



Gender Pay Gap Report

Published April 2021

All big businesses in the UK are required to
report annually on their gender pay gap.

Introduction from our Founder and Chief Executive Officer

“As our business grows, we want to have people from different backgrounds play a part right across our organisation. It’s not just the right thing to do, we also know our diversity of thought and contribution is at the heart of our success. AO will be a career defining place where people want to come to work and where customers want to buy from.

There is still more we all have to do to close the Gender Pay Gap. This includes more transparency on our approach to pay and investing in leadership development initiatives. I believe we have the right plans in place and will maintain our momentum. Having a strong, well-invested culture has been a large part of our collective success over the past year. I am extremely proud to have watched how our AOers have risen to the challenges. Creating an inclusive environment where everyone can succeed and be rewarded for their efforts will continue to be a priority.”

I confirm that the data published in this report is accurate.

John Roberts



What is the Gender Pay Gap?

The gender pay gap is a measure that shows the difference in average earnings between men and women across the whole business. A positive percentage indicates that men, on average, are paid more than women and a negative percentage indicates the opposite.

The gender pay gap is a different measure to equal pay. Equal pay is the right for men and women to be paid the same when doing the same, or equivalent, work.

Understanding Our Gender Pay Gap

Our median gender pay gap of 4.0% is 11.5% points better than the UK National average. The retail sector average is 9.1%*. Although we're really pleased to be performing better than the UK and industry averages, we're working towards a more balanced gender split across all levels of our workforce to close the gap further.

Our mean pay gap is 10.0%. This percentage is the difference between the average pay for men and average pay for women. It's higher than our median pay gap because we have some highly paid men across all work levels and areas. This, combined with fewer women in the top roles is the primary driver for our pay and bonus gaps. This year, our median pay gap has increased slightly by 0.6% compared to last year, due mainly to the distribution of bonus payments between men and women.

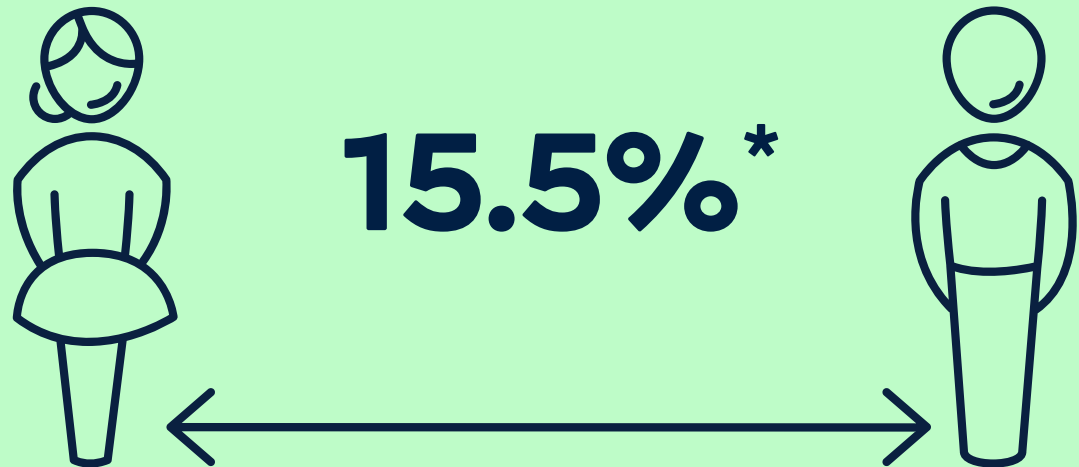
By understanding our gender pay gap, we're well-equipped to take steps towards closing it.

*British retail consortium 2019

AO Median Gender Pay Gap



UK National Median Gender Pay Gap



*2020 Office of National Statistic Annual Survey of Hours and Earnings Report

AOers

Across our workforce, we recognise that women are underrepresented at all levels. Overall, 67% of our roles are filled by men. Women are disproportionately found in the lower pay quartiles. The pie charts show how the representation of women decreases as the roles get more senior, except for middle management.

Work level 6 is our CEO and level 1 are frontline employees.

