

IKEA GENDER PAY GAP REPORT UK 2022





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INTRODUCTION



At IKEA, we are guided by a powerful vision, to create a better everyday life for the many people. This vision extends to our customers, our community but first and foremost our own people. Therefore, equality represents a key pillar of our culture and values and we are on a journey to become truly gender equal by 2024.

To achieve this, we have integrated equality, diversity & inclusion across our business, because we firmly believe that it's up to all of us to remove barriers and enable all co-workers to thrive, no matter what their gender or background.

While reporting our gender pay gap in the UK is mandatory, we value the insights of this report far beyond this obligation. Our aim to be truly gender equal means going beyond achieving gender balance, but to eliminate any difference in pay across the genders, creating gender-balanced teams and ensuring equal opportunities for both women and men in every area of our business, across all markets.

This year's report shows that IKEA UK has made significant progress towards reducing our gender pay gap. While the COVID-19 pandemic amplified existing gender inequalities across many businesses, including our own, we're proud to see an improving picture across our business. We've seen the strongest reduction in our median gender pay gap score in the last four years. Alongside this, we have now achieved a gender balanced team in some areas of our UK business, including our most senior country management team.

With the pandemic shining a spotlight on the inequalities still present in the home and how that impacts women's working lives, we made many concerted efforts to achieve this reduction. We expanded hybrid and flexible working opportunities wherever possible – a critical factor in attracting and retaining gender-diverse talent. We introduced new mentorship and leadership programmes to support high potential female co-workers at all levels, and we now hold our leaders more accountable with specific credentials for creating diverse teams and talent pipelines.

The rising cost of living meant that assessing our pay was even more important to prioritise. We became one of very few retailers to work with the Living Wage Foundation to review our basic wage in relation to current living costs. As part of this focus, in 2022, we invested £12 million in pay increases matching the latest living wage in line with our commitment to paying a fair and sustainable rate of pay and introduced an enhanced wellbeing benefits package to better support our co-workers with the rising cost of living.

As we strive to eliminate the gender pay gap and reach a 50/50 gender balance in every unit, function and level, there's more to be done and we will continue to focus on fostering a culture of equality, diversity and inclusion. These efforts benefit our co-workers' standard of living, as well as our customers, but most of all, we want our contribution to help create a world that's fair and equitable for all, leading to a better everyday life for the many.

Darren Taylor
Country People & Culture Manager,
IKEA UK and Ireland

UNDERSTANDING OUR GENDER PAY GAP REPORT

To understand the findings in this report, it is important to know that the gender pay gap and equal pay are two different things.

What is the gender pay gap?

The gender pay gap reported is the difference in the average hourly wage of men and women across IKEA UK (excluding Northern Ireland).

Who is represented in our data?

Our figures track the pay of all “relevant full paid employees” at IKEA UK in line with government criteria. This includes consideration of full-time, part-time and temporary co-workers, whether hourly or salaried. Anyone who is paid less than their normal pay during the pay period is not included. For example, those on unpaid sick leave, maternity leave, and unpaid absence are not included.

Equal pay

Equal pay is a comparison between people doing the same or similar work of “equal value”, as set out in the Equality Act of 2010.

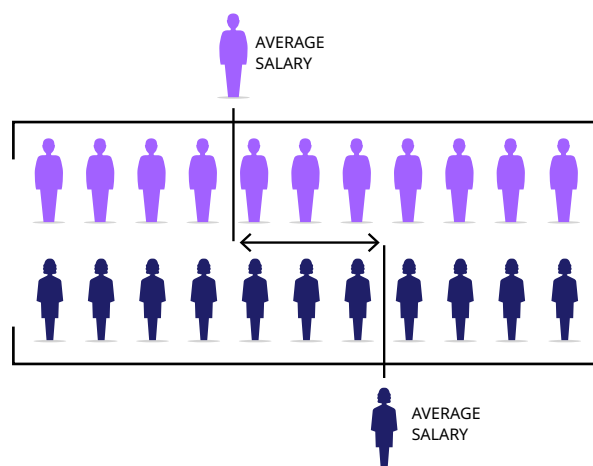
What about non-binary co-workers?

