



Gender pay gap report

2023 to 2024



Executive statement

At The AA we understand the strength that having a clear **Diversity & Inclusion (D&I)** strategy offers, not only to our colleagues and our business success, but to our customers we serve.

Our commitment to create a safe and inclusive workplace that reflects our customers and our communities and where colleagues feel they belong remains our main aim.

Despite the turbulent and changing external environment, here at the AA we remain committed to our D&I agenda and continue to focus on our D&I Strategy. We have refined our recruitment processes to reduce bias, to ensure the best person gets the job regardless of gender, ethnicity, sexuality, or any other factor.

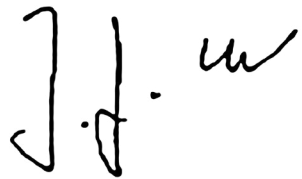
While we acknowledge the D&I challenges posed by our industry, we are committed to constantly push for better to ensure fair and equitable treatment for all employees at every level of our organisation.

Our goals include:

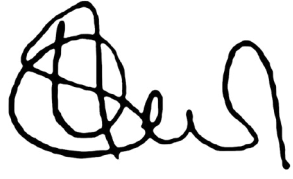
- ✔ Representing the diverse customers and communities we serve and provide products with great customer outcomes.
- ✔ Fostering innovation by encouraging different thoughts and ideas and enabling debate that drives increased business success.
- ✔ Attracting and retaining the best talent by supporting all our people in reaching their full potential.

In our **2024 Gender Pay Gap Report**, we share the latest results of our gender pay gap analysis and our action plan that addresses how we are planning to close our gender pay gap.

We confirm that this information and data is accurate as of the snapshot date of 5 April 2024.



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.

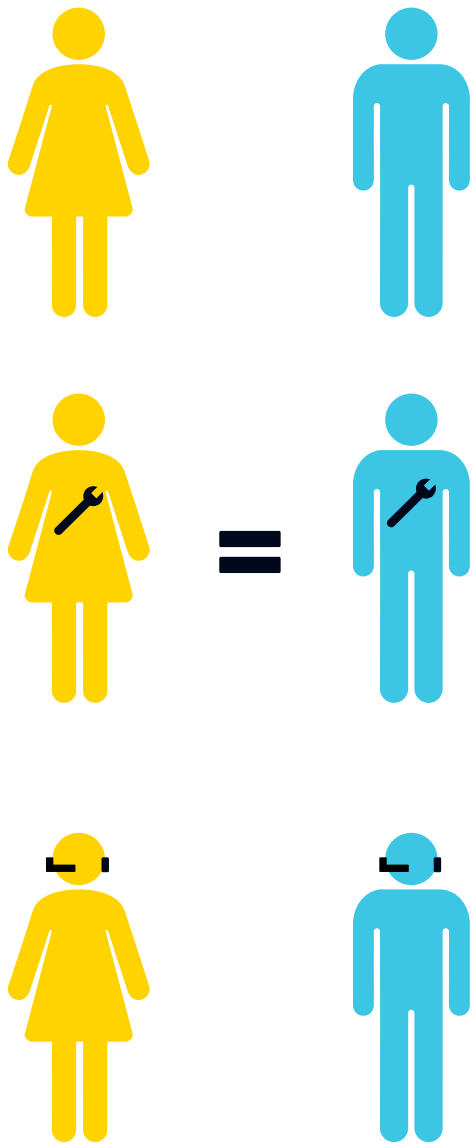
Gender Pay on the other hand compares the average earnings of all the males and females in your workforce regardless of their role or seniority.

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.

