



IKEA UK Retail and Distribution

Gender Pay Gap Report 2018



A message from Carin



“We’re committed to closing the gender pay gap.”

Creating a diverse and inclusive environment where every co-worker can express themselves and is treated equally, regardless of gender identity, age, ethnicity, belief, sexual orientation or any other aspect, sits at the heart of our values. We see gender equality at the heart of human rights and we believe that everyone should be given equal opportunities.

In IKEA UK’s last financial year, around 11,460 people worked in our stores, distribution centres and offices. It is their uniqueness and diversity that drives our success and we believe that everyone should be fairly paid. Together, we share the IKEA values and work towards our vision to create a better everyday life for the many people.

Since our first Gender Pay Gap report was published in March 2018, the gap in our Retail organisation remains largely unchanged. However, it is smaller than the UK average and the wider retail industry. It is our ambition to have an

equal split of men and women at every level in every part of the business and since the first report we have achieved an equal number of men and women in leadership roles across the total business, although we still have more men than women in senior leadership roles and more women than men working in co-worker roles within our units.

In our Distribution organisation we employ far less women than men but a greater proportion of women are in leadership roles leading to a reversed gender pay gap, with the mean and median for women higher than that of men.

As a global organisation, we are very proud that in 2018, Ingka Group CEO, Jesper Brodin signed the Women Empowerment Principles (WEP) and our Group Equality, Diversity & Inclusion Manager, Sari Brody, signed the Equal Pay International Coalition (EPIC) pledge.

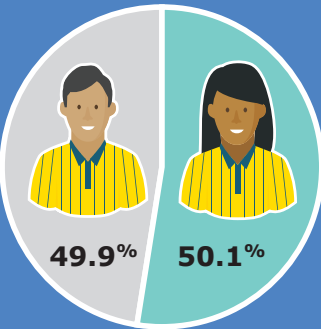
Going forward, we will continue to actively champion gender equality and we know that by joining forces with governmental and non-governmental organisations, we can create an even greater movement towards gender equality and drive a positive change in society.

We are determined to lead by example – securing the success of IKEA and sharing our successes and challenges with others.

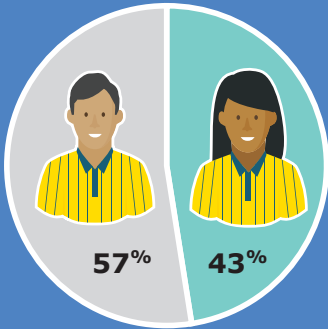
Carin Hammer-Blakeborough
Country HR Manager IKEA UK and Ireland,
March 2019.

IKEA UK Retail and Distribution at a glance

Gender split across IKEA UK (%)



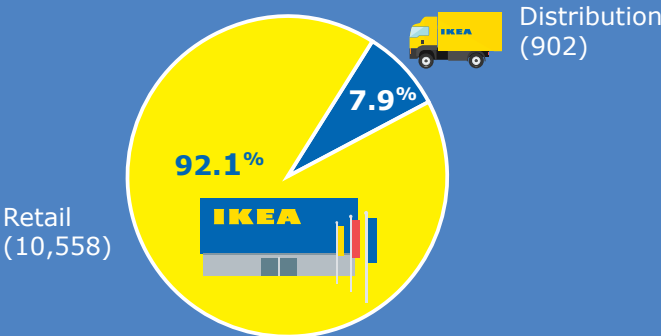
Gender split at country senior management level (%)



11,460

Co-workers across Retail and Distribution (%)

*All figures above are approximate and valid at end of FY18 (Sep 2017 - Aug 2018)



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 policies.

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.

Our ambition is to achieve gender equality, taking a holistic approach. This means that as well as aiming for gender balance at all levels and positions, we want to create an inclusive culture where 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.



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?