The focus of our Gender Pay Gap Report is the binary gender that is required by law: women and men. However, at IKEA we acknowledge that gender identity goes beyond the binary definitions. We have a systematic and comprehensive approach to LGBTQ+ inclusion to minimise discrimination against people of all sexual orientations and gender identities.

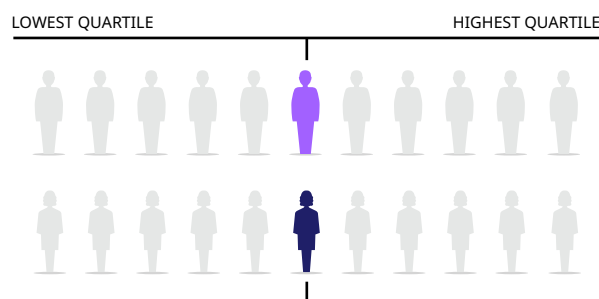
Mean vs Median

We report on two different data sets relating to our gender pay gap - the mean and the median.

Mean: This is the difference between the average male salary and the average female salary. It takes account of total hourly pay, divided by number of co-workers, to compare the gender split of salaries across the entire organisation.



Median: Lining up all the male employees in order of earnings, the salary of the male in the centre of the line is the median male salary. Comparing this to the median female salary gives us the median gender pay gap. The median is less skewed by extreme values, (for example, if one person is paid significantly more than many others across the organisation).

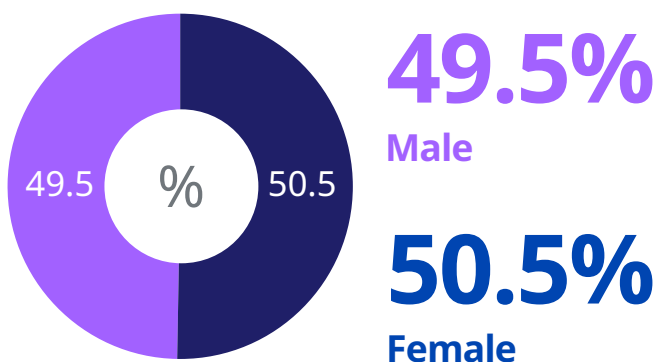




OUR RESULTS: 2022

IKEA UK at a glance

Gender split across IKEA UK



Spread of co-workers across retail and fulfilment

Retail:

89%

Our retail business includes all functions related to the running of our stores, order and collection points, online shopping, customer contact centres and service offices.

Fulfilment:

11%

Our fulfilment business, operated through IKEA Distribution Services Limited, includes all co-workers who run our warehouses, and organise the movement of IKEA products between warehouses, stores and customers.

OUR RETAIL BUSINESS GENDER PAY GAP

Our retail business includes all functions related to the running of our stores, order and collection points, online shopping, customer contact centres and service office.

Gender split of co-workers in retail

Male 46.8%
Female 53.2%

Proportion of female employees in each pay quartile

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.

Lower quartiles

The figures show we have a higher percentage of females in the lower pay quartiles.

Upper quartiles

We now see a larger percentage of females within our upper quartile. This reflects our efforts in training and hiring to encourage female uptake in leadership roles.