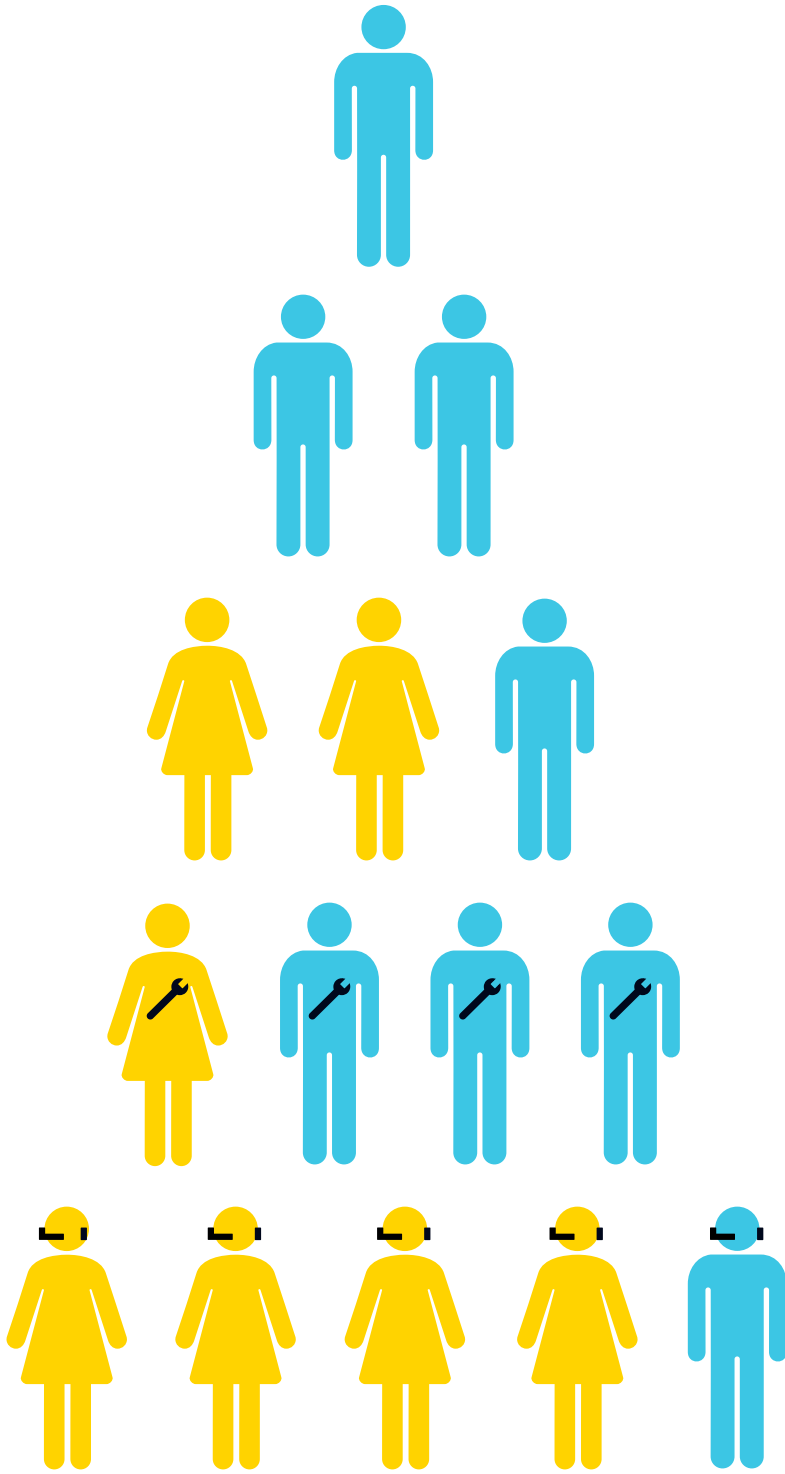
Equal Pay

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

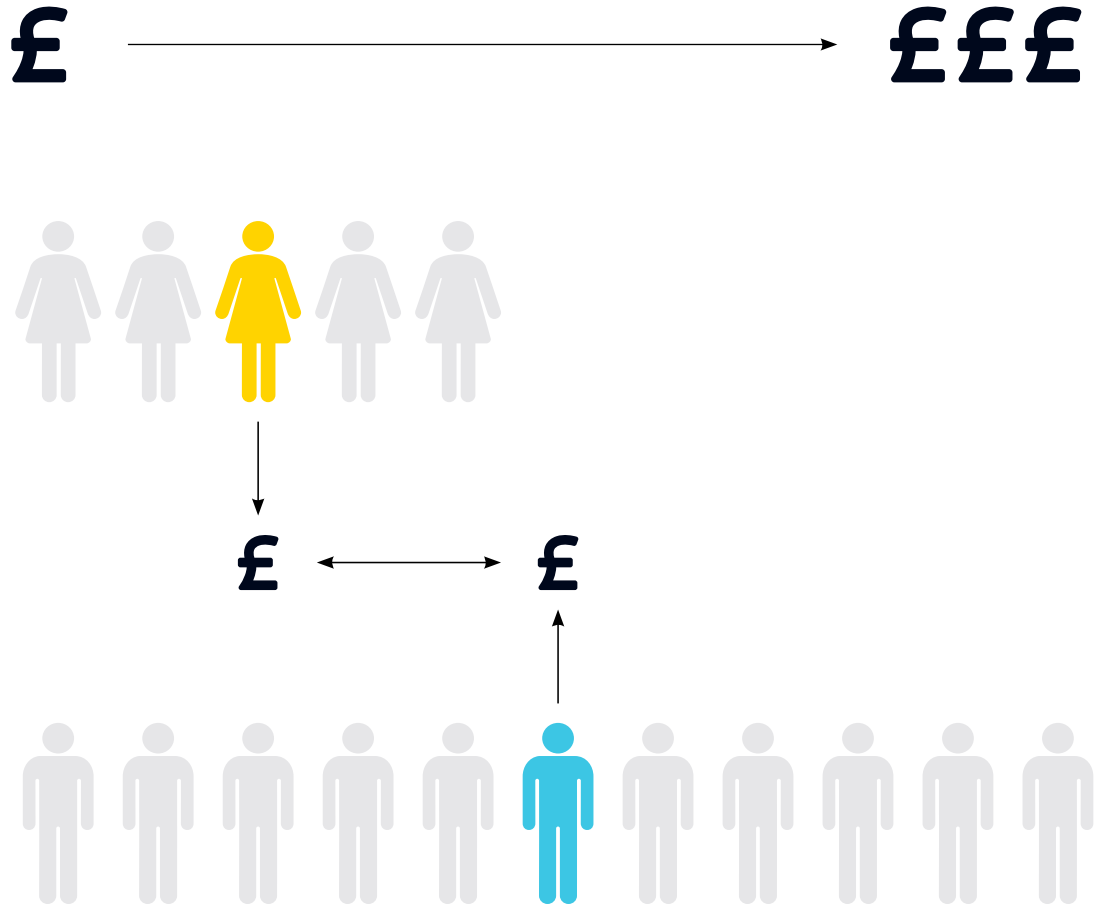
Mean

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

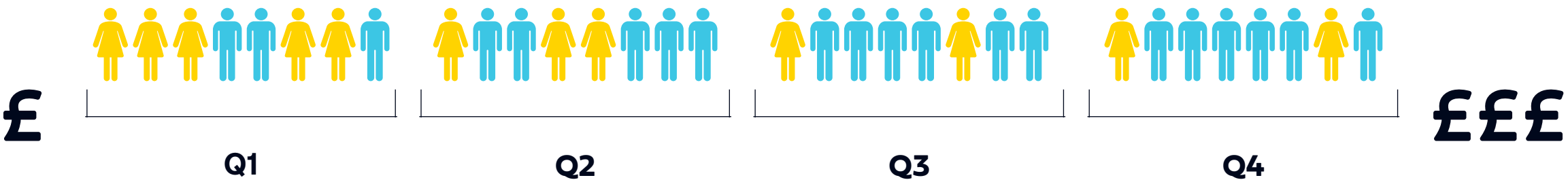


Median

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 2023 and 5 April 2024:

- ✓ **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

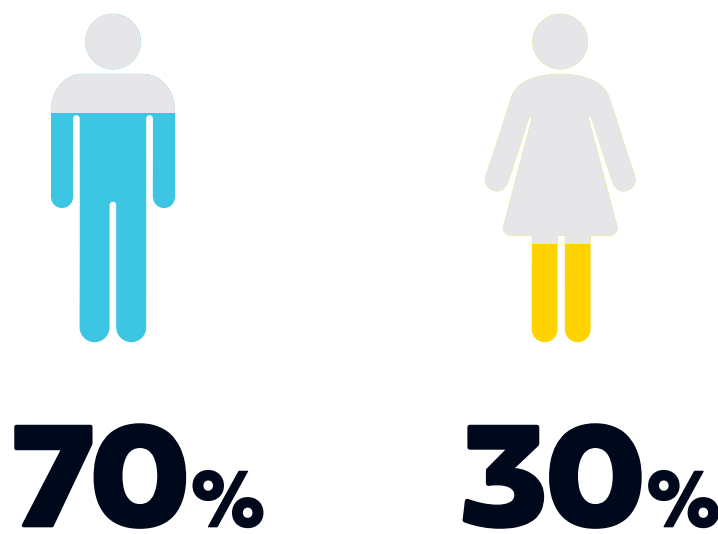
The AA has three distinct employee demographics (Patrols, Customer Operations and Technical roles for example IT and Digital) and understanding the gender splits within each of these is key to understanding our pay gap.

The overall gender split across The AA group has remained consistently close to c. 70% male and 30% female since we began reporting our gender pay gap figures. Similarly, the gender splits in our two volume workforces have remained consistent as well.

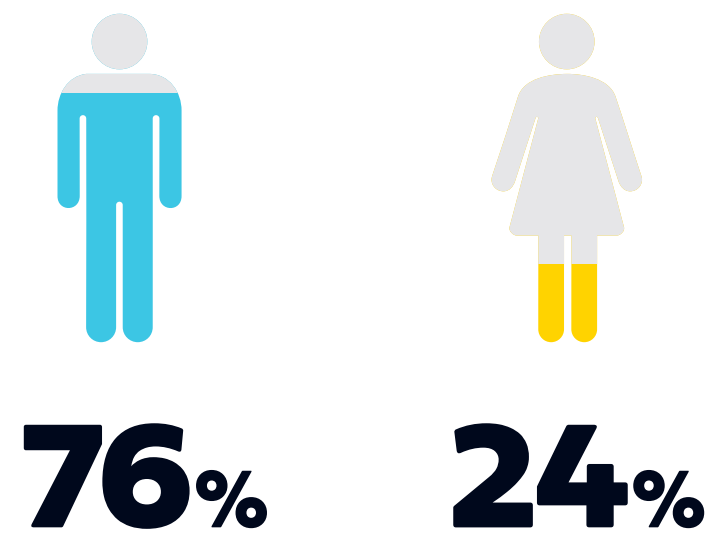
Due to the highly skilled and technical nature of our Patrol roles within the business, they command higher base salaries than our Customer Operations roles. Given 43% of our workforce are patrols who are 99% male, this has a large impact on the size of the average hourly rate for the male population.

Furthermore, whilst our technical roles in areas such as IT and Digital only account for 7% of our overall workforce, they are typically paid significantly higher base salaries than other head office roles due to their highly specialised nature. We have found this has a significant impact on our overall pay gap, males account for 76% of these employees.