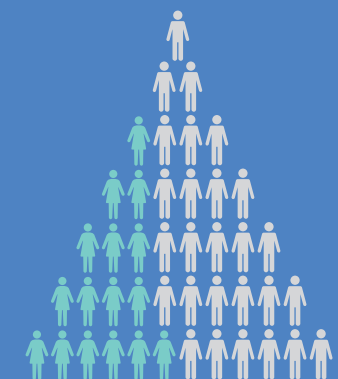
The gender pay gap is influenced by many structural and social factors. For example, the ways in which different types of work and roles have traditionally been viewed and valued, leading to disproportionate amounts of men in higher-paid jobs. Without a concerted effort to address these issues, historic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

Equal Pay



Men and women performing the same role must receive the same pay

The Gender Pay Gap



The difference in average earnings between men and women

Results for 2018

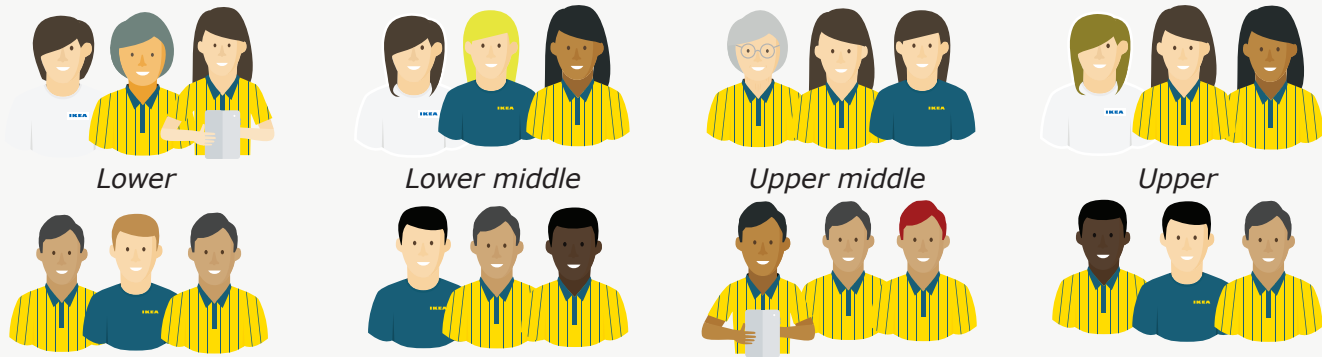
The gender pay gap figures are calculated for all IKEA operations in the UK, which are divided between Retail and Distribution.

Period data is comprised of ordinary pay, calculated from a monthly sample from April 2018. The figures show 'relevant full paid employees'. Anyone who is paid less than their normal pay during the pay period is excluded from the calculation, for example, unpaid sick leave, maternity leave, and unpaid absence.

The total number of full pay employees is totalled and divided into four equal quartiles. Employees based in Northern Ireland are excluded from the calculation.

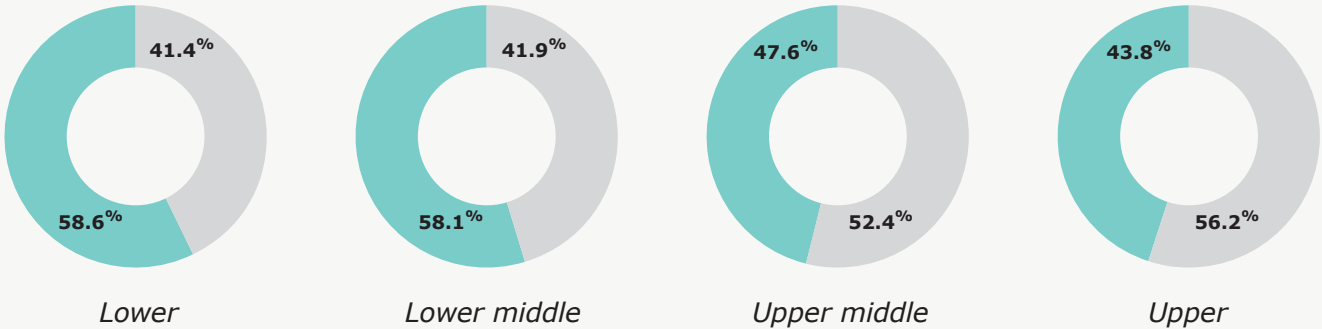
Pay quartiles

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.