UPPER



UPPER MIDDLE



LOWER MIDDLE



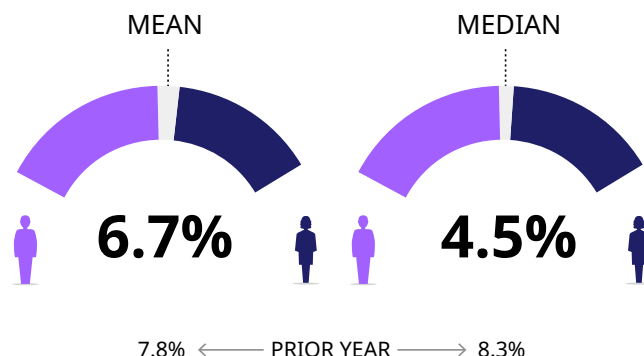
LOWER



MALE

FEMALE

Overall Gender Pay Gap: Retail



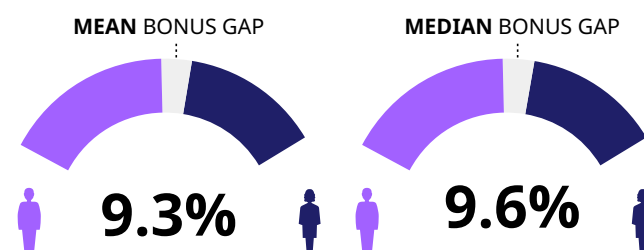
Results compared to previous years (retail)

Our 2022 results show a reduction in our mean pay gap returning to near pre-pandemic levels and our median pay gap reducing by just under 50% since 2021, the strongest reduction in our median pay gap in the last four years.

Our retail business gender bonus gap

We offer an annual bonus through the One IKEA Bonus scheme, available to all co-workers, regardless of their level or department. The award varies from year to year, based on the performance of each unit and the co-worker's annual salary.

Due to the nature of bonus awards being dependent on the performance of each unit and the co-worker's annual salary, the mean and median pay gap can fluctuate in line with the demographics of those receiving the pay award. This year just above 20% of the co-worker population (Male 20.4% / Female 22.1%) received a bonus in a large part due to the closures and other impacts related to the COVID-19 pandemic.



All figures are a valid and accurate snapshot as of April 2022.

OUR FULFILMENT BUSINESS GENDER PAY GAP

Our fulfilment business includes all co-workers who run our warehouses and out of store logistics operations, and organise the movement of IKEA products between warehouses, stores and customers.

Gender split of co-workers in fulfilment

Male 70.9%
Female 29.1%

Proportion of employees in each pay quartile

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. The figures show we have a significantly higher percentage of males in all pay quartiles.

UPPER

70.9 29.1%

UPPER MIDDLE

75.5% 24.5%

LOWER MIDDLE

66.0% 34.0%

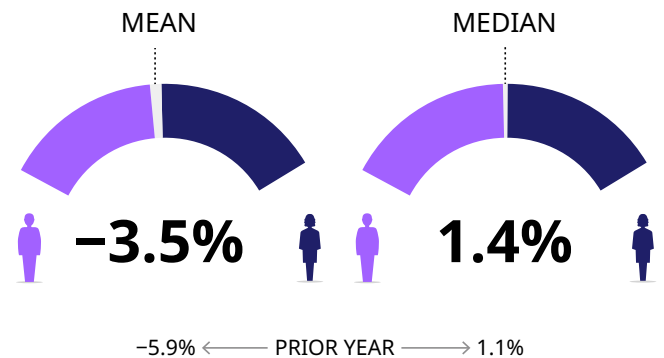
LOWER

72.5% 27.5%

MALE

FEMALE

Overall Gender Pay Gap: Fulfilment



Results compared to previous years (fulfilment)

The negative mean pay gap has reduced slightly returning to pre-pandemic levels. The median pay gap has increased slightly compared to 2021 data, which revealed a negative median.

Our fulfilment business gender bonus gap

We offer an annual bonus through the One IKEA Bonus scheme, available to all co-workers, regardless of their level or department. The award of the bonus varies from year to year, based on the performance of each unit and the co-worker's annual salary.

At the time of the snapshot date, no bonus was paid out due to the impacts of the Covid-19 pandemic.

All figures are a valid and accurate snapshot as of April 2022.

