



Moving towards a gender-equal co-worker community

IKEA UK Gender Pay Gap Report 2020





Our future depends on nurturing our inclusive culture

For us, IKEA is not just a place to work; it is a community. When co-workers feel comfortable and confident to be themselves, we contribute to positive change in all areas of our business and in society.

At IKEA, we are passionate advocates for gender equality, which we see as a basic human right. We continually strive to help create a better everyday life at home, and we recognise that a better every day cannot happen without greater equality.

Over this past year, the Covid-19 pandemic has tested us all in ways that nobody could have imagined. Businesses, communities, families and individuals had to deal with unprecedented levels of uncertainty, while the crisis exposed social and economic inequalities all around us. It also exacerbated gender inequality, bringing to light the increasingly unequal division of household work and caring responsibilities carried out by women all over the world. As a result, a third of women in the key retail countries where IKEA is present say that their careers are held back because they do more work in the home than men.

This gender pay gap report is a snapshot of our co-worker population as it was on 5th April 2020. In the early days of the pandemic, with a national lockdown having just been declared, the situation was

uncertain and we took steps to secure our business in the short term. At the time of the snapshot date, a number of co-workers were 'furloughed'. However, soon after, IKEA took a decision globally to not accept any Government support for co-worker salaries and ensured that all coworker salaries were paid in full, regardless of whether someone was in work, or learning from or working from home. However, for the purpose of this report, we want to reflect the situation as it was in April – which therefore excludes the co-workers that were 'furloughed' at the time.

While, for the reasons stated above, the figures in this report are not an accurate reflection of our total co-worker population, we know that our journey towards gender equality has not been put on hold by Covid-19, and we continue to make progress in creating a workplace that is as diverse as the world around us and as inclusive as possible.

Although it takes commitment and patience to create a balanced and fair culture, the fundamental human right of equality is too important to be sidelined. For IKEA, it is an ongoing process to identify and address all the changes needed to reach a gender-balanced co-worker community. We are pleased that our pay gap remains smaller than the average for the wider retail industry; however, we have not seen significant change in our gender pay gap figures since we last reported, and we recognise that we need to do more.

We are in the midst of a wider business transformation to become more affordable, convenient and people and planet positive by 2030. Gender equality is an important part of this journey. Although the factors impacting it are complex and varied, we're confident that the large-scale changes we're making as a business will deliver a more inclusive and equal culture in the longer term.

Within these pages, you'll find the information you need to understand IKEA's gender pay gap in the UK, as well as our plans for the future. Our Global Equality Plan will help us to reach our goal of achieving an equal split of men and women at every level, across all boards and committees and in every part of the business by 2022.

We know it will not be an easy journey, but celebrating and supporting diversity of all kinds is vital to the core IKEA vision of improving the lives of many people, which includes our broad UK customer base, as well as our amazing community of co-workers.

Carin Hammer-Blakeborough,
Country People & Culture Manager,
IKEA UK and Ireland, June 2021

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.

The gender pay gap

The difference in average earnings between men and women, expressed as a percentage of men's earnings.

Equal pay

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

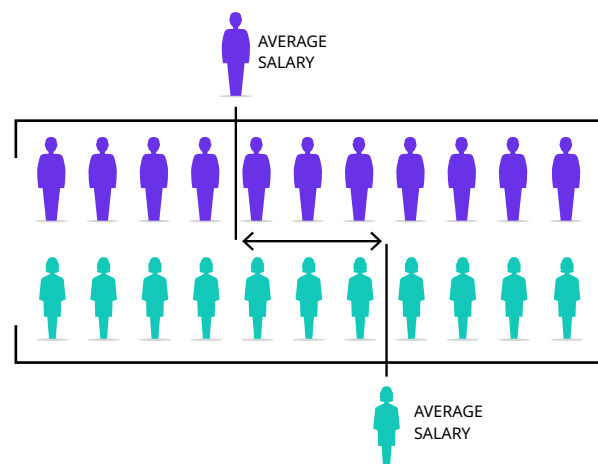
Why does the gender pay gap matter?

The gender pay gap is influenced by many structural and societal factors. For example, the ways in which different types of work and roles have traditionally been viewed and valued, contributing to disproportionate amounts of men in higher-paid jobs. Without a concerted effort to address these disparities, they are likely to persist across all industries.

