



Gender Pay Gap Report 2017

IKEA UK



A message from Gillian and Carin

Across the UK, around 10,900 people work in our stores, distribution centres and offices. It is their uniqueness and diversity that drives our success. Together, we uphold the IKEA values and work towards our vision to create a better everyday life for the many people.

We want to create a diverse and inclusive environment where every co-worker can express themselves and is treated equally, regardless of gender identity, age, ethnicity, beliefs, or any other aspect of their identity. As part of this, we believe that everyone should be fairly rewarded for the work that they undertake and we are proud to pay all UK co-workers the real Living Wage as a minimum.

In 2017, the UK Government introduced regulations that require businesses with over 250 employees to publish their gender pay gap and gender bonus gap. We welcome this legislation which will lead to greater transparency and encourage action to reduce the gender pay gap. This report covers our Retail business and our Distribution operations – responsible for the movement of IKEA products between our warehouses, stores and customers. It details key data and our approach to achieving gender equality across IKEA in the UK.

Today, the gap in our Retail business is smaller than the UK average and that of the retail sector, and in our Distribution operation the gap is reversed, with the mean and median for women higher than that of men. But there is still more to do – to understand why the gap exists and to close it.

We aim to achieve an equal split of men and women at every level. Creating this report has helped us to identify where to focus our efforts. In April 2017, when the data for this report was collected, we had more men than women at store management level and senior country management positions. Since then we have hired more women to our country management team, bringing the total to seven women and

five men. This is just one example and we will now look to develop a holistic approach towards gender equality across the organisation.

We have a huge opportunity to extend our impact far beyond IKEA, using our scale and influence, and partnering with others:

- In the UK, we are part of the Retail Week Be Inspired initiative – working to develop future female leaders.
- IKEA is represented on the UN Secretary-General’s High-Level Panel on Women’s Economic Empowerment and has contributed to the UN’s Standards for Business to prevent discrimination against lesbian, gay, bi, trans and intersex people.
- On 26 February IKEA Group CEO, Jesper Brodin, signed the Women’s Empowerment Principles (WEPs), a joint initiative of UN Women and the UN Global Compact, that provide a framework for business on how to empower women in the workplace, marketplace and community.

We are determined to lead by example – securing the success of IKEA and sharing our successes and challenges with others. This is how we will achieve a lasting impact that truly reaches the many people.



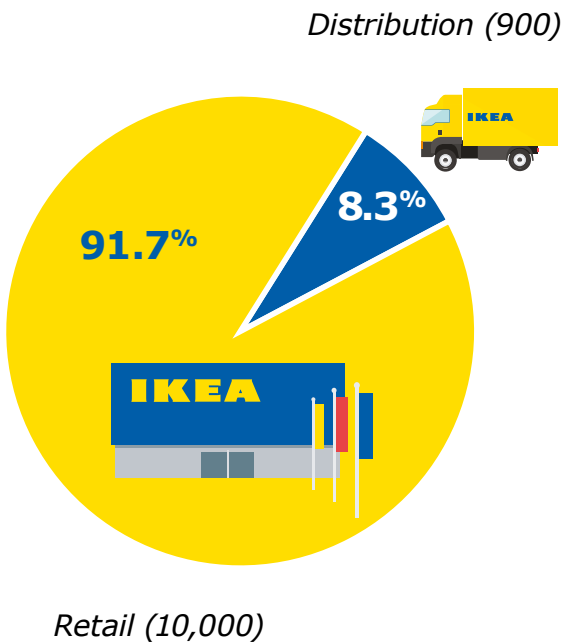
Gillian Drakeford
Country Retail Manager
IKEA UK and Ireland



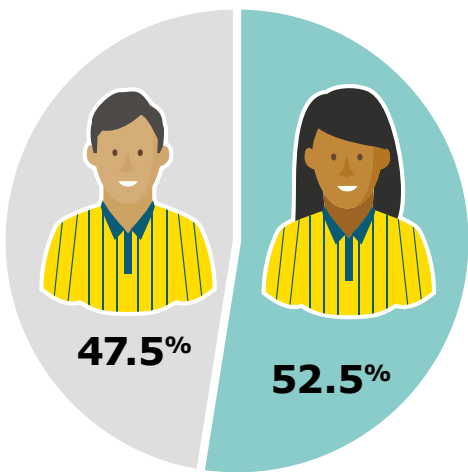
Carin Hammer Blakebrough
Country HR Manager
IKEA UK and Ireland