At middle management (work level 3) we have been particularly successful at working towards greater parity (43% women and 57% men). It will take time for this to significantly impact on the gender pay gap. However, by having visible role models, we can attract and retain talented women, as well as support these managers to develop their career with us. We are also reviewing different business areas to build action plans that improve representation across work levels.

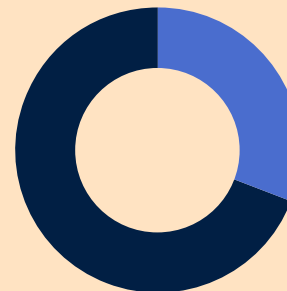


Work level 1



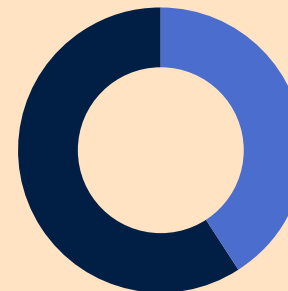
Female - 34%
Male - 66%

Work level 2



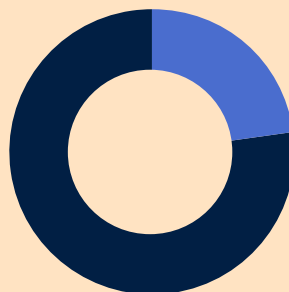
Female - 31%
Male - 69%

Work level 3



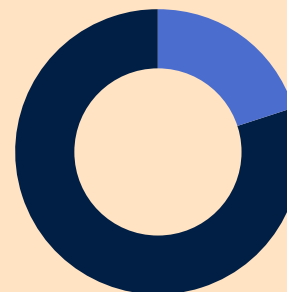
Female - 41%
Male - 59%

Work level 4



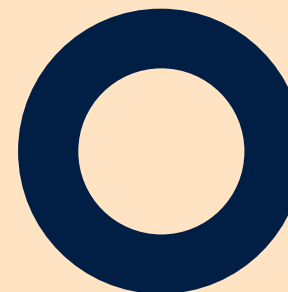
Female - 23%
Male - 77%

Work level 5



Female - 20%
Male - 80%

Work level 6 (CEO)



Female - 0%
Male - 100%

Male

Female

AO Gender Pay Gap Statistics

We are required to report on the following entities under the Equality Act (2010) Gender Pay Gap Regulation 2017.