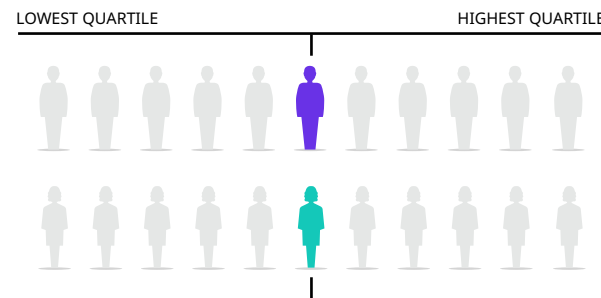
Mean vs Median

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).



Who is represented in our data?

Our figures track the pay of all "relevant full paid employees" at IKEA UK. They exclude IKEA Ireland. Anyone who is paid less than their normal pay during the pay period is not included, as this would skew the data. For example, furlough, unpaid sick leave, maternity leave, and unpaid absence are not tracked.

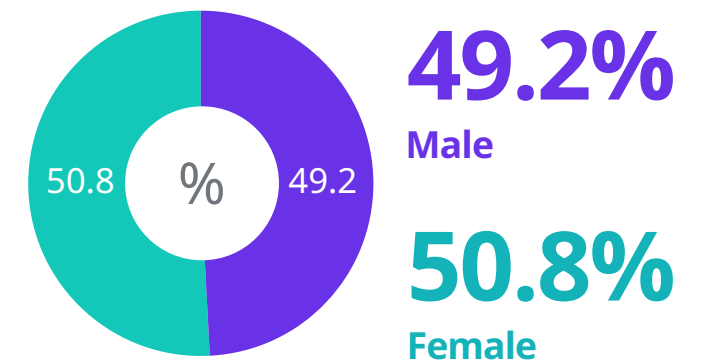
What about non-binary co-workers?

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 LGBT+ inclusion to minimise discrimination against people of all sexual orientations and gender identities.

OUR RESULTS: 2020

IKEA UK at a glance*

Gender split across IKEA UK¹



Spread of co-workers across retail and distribution

Retail:

89.1%

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.

Distribution:

10.9%

Our distribution 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.

1. All figures are approximate and valid at end of FY20 - Sep 2019-Aug 2020. They don't include employees on maternity leave and unpaid leave. They also don't include our Northern Ireland co-workers.

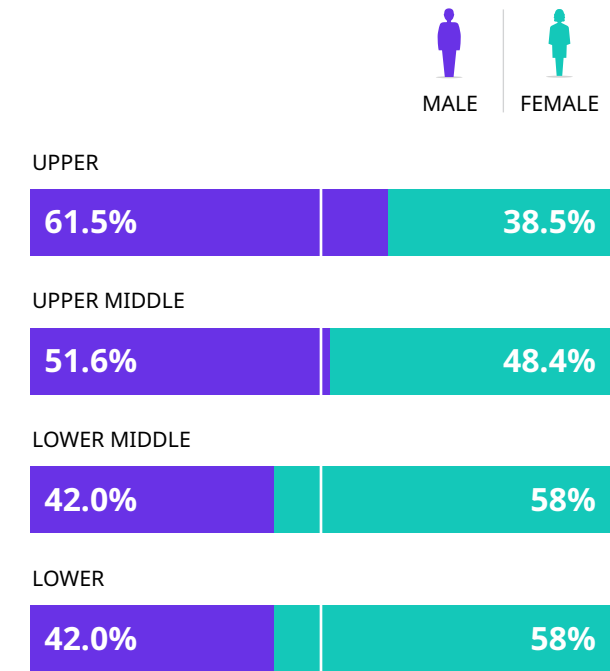
OUR RETAIL BUSINESS GENDER PAY GAP

Gender split of co-workers in retail

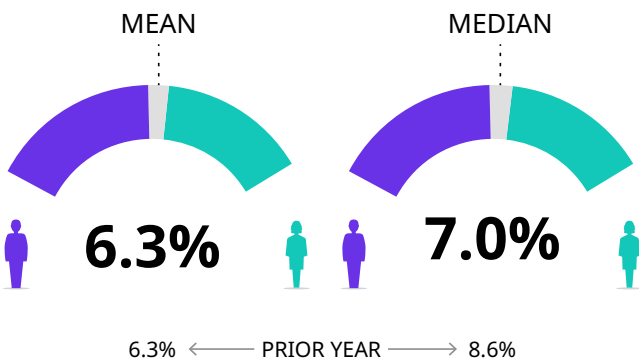


Proportion of female employees in each pay quartile - RETAIL

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.