10,900

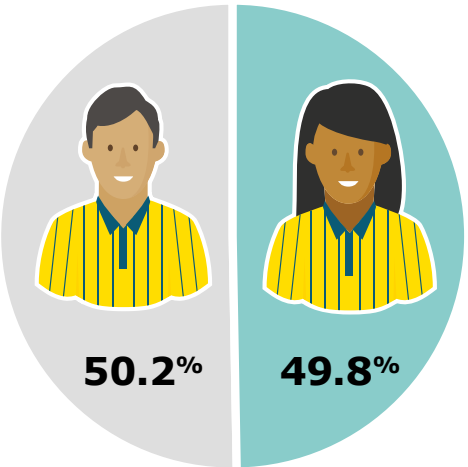
co-workers across
Retail and Distribution (%)



Gender split across
IKEA UK (%)



Gender split at country
management level (%)



Male Female

All figures above are approximate and valid at end of FY17 (the period between 1 September 2016 and 31 August 2017)

Introduction

Creating an inclusive culture

The IKEA vision is to create a better everyday life for the many people. This starts with our co-workers. We put our people at the heart of everything we do – caring for people, diversity and inclusion are embedded in the IKEA vision and values.

We want to create an inclusive culture where all co-workers are treated fairly, have equal opportunities and can be themselves, regardless of their background or identity. We do not tolerate any kind of discrimination – whether it is based on age, gender identity, sexual orientation, physical ability, ethnicity, race, nationality, religion, marital or family status or any other dimension of a person's identity. These values are supported by formal standards such as our Human Rights and Equality Policy.

Promoting equality and inclusion is not only the right thing to do, it also benefits our business. Diverse and inclusive teams are more creative and innovative, benefitting from a wide range of viewpoints and experiences, and the unique contribution of each co-worker.



What is the gender pay gap?

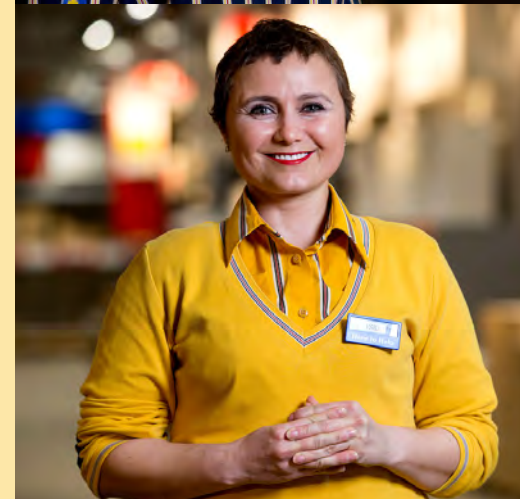
Throughout this report we want to clarify that the gender pay gap and equal pay are two different things.

Gender pay gap is the difference between the average (mean and median) hourly earnings of men and women across an organisation, expressed as a percentage of men's earnings.

This is different from an **equal pay comparison**: a direct comparison between people doing the same or similar work, or work of 'equal value'. Equal pay for equal work is a legal requirement, as set out in the Equality Act of 2010.

Why is this an issue?

The gender pay gap is influenced by many structural and social factors. For example, the ways in which different types of work and roles have traditionally been viewed and valued, leading to disproportionate amounts of men in higher-paid jobs. Without a concerted effort to address these issues, historic disparities will persist. At IKEA we're committed to addressing this and ensuring a gender-equal and inclusive workplace for all.



Our approach to gender equality

Our ambition is to achieve gender equality, taking a holistic approach. This means that as well as aiming for gender balance in all levels and positions, we want to create an inclusive culture where both women and men are valued for their unique contributions.

At IKEA UK, we recognise that holding leadership positions and being involved with family life don't have to be mutually exclusive. We believe that organisations have an important role to play in supporting and enabling women and men to do both. We are determined to play our part in contributing to the development of a fairer society.

Our Gender Equality Plan guides us to take practical steps towards a gender-equal workplace, based on our broader Diversity and Inclusion Approach. It is integrated within our business plans and HR practices, shaping our approach to employee benefits, recruitment, succession planning, and learning and development.

Results for 2017

The figures are calculated for all IKEA operations in the UK, which are divided between Retail and Distribution. Period data is comprised of ordinary pay, calculated from a monthly sample from April 2017, as required by the regulations. Ordinary pay includes paid leave, but does not include overtime pay, payments in lieu of leave or non-monetary benefits.

