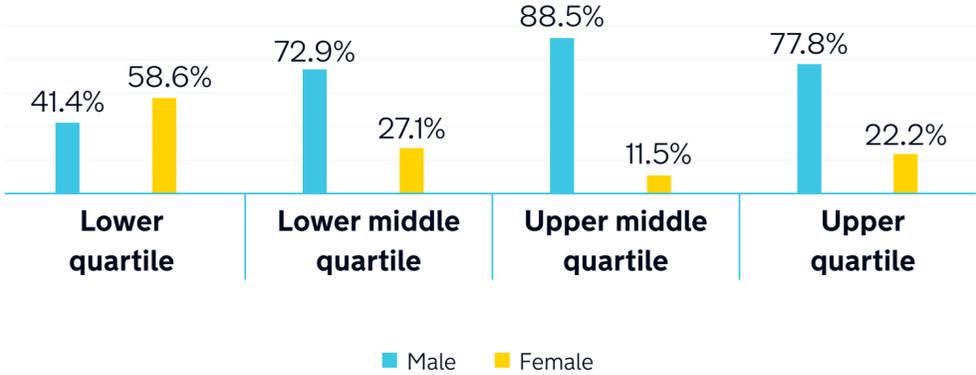


Total population

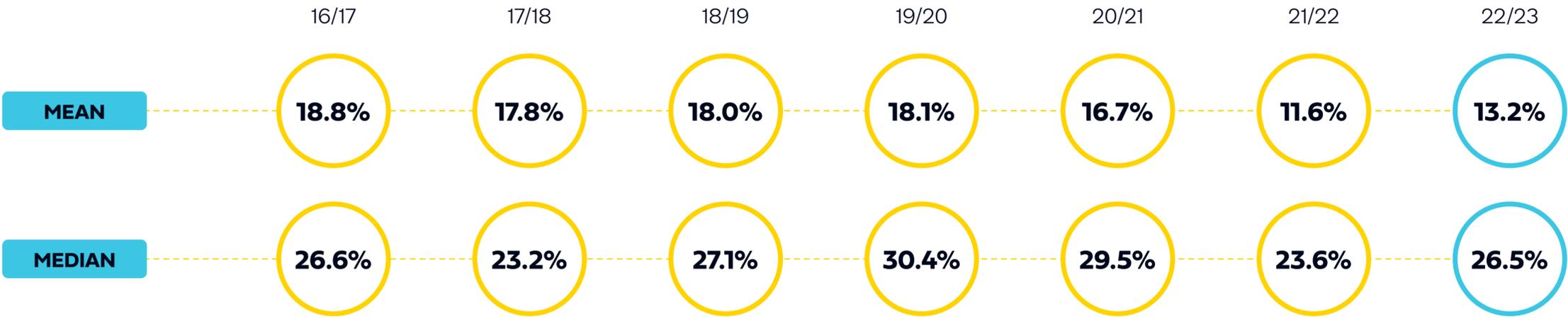
SLG population

	Total population		SLG population	
	Male	Female	Male	Female
19/20	68.7%	31.3%	64.6%	35.4%
20/21	67.2%	32.8%	61.1%	38.9%
21/22	67.7%	32.3%	61.7%	38.3%
22/23	68.1%	31.9%	51.4%	48.6%

Pay quartiles



Gender pay gap data



The mean gender pay gap within The AA had been tracking at c.18% prior to the new ownership and new leadership team being appointed in 2021 where our gap started to improve.

We have seen a slight increase (+1.6%) in our mean gender pay gap in 2023 which we know to be a result of changes to the remuneration of our patrol population. Due to the volume of this population, and the proportion that are male, any changes in remuneration that increase the hourly rate negatively impacts our gender pay gap.

The external recruitment market for HGV drivers and vehicle technicians became increasingly volatile over the reporting period and decisions were made to enhance patrol pay to ensure we remained competitive for such an important part of our workforce.

There has also been an increase (+2.9%) in our median gender pay gap in 2023 for the same reasons.

We understand that to close our gender pay gap we need to increase the proportion of women in corporate functions and senior roles.



Bonus pay gap

In 2022 we reported a significant reduction in our gender bonus gaps driven by an increase in incentive amounts paid to employees across our contact centre who are predominantly female.

Our 2023 bonus gaps have increased. However, on a like-for-like basis, they remain below the 2021 bonus gap figures by some margin.

Our like-for-like bonus gap figures have widened compared to 2022 because of increased incentive payments for our patrols as well as our Group Bonus paying out at a higher percentage in 2023.

Also, following the implementation of our new recognition platform, we now have the reporting capabilities to include our recognition and long-service award data which widens the gap further due to the volume of females receiving awards which are typically lower in value than bonuses and incentive payments.

Finally, in response to the unexpected increase in inflation in 2022 the company paid a one-off cost-of-living non-consolidated bonus to employees in our staff grades giving us a final mean bonus gap of 31.6% and median bonus gap of 33.5%.

	Mean bonus gap			Median bonus gap		
	20/21	21/22	22/23	20/21	21/22	22/23
Like-for-like	39.5%	4.7%	19.3%	45.6%	-10.6%	24.8%
Recognition			34.3%			39.9%
Recognition and cost-of-living bonus			31.6%			33.5%

Proportion receiving a bonus



95.1%

+12.6% vs 2022



92.5%

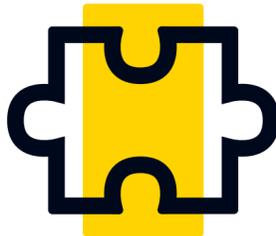
+33.6% vs 2022



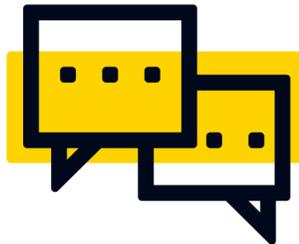
Robust recruitment processes for fair and unbiased outcomes



We carry out **role evaluations** to allow equitable pay, based on skills, responsibilities and experience.



We review our **attraction methods** and sources to appeal to a broad range of candidates from various backgrounds, experiences and demographics.



This includes using **inclusive language** in job adverts and job descriptions and promoting jobs through **diverse channels**. We use a gender decoder that identifies and **eliminates gender-biased language** in job adverts.



All employees complete **mandatory learning** on Diversity and Inclusion. This ensures they understand the importance of D&I to the Company and their role in supporting.



Our recruitment process and hiring manager **recruitment guide** is **audited** to maintain compliance and support an equitable workplace.



We strive to provide hiring managers with **diverse shortlists** to ensure that a variety of candidates are considered for interview.



In Customer Operations, behavioural assessment using **gamification** is the first assessment undertaken which eliminates bias.

Addressing our pay gap

Our ambition is to create a **safe, inclusive** workplace that reflects our customers and our communities – where people can **belong and thrive**.



We are performing well against our target to achieve **40% female diversity in senior roles** by January 2026 and remain focused on achieving this.



Established a **quarterly D&I committee** and balance network to connect D&I activities with wider business strategies.



Launched a **buddy system and coaching for maternity returners** to help with their transition back into the workplace.



Launched the second year of our career development programme **“Driven Women”** to support the development and progression of our female middle managers.



Created a **senior female networking group** focused on coaching, development and career progression.



The AA’s first Digital & Data **graduate programme** launched in September 2023 with a diverse intake.

AA *Always
Ahead*