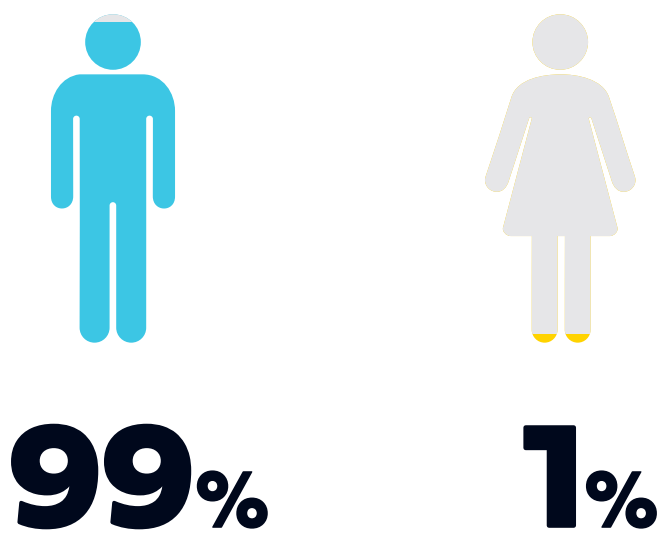
Total Workforce



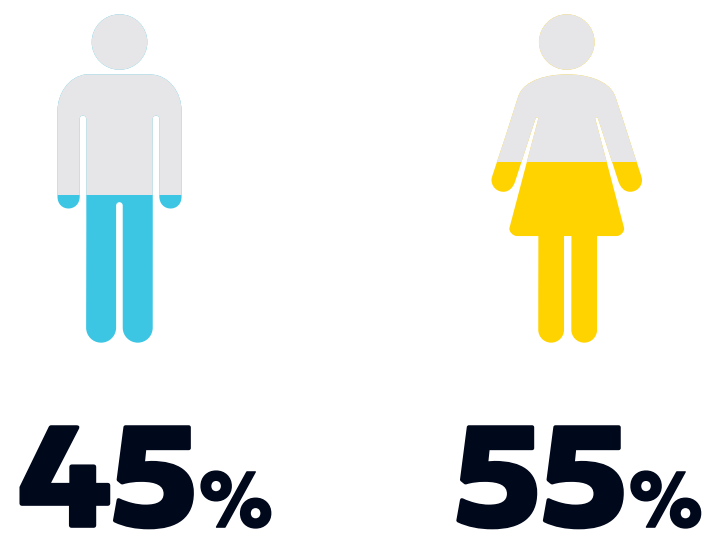
Technical roles COO – IT / Digital



Patrols (43% of workforce)



Customer Ops (35% of workforce)



Our workforce demographic

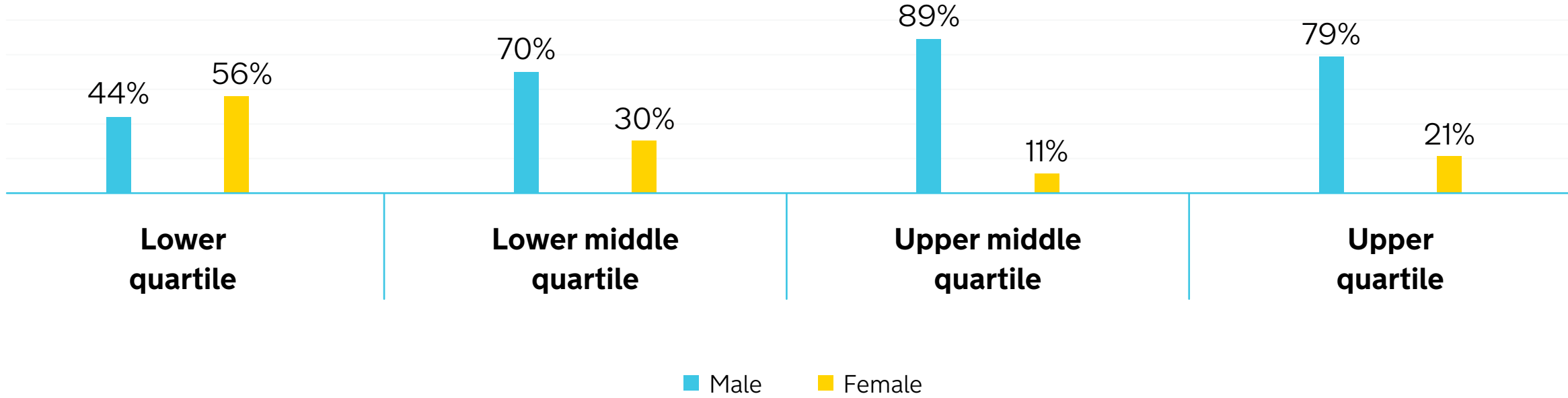
Our Customer Advisor population sit primarily within the lower pay quartile and the gender split within this quartile broadly mirrors the gender split of the Customer Operations workforce as a whole. However, because of our Patrols sit within the upper middle and upper pay quartiles, and as this population is 99% male, it has a significant impact on our overall pay gap.

