



# Paying a real living wage

**In many countries, wages don't rise in line with inflation and workers struggle to make ends meet, pay their bills and provide for their families, with a resulting impact on wellbeing.**

As a values-driven company, IKEA puts people at the heart of its business and is committed to responsible wage practices, including paying a meaningful wage that truly reflects the cost of living.

While the UK Government's mandatory 'national living wage' is based on a target to reach 60% of median earnings by 2020, it does not take account of living standards, or higher living costs in London.

In 2016 IKEA UK became a Principal Partner of the [Living Wage Foundation](#) and invested £11 million by committing to voluntarily paying the real Living Wage and London Living Wage to all its UK co-workers. The real Living Wage rates are independently-calculated each year, based on the cost of living. The initiative has resulted in numerous benefits for co-workers, for IKEA and the economy. In 2017 IKEA wages rose to £8.75 per hour (£10.20 in London).

This is an example of a country level initiative in the UK. On a global level, IKEA conducted Fair Wage assessments together with the Fair Wage Network in 9 countries in 2016 and has undertaken several remediation actions since then. Additionally, IKEA is currently developing a global approach to Responsible Wage Practices for its own units and for its partners.

*"Introducing the Living Wage was not only the right thing to do for our co-workers; it also makes good business sense. This is a long-term investment in our people based on our values and our belief that a team with good compensation and working conditions is in a better position to provide a great experience to our customers."*  
Carin Hammer Blakebrough, Country HR Manager

	THE MINIMUM WAGE <small>Government minimum for under 25s</small>	NATIONAL LIVING WAGE <small>Government minimum for over 25s</small>	REAL LIVING WAGE <small>The only wage rate based on what people need to live</small>
WHAT IS IT?	£7.38	£7.83	£8.75 across the UK and £10.20 in London
IS IT THE LAW?	Statutory	Statutory	Voluntary
WHAT AGE GROUP IS COVERED?	21 and older	25 and older	18 and older
HOW IS IT SET?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, currently at 55%, it aims to reach 60% of median earnings by 2020.	Calculation made according to the cost of living, based on a basket of household goods and services
IS THERE A LONDON WEIGHTING?	No London Weighting	No London Weighting	Yes - Separate higher rate for London

**Comparison of** the living wage rates as set by the UK Government and the Living Wage Foundation.