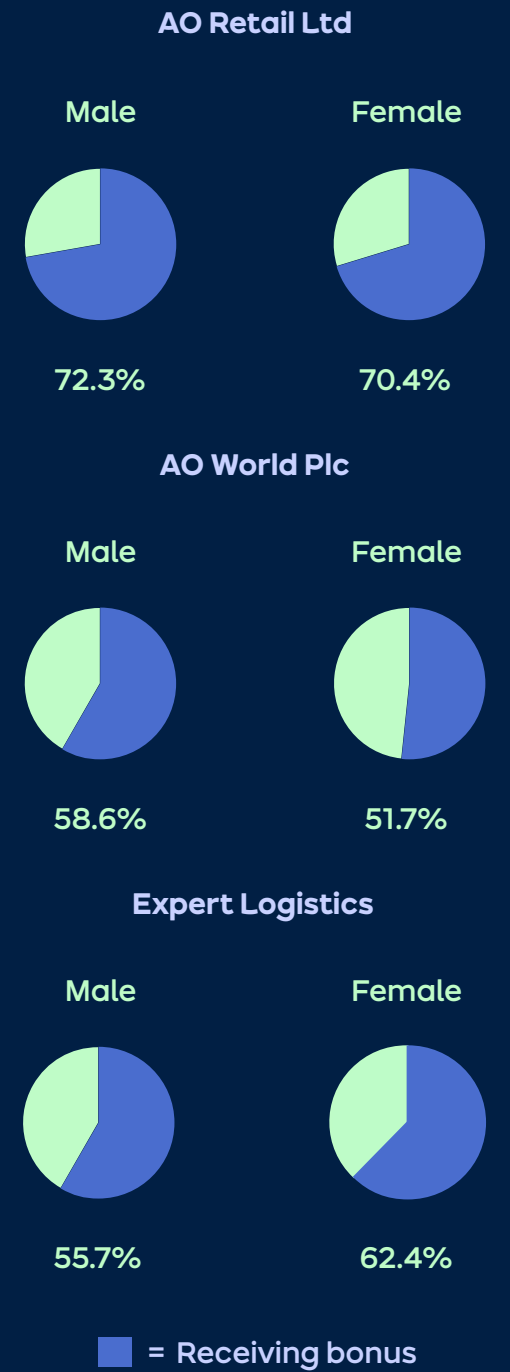
Overall

	AO Retail Ltd	AO World Plc	Expert Logistics
Mean ordinary gender pay gap	18.2%	33.6%	4.6%
Median ordinary gender pay gap	22.0%	36%	5.6%
Mean bonus gender pay gap	33.6%	74.9%	2.0%
Median bonus gender pay gap	28.3%	0.0%	0.0%

Gender split in each pay quartile

	AO Retail Ltd		AO World Plc		Expert Logistics	
	M	F	M	F	M	F
Upper Quartile	68%	32%	82%	18%	86%	14%
Third Quartile	60%	40%	79%	21%	82%	18%
Second Quartile	56%	44%	62%	38%	78%	22%
Lower Quartile	41%	59%	43%	57%	73%	27%

Gender Split Receiving Bonus



What we've done

Diversity and Inclusion is a top priority that's sponsored by our Chief Financial Officer, who takes an active role in championing our diversity and inclusion strategy and initiatives.

Over the past year we've taken important steps on pay, data, flexible working, employee empowerment and upskilling.

1. Shaped our strategy

Making our business fit for the future is a key goal and closing the gender pay gap is an important part of that.

A group of AO leaders have already put together an inclusion strategy to make change happen. Just one of those changes means AO managers, at all levels, will complete our Unconscious Bias learning programme. Managers play a vital role in driving our AO culture and values, so being aware of any possible unconscious bias can help to beat it.

2. Made pay clearer

Thanks to the new work levels framework, it's easier for AOers to understand how their role – and the contribution it makes – fits into the wider business. As well as providing the foundations for further work on career paths and development routes, the framework also helps us assess the relative size and complexity of roles. We will use this information to enable salaries to be benchmarked externally in a fairer, accurate way.

This year's annual salary review process contains several improvements designed to increase transparency. We also provide guidance for managers on how to be more open with AOers about the basis for their annual salary review outcomes.

3. Identified things we can work on

We used our 2020 People Survey to increase our understanding of who our employees are. The survey, and regular pulse surveys, give us an insight into engagement levels from a gender perspective and allows us to target activity in the areas that need improvement. This includes recruitment processes, employee voice, and learning and development initiatives.

4. Encouraged employee voices

As well as people surveys, we've implemented an AO Engagement Champions Network and local champion forums, where AOers from across the business get together to share their experience and create actions to improve how we work.

As part of our listening approach, our Engagement Champions attend a quarterly 'Voice to the Board' session to discuss progress of actions. This is attended by one of our Non-Executive Directors.

5. Made working more flexible

We want to enable AOers to work in a way that suits them and be more inclusive of different lifestyles, so we've relaunched our flexible working policy giving clear guidance for both AOers and their managers.



What we'll do

We're building on momentum and have identified the steps we need to get there.

1. Inclusive Policy & Practice

We're reviewing and revising our policies to make sure they're in-line with best practice standards. This includes our Family policy and Equality, Diversity and Inclusion policy.

2. Engaged Employee Network Groups

The thoughts and views of our people are important to us, so we'll be building on the success of our race network group by launching new networks focused on women and family.

3. Transparent Recruitment

We will improve the visibility and openness of our recruitment selection criteria and make sure that, wherever possible, there's more than one woman in shortlists for mid and senior level roles. Women in tech will be an emphasis this year and our recruitment for these roles will pay special attention to attracting women to apply.

4. Supporting AOers Career Development

We're putting an inclusion lens over our leadership pipeline and succession process. We're focusing on building inclusive practices into our leadership programmes. This is coupled with inclusion learning for all our AOers.

5. Engaging with Initiatives & Events

We will celebrate the contribution of our women on International Women's Day and Ada Lovelace Day. We will also support women returning to work, both from maternity and from extended career breaks by engaging with programmes such as Tech Returners.