In addition, over 90% of our Technical roles in areas such as IT and Digital sit within the upper middle and upper pay quartiles, and again, these roles are male dominated, it has a strong influence on our pay gap.

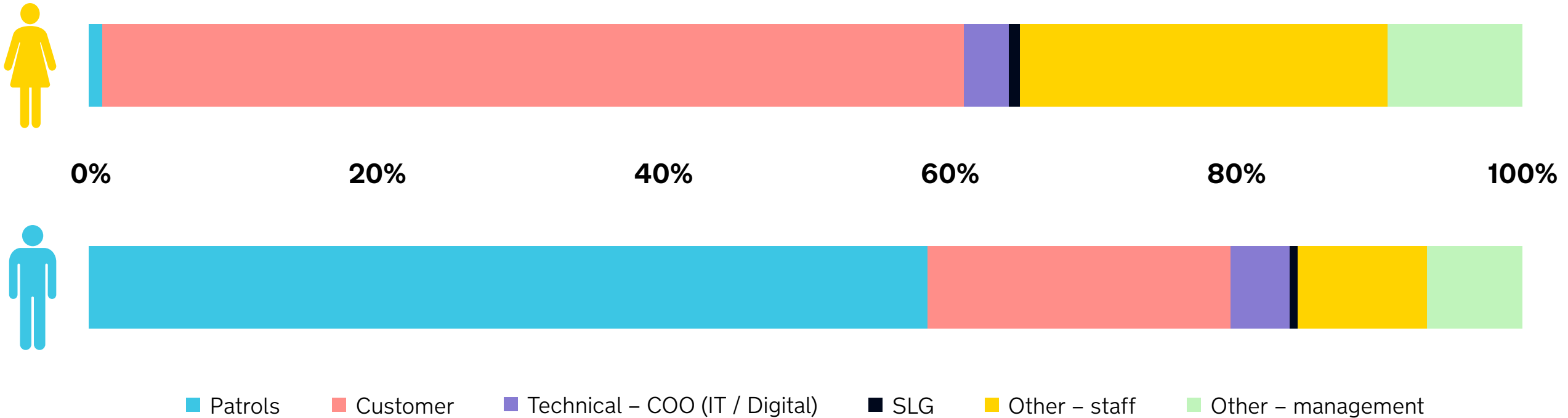
At the point of reporting, we were also carrying vacancies within our Senior Leadership population which had previously been occupied by females. This slightly reduced the proportion of females within our leadership population which will have had an impact on our figures.

Overall, we can see that our gender pay gap is primarily driven as a result of the higher salaries commanded by highly specialised roles in our Patrol, Technical and Senior Leadership population coupled with the proportion of male employees in these groups (over 60%), compared with female employees (circa. 5%).