Retail

Co-workers: 10,000

50.7% are women

Functions: running our stores, order and collection points, shop online, customer contact centre and service office.



Distribution

Co-workers: 900

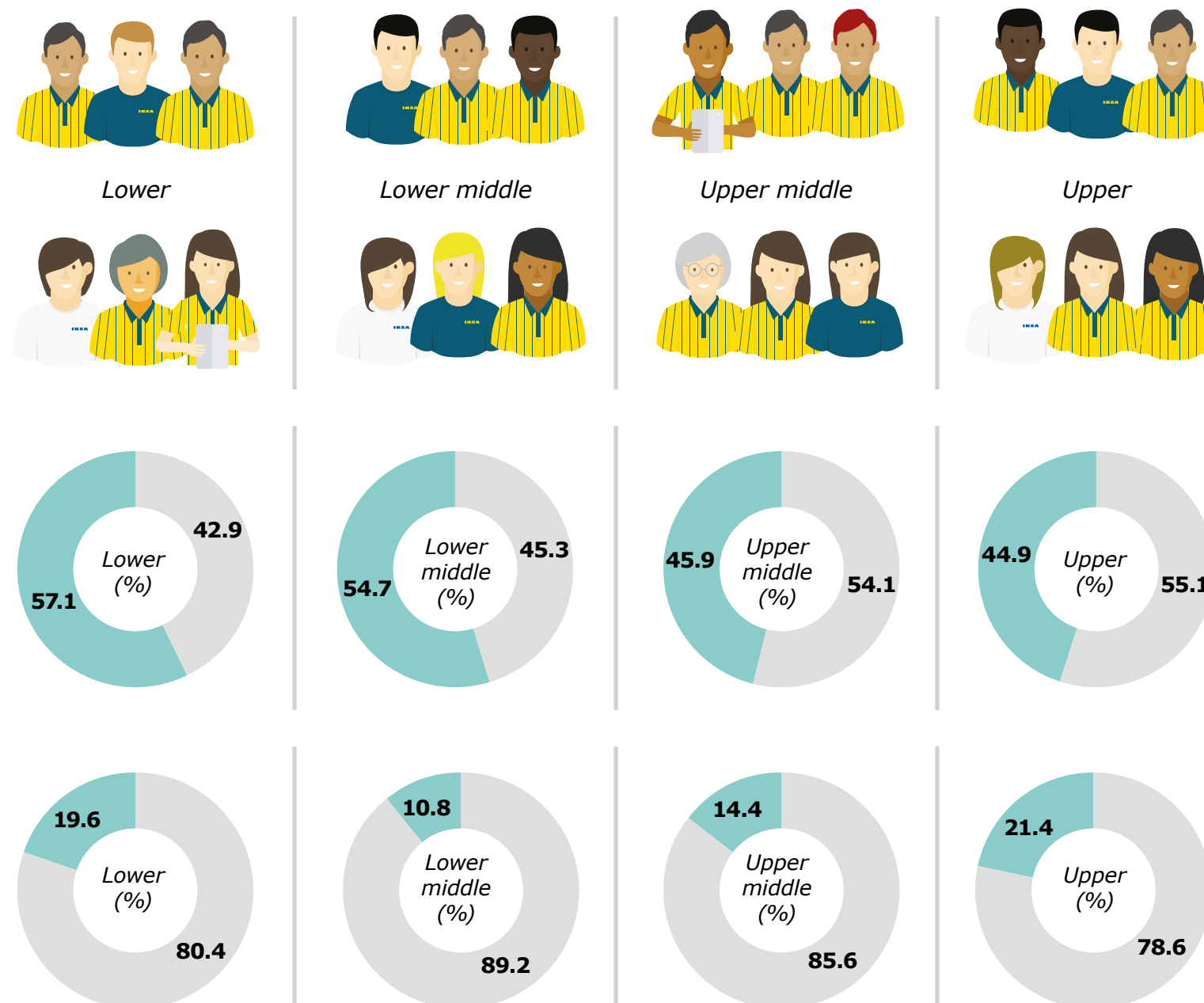
16.6% are women

Functions: running our warehouses and logistics, and organising the movement of IKEA products between our warehouses, stores and customers.



Pay quartiles

Quartiles are calculated by listing the pay rates for each co-worker, from lowest to highest, splitting the list into four equal-sized groups and calculating the percentage of men and women in each.