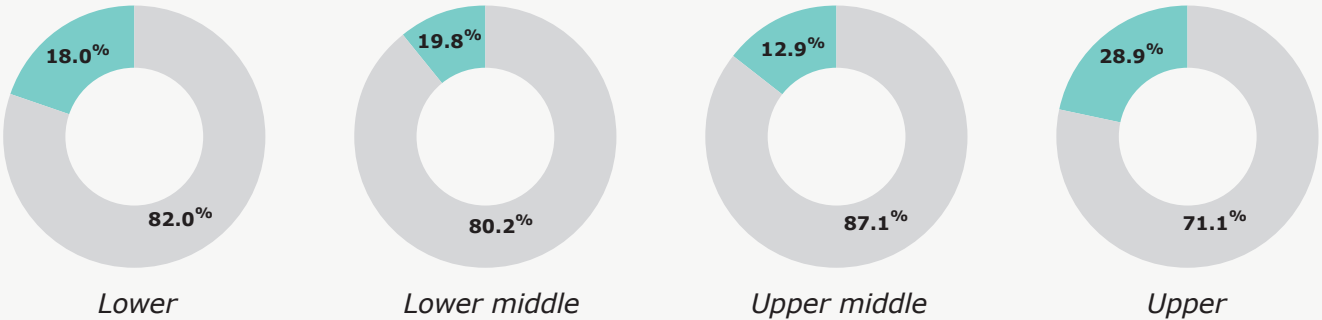
Retail

Co-workers: 9,928
52% are women
Functions: running our stores, Order and Collection Points, Shop Online, Customer Contact Centre and Service Office.



Distribution

Co-workers: 869
19.9% are women
Functions: running our warehouses and logistics, and organising the movement of IKEA products between our warehouses, stores and customers.



Mean and median

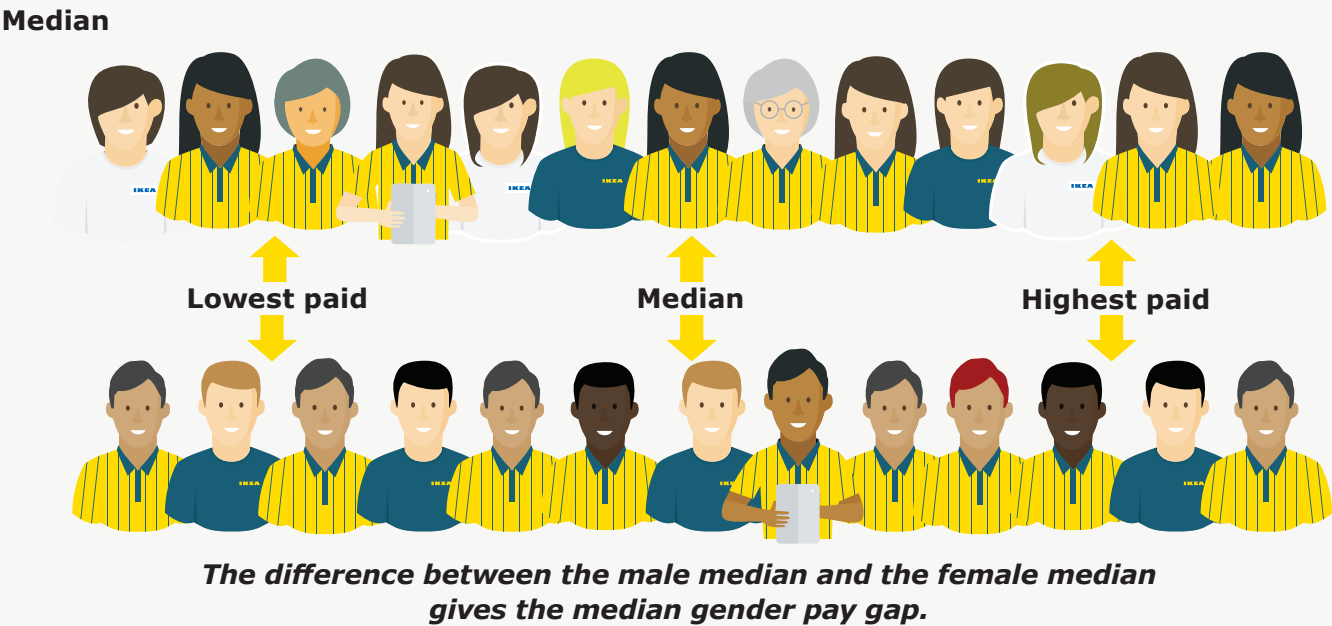
In line with the UK Government’s gender pay gap reporting regulations, we provide data on both the mean and median gender pay gaps. Both are important. The mean is a good way of comparing across the entire organisation, taking into account total hourly pay and number of co-workers. The median is useful as it is less skewed by extreme values (for example, if one person is paid significantly more than others in the organisation).