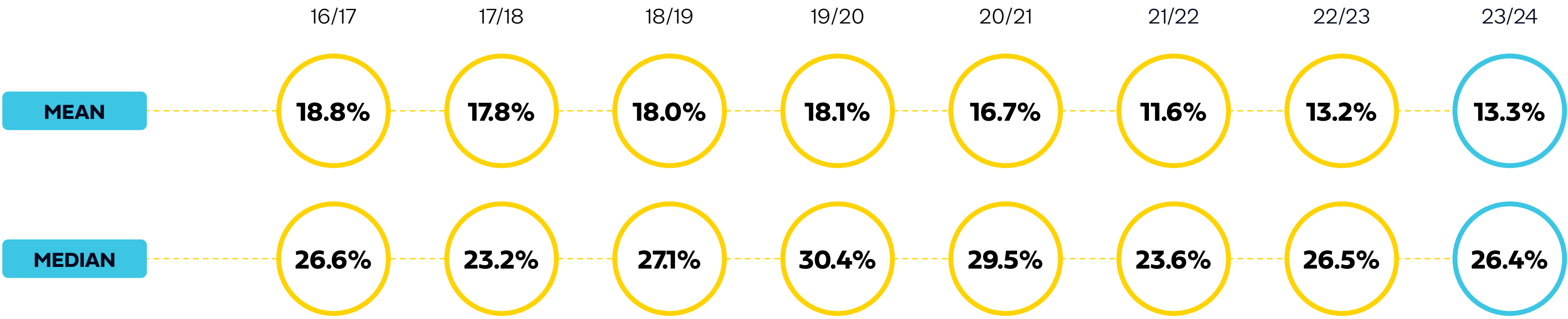
Pay quartiles



Distribution of role type by gender



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.

Our pay gap has remained broadly flat compared to 2023, with a 0.1% increase on the mean and a 0.1% decrease on the median.

We have seen some improvements in the pay gap across our volume roles (Patrols and Customer Operations), and across some middle management grades, however, there has been a slight increase in

the pay gap across senior management roles, due to vacancies within our leadership population that had been previously occupied by females and some senior male hires within the reporting period.

We understand that to close our gender pay gap we require the proportion of women in higher paying functions, such as IT and Digital, as well as the proportion of females in senior roles within the business to increase.



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. In 2023, the bonus gap increased, although it remained below the 2021 bonus gap figures by some margin. The gap has increased again in 2024, although still remains below the 2021 figures.

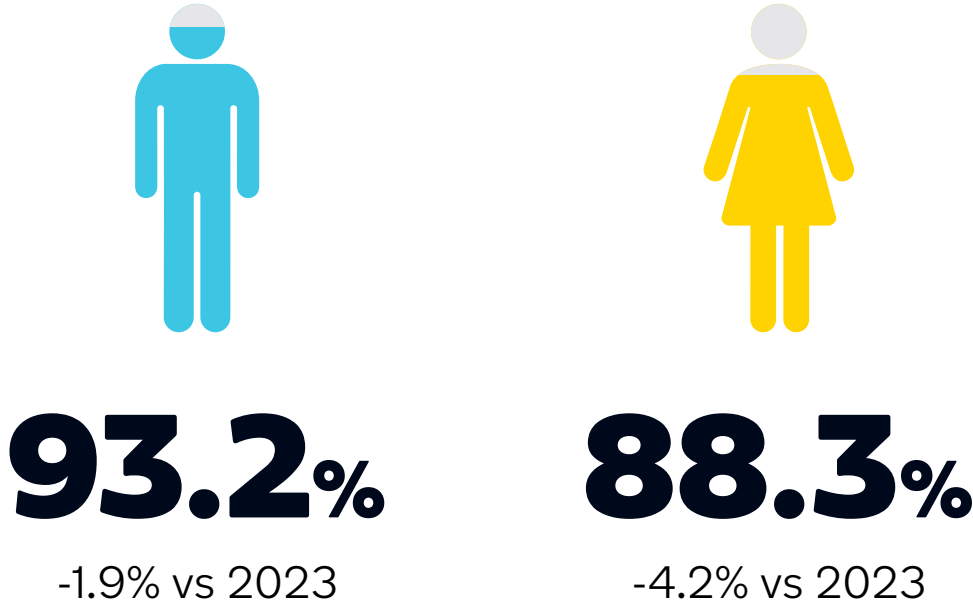
There are multiple drivers for this increase. The external recruitment market for HGV drivers and vehicle technicians remains volatile, and to ensure we remain competitive for such an important part of our workforce, we have introduced a variety of incentive schemes which enable our patrols, who are predominantly male, to have the ability to earn significant amounts of variable pay.