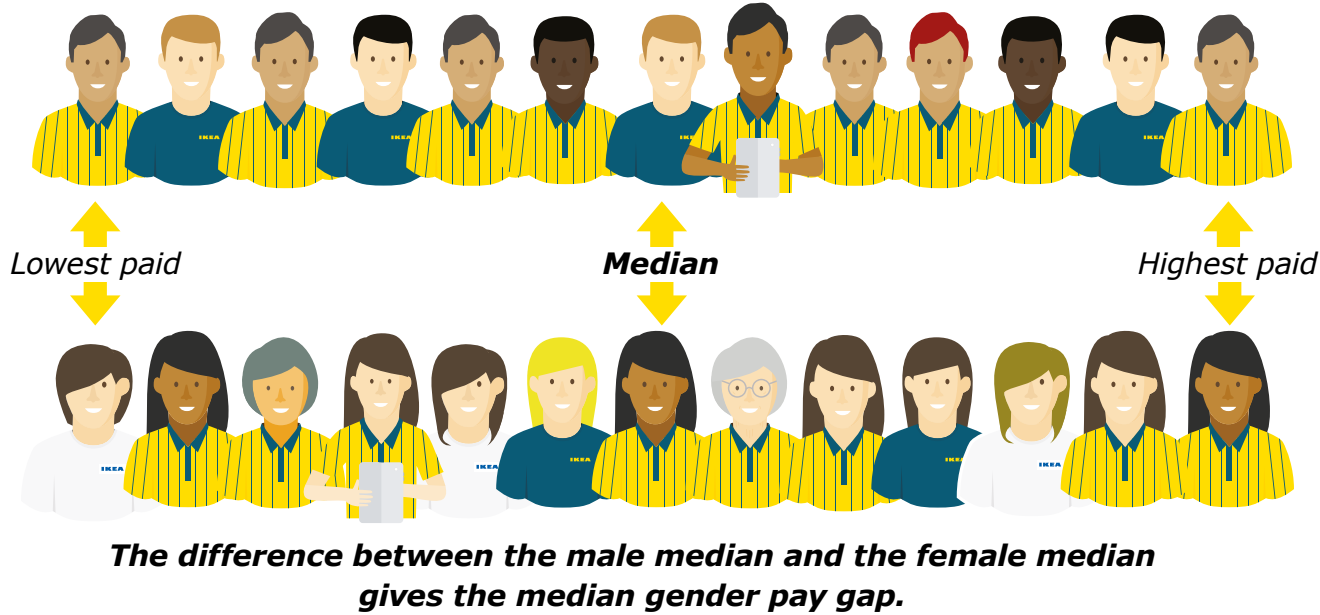


Mean and median

In line with the UK Government’s gender pay gap reporting regulations, we provide data on both the mean and median gender pay gaps. Both are important. The mean is a good way of comparing across the entire organisation, taking into

account total hourly pay and number of co-workers. The median is useful as it is less skewed by extreme values (for example, if one person is paid significantly more than others in the organisation).

Median



Mean

$$\frac{\text{Total salaries to men}}{\text{Number of men}} = \text{Mean male salary}$$

The difference: **mean gender pay gap**

$$\frac{\text{Total salaries to women}}{\text{Number of women}} = \text{Mean female salary}$$

Gender pay gap

	Retail	Distribution	Average for the UK ¹	Average for the retail industry ¹
Mean	6.9%	-10.6%	17.4%	16.4%
Median	6.1%	-0.9%	18.4%	9.3%

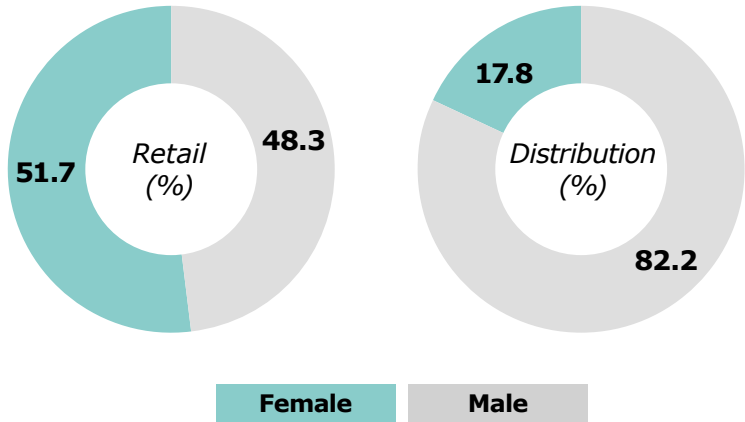
Our performance

At IKEA UK we have an equal pay approach and an almost 50/50 gender split across the organisation. However, in April 2017 we had more men than women at store management level and in senior country management positions. In addition, a higher proportion of our female co-workers work part-time in our Retail organisation.