UNDERSTANDING OUR GENDER PAY GAP

- 1 We now have a higher proportion of women in senior management positions across the wider business, and achieved 50/50 gender balance in our most senior country management team. Recent introductions of leadership and mentorship programmes and proactive recruitment strategies have aided this shift.
- 2 In our lower pay quartiles, we have a higher proportion of women in part-time and hourly roles in our units. There is also a higher proportion of men doing full-time night shifts and operating forklift trucks, which are roles that both receive an additional allowance increasing base pay level.
- 3 Across our fulfilment teams, we have a higher percentage of men at all pay scale bands. The comparatively smaller percentage of female co-workers represent a broad spread of pay. However, given the smaller proportion, if a female co-worker changes roles or leaves a team, this can dramatically alter the figures. This is a common disparity for many retailers and IKEA is exploring steps to help readjust the balance.
- 4 However, the balance between male and female co-workers at an hourly level has improved, with more females entering positions attracting nightshift and forklift truck allowances as a result of proactive recruitment campaigns, changes to shift patterns and available contracts.



OUR ACTIONS:

What are we doing to reduce our gender pay gap in the UK?

Training and development

- We offer a number of leadership and development programmes aimed at growing co-worker competence and readiness to take their first leadership role or the next step in their career. For instance, a reciprocal mentorship initiative called Win-Win, supports high potential female co-workers to take their next step into a leadership role within 12-18 months.
- Our expanding range of leadership and development programmes also includes BLOOM - a fast-track programme for co-workers to become Market Managers in three years. Currently, 83% of UK participants in the programme and 57% of participants globally across Ingka Group are women.
- Our Total Reward Roadmap accelerates progression of co-workers through our pay ranges. This initiative combines training and development opportunities, as well as more regular performance monitoring.

Recruitment and sourcing strategies

- Our inclusive recruitment strategies aim to attract and retain diverse talent, and feature enhanced salary/pay transparency, more inclusive job descriptions, and improved candidate screening and shortlisting processes. Our most senior leaders are measured on creating diverse teams and talent pipelines that are representative of the local communities that we serve, including criteria to help us meet our 50/50 gender balance goal.
- Hiring managers participate in anti-bias training and we continually analyse the impact of our recruitment approach to address gaps to achieving gender balance across the organisation.
- In the lower pay quartile, we are looking at ways to encourage more females to apply for the higher paid opportunities, such as our nightshift allowance and forklift truck operating roles. We are proactively targeting female co-workers when promoting these opportunities and offering flexible contracts to make roles more appealing and accessible.



Flexibility across our contract types and working principles

- In 2022, we expanded the hybrid, flexible working for our Remote Customer Meeting Point and Central Service Office teams.
- We are in the process of gathering insights from our co-workers on their current work/life balance. This information will inform a strategic approach to more flexible scheduling and how best to increase or decrease contract hours based on individual needs.
- Our contract opportunities have been expanded to include weekends only and evenings only.

Pay and benefits initiatives

- We are part of the Living Wage Foundation and follow their published hourly rate recommendations for all co-workers. This independent body is dedicated to ensuring an adequate income for everyone to have a socially acceptable standard of living.
- We are committed to fair pay in line with the rising cost of living. We continually review levels of pay in line with the real living wage and pro-actively invest in the physical, mental and financial well-being of our co-workers as part of our Total Rewards Roadmap.
- In 2022, we invested £12 million in co-worker salaries and enhanced benefits package to support co-workers through the cost of living crises. The enhanced cost of living benefits package features more free, healthy meals, an increased contribution to their public transport passes, interest-free loans up to £1000 (or max 10% of their annual salaries), and an expansion of the co-worker discount.
- Our competitive family benefits support co-workers at all stages of their life. Whether they're growing their families, caring for loved ones or in need of extra childcare support, we help make co-workers' lives easier. Key benefits include enhanced statutory maternity, paternity, shared leave and adoption leave. Fertility leave, a new menopause policy and a free day for children's first day of school are also included in the benefits.





PERDOK KELIN GASHGAI
100% WOOL
88 x 124 cm
C 99,95