In addition, due to changes in the senior leadership team, a number of bonuses for senior male employees were pro-rated during 2023 due to individuals joining the company part way through the performance year. In the 2024 reporting period, these individuals received a full year bonus entitlement, which has had an adverse effect on the bonus gap.

While all of our employees are eligible for one form of variable pay or “bonus” this doesn’t mean that all employees meet the eligibility criteria to be paid a bonus within the reporting period.

Mean bonus gap				Median bonus gap			
20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24
39.5%	4.7%	31.6%	38.3%	45.6%	-10.6%	33.5%	44.0%

Proportion receiving a bonus



Addressing our pay gap through increasing diversity

Our Diversity and Inclusion strategy aims to create a **safe and inclusive** workplace that reflects our customers and our communities and where people can feel they **belong and thrive**.



We set two externally published targets on gender and ethnicity for our senior leaders, to be realised at the end of our financial year 2026.

We have exceeded both of our gender and ethnicity targets throughout the year, having **achieved gender diversity in senior roles of 42%** (as of April 24) against a target of 40% and we remain focussed on maintaining this.



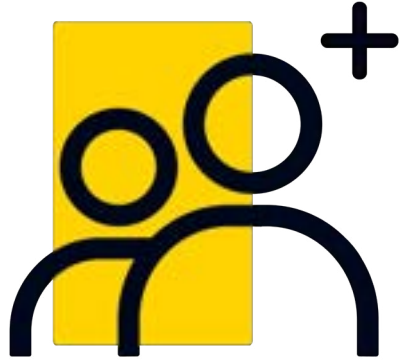
We have **mandated diverse shortlists** (female/ethnic minority) for all management roles with an emphasis on corporate roles including traditionally male areas such as digital data IT.

We have seen increasing success with the diversity of both quality shortlists and new hires, achieving a 40% diverse shortlist for 95% of roles in Q3 2024.

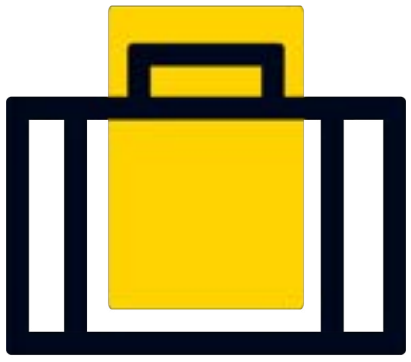


We have introduced behavioural assessment using gamification to remove bias, including gender bias, at first assessment stage.

Addressing our pay gap by supporting internal development



Created a **senior female networking group** to focus on executive development and opportunities to support females in the workplace



Our Alumni of **female leadership talent** have **progressed through our Driven Women programme** with over 60% achieving a promotion or broader role since 2022.



Employee network groups have a **Senior Leader sponsor** to drive change across the organisation and champion the network internally and externally.



We invest in career development for our colleagues, of our non-patrol workforce 51% of apprentices are female, including patrol 41% female.



We enable career development through internal recruitment and in the year to December 2024, **over 40% of internal hires** were female across our non-volume roles.



D&I Steering Committee sponsored by Exco members to ensure commitment to D&I strategy and alignment to business objectives.

AA *Always
Ahead*