Details of the global sustainability activities of IKEA Group, including sourcing, product development, suppliers, manufacturing, distribution and product transport can be found in the FY15 IKEA Group Sustainability Report.
OUR VISION AT IKEA is to create a better everyday life for the many people. This is the starting point for everything we do.

Since opening our first store in Warrington in 1987, we have grown to 18 stores in the UK and one in Ireland, plus our online shopping channel. As we aim to double our turnover and market share in the UK and Ireland by 2024, it is essential that we transform our business and work within the limits of the planet, while taking care of communities, co-workers and customers.

We are renewing our focus on understanding how our customers live, and their needs and dreams for life at home. Through our research, we’ve learned that many of our customers want to live more sustainably. With more than 20 million visitors to our stores last year and 170 million visits to our website, we have an opportunity to make a big impact by enabling many people to save or generate energy, reduce and sort waste, and use less or recycle water – without having to pay extra to do so. In FY15 we sold around 2.3 million LED light bulbs and since converting our entire range to LED in September 2015, we anticipate these super-energy saving and affordable light bulbs will light up many more homes in FY16 and beyond.

While we’ve taken some good first steps, we still have much to do. This first UK & Ireland Sustainability Performance Summary for the provides an important opportunity to share our plans, successes and challenges. I do hope you enjoy reading it.

GILLIAN DRAKEFORD
Country Retail Manager, IKEA UK & Ireland

A MESSAGE FROM GILLIAN

WE’VE MADE BIG STRIDES to improve our sustainability performance and help our customers to live more sustainably in FY15, and I’m proud to share some stories from our journey in this first UK & Ireland Sustainability Performance Summary.

This year we generated the equivalent to almost half of IKEA UK & Ireland’s energy needs with power from the wind and sun, moving us closer to our goal of producing renewable energy equal to all the energy we use by August 2020.

And we’ve focused on the materials we use. It’s great news that all the cotton in our products now comes from more sustainable sources. This means the cotton farmers use less water, chemical fertilisers and pesticides, while increasing their profits. 50% of the wood we use is from more sustainable sources, which means it’s FSC-certified or recycled and we’re on track for 100% by 2020.

We want to turn waste from a problem into a resource. We’re close to our goal of zero waste to landfill and our next step is to ‘close the loop’ on materials by taking them back into the supply chain. Our furniture take-back service is a good start and we’re aiming to do more to make the most of waste in FY16.

Of course it’s not enough for us to operate more sustainably. To have a real impact we want to make sustainable living attractive, affordable and accessible for as many people as possible by providing products and services that help them use less water and energy, reduce waste and live healthier lives.

For the last couple of years our co-workers have been exploring sustainable living in their own homes, and you can see their stories in-store. Now we’re getting customers involved too, through our new Live LAGOM project. I hope that together we can continue to find ways to create a better, more sustainable everyday.

JOANNA YARROW
Head of Sustainability, IKEA UK & Ireland

A MESSAGE FROM JOANNA
Our vision has always been to create a better life for the many people. Our People & Planet Positive strategy sets out our ambitious targets to achieve this.

Sustainability is one of the four cornerstones of our business strategy, and is a key part of our global and national business plans. To ensure we continue to grow, we’re investing in innovation, transforming our business to be more efficient and sustainable, and enabling as many people as possible to live more sustainably. Rather than simply reducing the harmful impact of our operations, we aim to make a positive difference for our customers, co-workers, suppliers and the planet.

We’re taking bold action on the things that really matter, from going for 100% renewable energy to sourcing all our cotton and wood from more sustainable sources. We’ve made good progress, but we’re determined to do even more.
IKEA UK & IRELAND FY15 HIGHLIGHTS

19 STORES IN THE UK AND IRELAND PLUS AN ONLINE SHOPPING CHANNEL

8,231 CO-WORKERS

20M VISITORS IN-STORE

170M VISITORS ONLINE

£61.9M SALES OF PRODUCTS THAT ENABLE CUSTOMERS TO LIVE A MORE SUSTAINABLE LIFE AT HOME BY USING LESS ENERGY AND WATER, REDUCING WASTE AND LIVING HEALTHIER LIVES

SOLD 2.3M LED LIGHT BULBS. THEY USE UP TO 85% LESS ENERGY THAN TRADITIONA INCANDESCENT BULBS, AND LAST UP TO 20 YEARS

PRODUCED RENEWABLE ENERGY EQUIVALENT TO 45% OF OUR ENERGY CONSUMPTION IN THE UK AND IRELAND IN FY15¹

5% IMPROVEMENT IN ENERGY EFFICIENCY IN OUR STORES COMPARED WITH FY10

€430,000 DONATED BY THE IKEA FOUNDATION AS A RESULT OF THE BRIGHTER LIVES FOR REFUGEES CAMPAIGN IN THE UK AND IRELAND, TO IMPROVE THE LIVES OF REFUGEES

969,000 TREES PLANTED IN PARTNERSHIP WITH THE WOODLAND TRUST SINCE 2012 – WE’RE ON TRACK TO REACH 1 MILLION BY FY16

¹ Includes energy produced from wind farms owned by IKEA Group in the UK and Ireland.
JOANNA YARROW, Head of Sustainability for IKEA UK and Ireland, works with leaders across the business to implement the People & Planet Positive strategy. Every function and store has sustainability key performance indicators and stretch targets integrated into their business plans, and every store manager is personally accountable for sustainability performance. A team of Sustainability Leaders provide specialist guidance and Regional Change Leaders mentor in-store teams to help them make sustainability part of their everyday work. All co-workers are responsible for sustainability in their area of work. Hundreds of people across IKEA Group have social and environmental objectives as part of their formal job description. Each business unit and country retail organisation has a sustainability organisation, and the larger business units have their own dedicated sustainability team and sustainability managers.