This affects both the gender pay gap and bonus pay gap results. The figures for Distribution show a reversed gap. Although men tend to be significantly overrepresented in the industry, most of the women that work in our Distribution organisation are in managerial roles, which are higher paid and more likely to be full time.

Bonus headcount

We offer an annual bonus through the One IKEA Bonus scheme, available to all co-workers, regardless of their level or department. The bonus percentage varies from year to year, based on the **performance of each unit** and the **co-worker’s annual salary**. (See page 6 for details).



Bonus data

Calculations based on bonus payments for the year to 5 April 2017.

Gender bonus gap

	Retail	Distribution
Mean	9.7%	-20.5%
Median	16.4%	-1.2%

¹ According to the ASHE survey, October 2017: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables>

Working towards gender equality

We want to eliminate the gender pay gap and continue to nurture an environment where each co-worker receives the support they need to develop their career and reach their potential, and has the opportunity to thrive.

We are already making good progress towards a more equal workplace through a number of initiatives, both in the UK and globally.

50/50 gender split target

We have robust 50/50 gender split targets, against which we monitor our performance. At the end of FY17,² 52.5% of all co-workers were female, including 49.8% of managers across Retail and Distribution.



² FY17 is the period between 1 September 2016 and 31 August 2017

One IKEA Bonus scheme

The One IKEA Bonus recognises the contribution that all co-workers make towards growth and success. Subject to meeting goals and targets, it is awarded each year to everyone who has been employed for six continuous months, regardless of their level or the function they work in. For how it is calculated, see page 5.



Real Living Wage

As well as being an accredited Living Wage employer, IKEA UK has been a Principal Partner of the Living Wage Foundation since April 2016. All our co-workers are paid a meaningful wage that truly supports the cost of living, regardless of their age or gender – currently £10.20 in London and £8.75 in the rest of the UK.

Enhanced maternity leave

We pay 100% of the average weekly earning for the first six weeks for co-workers with over 26 weeks' service, with an extra 12 weeks at 50% of pay for those who have been at IKEA for at least two years. And we want to make it easier for new mothers to return to work. That's why we offer them their full salary while working half their hours for the first three months back at work.

Learning and development

The Performance and Development Process supports the individual performance and development of all co-workers. Each co-worker is supported by their manager to set goals, discuss their development and evaluate their performance. This unlocks opportunities for growth and new experiences, enabling co-workers to improve and contribute to our overall success.

Every year we hold a talent week across all stores and units, supporting and motivating our co-workers to lead their own development by providing advice and information.

Inclusive policies and flexible working

Our policies and employment offer are continually reviewed to help all

co-workers feel respected, acknowledged and included in the workplace, and to live a full and balanced life.

Inclusion and unconscious bias e-learning and training

As part of our Diversity and Inclusion approach, all co-workers undertake mandatory e-learning, as well as broader diversity and inclusion training to help identify and address unconscious bias, particularly in recruitment and development.

Recruitment

Diversity and inclusion are anchored in our recruitment approach, from selecting the sources of recruitment, screening applications and interviewing and hiring, to on-boarding, ongoing support mechanisms and development.

Networking, support and mentoring

We believe in creating an inclusive and encouraging environment anchored in formal and informal support networks. We have plans to develop a women's network to strengthen links between women working across IKEA, improve communication and support, and increase engagement.

Senior leadership representation in women's empowerment network

Gillian Drakeford, Country Retail Manager IKEA UK and Ireland, has been part of the *Retail Week Be Inspired Initiative* since 2016. With the support of over 50 senior retail ambassadors, the initiative aims to develop future female leaders. The network provides support, contacts and mentorship, and monthly events equip new talent with the skills to turn inspiration into action.

Conclusion

Going through the process of preparing for the gender pay gap report has improved our understanding of our gender pay gap and what we need to do to close it. Although our pay gap is smaller than the averages for the UK and the retail industry, we know there is still work to do. Through the holistic approach across IKEA Group and building on our inclusive culture and values, we are committed to finding new ways to achieve and maintain equality for every co-worker, no matter their gender, identity or background.



Find out more at [IKEA.co.uk](https://www.IKEA.co.uk)