Our performance

At IKEA UK we have an equal pay approach and an almost 50/50 gender split across the organisation. However, in April 2018 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 reverse 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.



Mean

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

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

The difference: mean gender pay gap

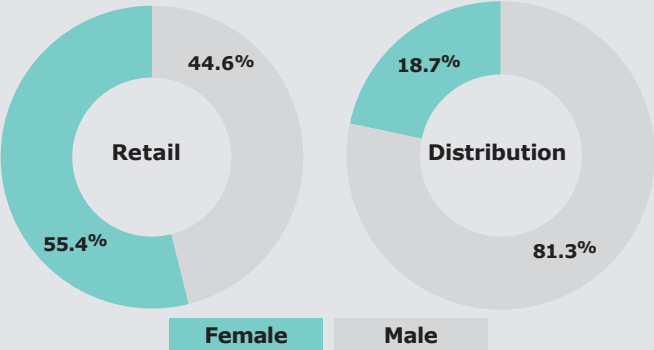
Gender pay gap

	Retail	Distribution	Average for the UK ¹	Average for the retail industry ¹
Mean	5.9%	-14.2%	17.1%	17.6%
Median	7.1%	-2.6%	17.9%	9.1%

Although our pay gap is smaller than the averages for the UK and the wider retail industry, we know there is still work to do. Through our holistic approach to an 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.

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**.



Of the 2,321 IKEA Retail co-worker’s who received a bonus, 1,035 were male and 1,286 were female.

Of the 804 IKEA Distribution co-worker’s who received a bonus, 654 were male and 150 were female.

Bonus data

Calculations based on bonus payments for the year to 5 April 2018.

Gender bonus gap

	Retail	Distribution
Mean	23.9%	-57.7%
Median	22.9%	-6.5%

Working towards gender equality

When we empower women, we empower society. It creates a world where women and men have the same rights and equal opportunities. By enabling both women and men to hold leadership positions and being involved with family life, organisations can support the development towards a more equal society.

As a global organisation, we've identified six steps to help us achieve gender equality. These are just some of the ways we are working towards achieving our vision.



Six steps

1. Establish the mindset

This is a commitment from top management and management teams in all stores and units. We will determine the added value of having a gender equal organisation and the barriers that stand in the way of reaching our goal.

2. Analyse gender equality

We will identify strengths and areas for improvement. This covers analysing the as-is situation - both on diversity and on inclusion metrics - as well as identifying gaps and spending time to dig into the reasons for these gaps.

3. Set goals

Gender equality goals will help us reach both our position on gender equality and our business objectives. We aim to create equal 50/50 organisation on all levels and provide an inclusive work environment for all genders.

4. Reach gender balance in numbers

We will identify actions in order to work on the numbers aspect of gender equality. Gender balance within recruitment, succession throughout all levels, competence development and integrating gender equality into our business plans.

5. Create an inclusive organisation

We will define activities and measures taking into account all four elements of our inclusion model:

- **Values-driven culture:** lead by example and show commitment to gender equality
- **Gender equality competence:** learning about similarities and differences between genders and their approaches to work
- **Emotional intelligence:** being aware of our unconscious biases and learning from others
- **Gender inclusive systems:** creating an infrastructure that supports all genders to develop their potential and take on responsibility

6. Measure and follow up

This is an important step to anchor gender equality in a sustainable way. It's not only about having measures in place and looking at results, it's also about following up, acknowledging milestones (successes and barriers), holding ourselves accountable and taking actions according to our findings.

When it comes to measuring gender within our stores and units, the main figures to look at are:

- % of women and men at co-worker level
- % of women and men at middle management level
- % of women and men at top management level
- % of women on succession list