Overall Gender Pay Gap: Retail



Our mean pay gap has remained consistent year on year, continuing to perform below the wider retail industry (which had an average of 13.0%²).

Our median gender pay gap has decreased in the last year from 8.6% to 7.0%.

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 of the bonus varies from year to year, based on the performance of each unit and the co-worker's annual salary.

As the business did not meet its bonus goals in FY20, partially because of the impact of the Covid-19 pandemic, no bonus was awarded.

² Retail industry mean gender pay gap. Figure correct at time of publication.

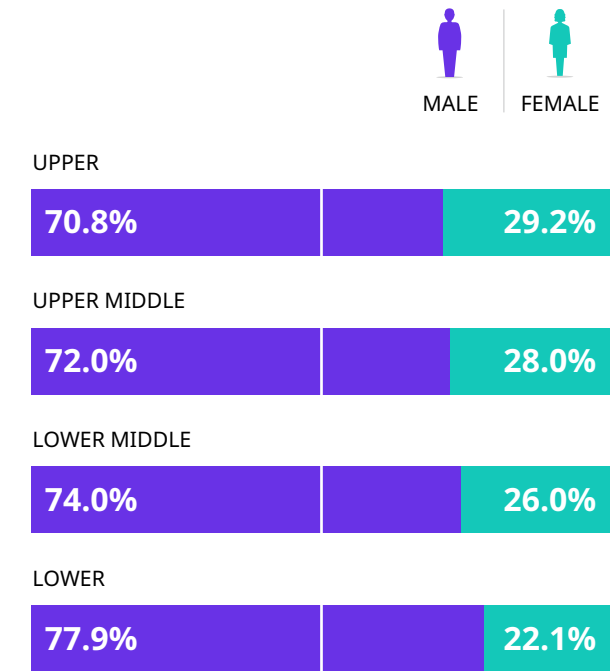
OUR DISTRIBUTION BUSINESS GENDER PAY GAP

Gender split of co-workers in distribution

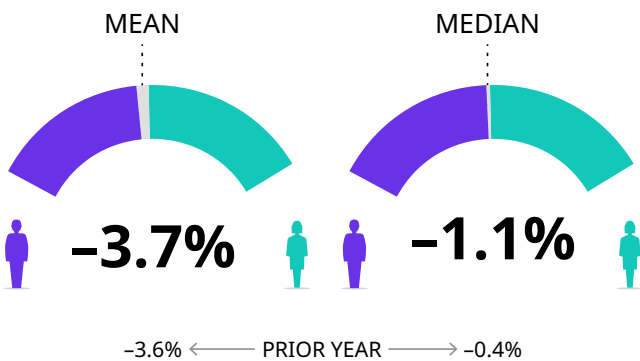


Proportion of employees in each pay quartile - DISTRIBUTION

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.



Overall Gender Pay Gap: Distribution



IKEA distribution has a negative mean pay gap, which has remained consistent from -3.6% to -3.7% in the last year.

Our median pay gap in distribution has slightly increased since last year, from -0.4% to -1.1%.

Our distribution 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.

As the business did not meet its bonus goals in FY20, partially because of the impact of the Covid-19 pandemic, no bonus was awarded.

The small proportion of female employees gives a broad spread of pay over a smaller number of people. As a result, one female changing roles or leaving the team can dramatically alter the figures.

Key takeaways:

- 1 We remain very ambitious in our commitments to gender equality within the UK retail industry. Although our mean gender pay gap remains comparable to last year, our gap is smaller than the average retail figure in the UK as a whole and our inclusive culture is already in place. Regardless, the issues highlighted by the Covid-19 pandemic have made us even more ambitious and determined to deliver gender equality across our business.
- 2 Our median gender pay gap has decreased overall, as a result of the fluctuation from the rapid pace and careful navigation of our business transformation.
- 3 The gender balance in our UK country management team is moving in the right direction. However, the number of women at a senior level compared to last year has remained the same. We will prioritise achieving a steady balance through our Gender Equality Plan. .
- 4 The higher proportion of female part-time co-workers in our stores also influences our gender pay gap.



What are we learning about closing the gender pay gap?

Working towards becoming a gender equal organisation is teaching us important lessons that will inform our future and help us reach our goal of gender balance across all teams and seniority levels by 2022.

- Gender equality requires total commitment from all of us at IKEA and in the wider retail industry.
- While we believe equality is a human right, diversity and inclusion will also benefit our customers, as well as our culture in the future.
- The removal of any form of prejudice is crucial to recruiting and promoting gender-balanced talent, as well as achieving and maintaining gender equal pay. These are areas we are proactively exploring.
- There are some parts of the business that are more female dominated. These will need to be rebalanced, alongside the slight weighting towards males in senior roles, to support our work towards gender equality in every part of the company.



WORKING TOWARDS GENDER EQUALITY: IKEA'S PROGRESS

“Our goal to achieve a 50:50 gender balance by 2022 across the whole company, at all levels, isn’t just about the numbers; we want to break down the walls that keep women and men underrepresented in certain roles and build an organisation that recognises the importance of diversity of thought and experience.”

Carin Hammer-Blakeborough, Country People & Culture Manager, IKEA UK and Ireland.

The benefits of having gender diverse teams

Gender diverse teams reflect society at large. As a company dedicated to improving the lives of the many people, it’s crucial that we reflect and understand our diverse customer base. In addition, research shows that diverse teams are more innovative and companies with gender diversity in leadership positions see a stronger financial performance.

Our Gender Equality Plan

Our global Gender Equality Plan covers everything from establishing the mindset for gender equality, to creating an inclusive work environment, with a supportive infrastructure and inclusive behaviours. Its measures include:

- 50% share of women in all functions (including functions that are typically male dominated or female dominated) by 2022
- 50% share of women in all boards and committees by 2022
- Making our recruitment branding more appealing to both genders through reviewing our choice of wording and imagery
- Reviewing and refining our interview process to mitigate unconscious bias
- Ensuring succession lists are gender balanced



“I have worked at IKEA for nearly 14 years and during this time I have always felt empowered and been encouraged to progress in various roles, with no gender orientation.”

Michelle Flannigan, IKEA Food Manager, Manchester

Leading by example

Stepping Up is our leadership development programme to support co-workers to gain the skills, knowledge and confidence to take their first leadership role as a team leader. In this bespoke apprenticeship programme, apprentices learn about the wider retail industry and explore their own leadership, in line with the IKEA culture and values. While Stepping Up is open to all co-workers, in FY20 the programme has had a higher intake of women than men.

Gender split on our Apprenticeship programme: Male 35% Female 65%



“When I was 22, someone believed in me enough to take on my first leadership role at IKEA. 23 years later, I have built a new generation all-female sales team, giving them the same opportunity I had.”

Deborah Holland, Sales Manager, Warrington

Leading by example

We are working towards greater use of coaching and mentoring to support all co-workers in their development. Every leader is already trained in the skills and knowledge to become a coach, and we will continue to focus on preparing high potential co-workers for leadership roles.



“I always strive for gender equality as a natural part of my leadership - it's how I've always been treated, it reflects our company culture and my own personal values.”

Katie Cairns-O'Reilly, Business Navigation & Operations Manager, IKEA Birmingham

Fit for families

Holding leadership positions and being involved with family life should not be mutually exclusive. IKEA takes its work seriously to support and enable those with children and dependents to do both. We are constantly reviewing where we can work more flexibly and smarter to support our co-workers.



“As a busy working mum, I strive to find the right balance between work and home life. With the support of my husband and a company that lives up to its commitments and allows me to be myself, I have learned that there is no limit to what women can accomplish when we empower each other.”

Christie Gregg, Market Manager, IKEA Belfast

PRIORITISING LEARNING

Our new global learning platform provides equal opportunities to search, find and plan for training and development. The resource has triggered a more active ownership in individual and personalised learning plans, as co-workers feel more empowered in their progression. Our learning and development offer is increasing in flexibility, with options including e-learning, classroom learning and learning on the job.

During the pandemic, the launch of our 'Learning in a New Reality' initiative for all co-workers created an interconnected network of learners that supported each other's progress as they expanded their digital skills, bringing fresh opportunity to share with colleagues from other stores and parts of the business.

Through all of these initiatives, and plenty more work behind the scenes at a regional and national level, IKEA UK aims to be a place where everyone can have varied and rewarding careers, regardless of gender, background or social standing.