Steve Howard, Chief Sustainability Officer at IKEA Group, has overall responsibility for performance against the sustainability commitments within Growing IKEA Together – the IKEA Group direction – and the People & Planet Positive strategy. Steve is a member of Group Management and reports directly to the Group President and CEO, Peter Agnefjäll.

For a summary of how the IKEA Group is tackling climate change, see the infographic on the next page.

For more on Governance at the IKEA Group, visit our website.
**TACKLING CLIMATE CHANGE**

**WILL STRENGTHEN ECONOMIES AND BUILD A CLEANER, FAIRER AND MORE PROSPEROUS FUTURE FOR ALL - HERE’S WHAT WE’RE DOING AT IKEA GROUP.**

**€600 million**
announced for investments in wind and solar power, building on the

**€1.5 billion**
invested since 2009.

**€133 million**
saved through energy efficiency measures since FY10.

**Committed to own and operate**
314 wind turbines.

**700,000**
solar panels on our buildings.

**BECOMING ENERGY INDEPENDENT**
Tackling climate change drives innovation and renewal. It's an opportunity to make our business better and meet customer needs.

**MORE SUSTAINABLE MATERIALS AND SUPPLY CHAIN**
With our partners we are making materials more sustainable and cutting emissions in our supply chain.

**ENABLING MORE SUSTAINABLE LIVING**
Sustainability should not be a luxury for the few, but affordable for the many. With billions of visitors to our stores and IKEA.com, we can enable many people to live a more sustainable life at home.

**IKEA FOUNDATION SUPPORTS FAMILIES AND COMMUNITIES**
The IKEA Foundation funds programmes to create new opportunities for some of the world’s poorest communities, helping them to build resilience to climate change and improve their lives.

**€1 BILLION FOR CLIMATE ACTION**
We’re going all in to tackle climate change, leading by example and calling for strong policies from governments.

**Customers in the UK can halve their electricity bills by installing solar panels.**

**1 In our own operations.**
**2 Cotton from more sustainable sources includes cotton grown to the Better Cotton Standard; by farmers working towards Better Cotton; and more sustainable cotton from the USA (such as the 'e3 Cotton Program').**
**3 More sustainable sources for wood are currently defined as FSC™-certified or recycled wood.**
**4 At tier 1 home furnishing suppliers.**
**5 Compared to a traditional incandescent bulb. Calculation based on the electricity consumption of an average European household.**

© Inter IKEA Systems B.V. 2015.
MORE SUSTAINABLE LIFE AT HOME

We have a great opportunity and a big responsibility to inspire our customers and co-workers to live more sustainable lives. We believe everyone should be able to do so without spending more, radically changing the way they live or compromising on style.
PRODUCTS AND SOLUTIONS

MANY OF OUR PRODUCTS enable customers to use less energy and water, reduce waste and save money on bills. We keep working to expand our range for a more sustainable life at home.

UK and Ireland sales of these products grew 45% in FY15 and we’re aiming for at least a fourfold increase in sales by FY20, compared with FY13.

SOLAR POWER FOR THE MANY PEOPLE

We’re making it more affordable for as many people as possible to generate their own solar power. In 2015 an average UK family could halve their electricity bills with a solar installation that could pay for itself within seven years.

In FY15 we sold affordable solar installations from all our UK stores, offering a turnkey service including surveys, installation and maintenance. Our pay-as-you-save SolarLoan enables credit-worthy homeowners with a suitable roof and a £100 deposit to buy our solar panels and generate renewable energy, paying off the investment through generating energy. To make it even more affordable, in FY15 we offered a

<table>
<thead>
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<th>MORE SUSTAINABLE LIFE AT HOME PRODUCTS</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
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<td>Number of products classified as more sustainable life at home products</td>
<td>300</td>
<td>300</td>
<td>386</td>
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<tr>
<td>Sales value of more sustainable life at home products</td>
<td>£26.4 million</td>
<td>£42.7 million</td>
<td>£61.9 million</td>
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</tbody>
</table>

» We won’t tackle climate change unless business leads the way to make it easy and affordable for people to green their homes. It’s great that a top retailer like IKEA who really understands how people think about their homes has risen to this challenge with their residential solar offer. «

RT HON EDWARD DAVEY
Former UK Member of Parliament and Secretary of State for Energy and Climate Change

15% discount to IKEA FAMILY members and co-workers received an additional 10% discount.
In FY15, we installed 48,000 solar panels in 2,000 UK homes, and in FY16 we’ll launch a new solar offer, providing our customers with a broader range of solar technologies to choose from.

LIVING A HEALTHIER LIFE

Being happy and healthy is key to living a more sustainable life. We’re introducing even more sustainable, nutritious menu options in our restaurants and food markets.

GRÖNSAKSBULLAR, our new vegetarian, gluten-free veggieballs have 25% fewer calories than our traditional meatballs, and they’re more sustainable too – with a carbon footprint that’s 30 times less than our traditional meatball.

Find out more about our solar panel offer on our website.
We want our customers everywhere to have access to beautiful, well-made and sustainable home furnishings. And we believe that you can have all of that at a low price.

With billions of visitors to our stores and website every year, we have a huge opportunity to encourage and inspire customers to live a more sustainable life at home.

Take LED. We worked to make these super energy-saving, long-lasting light bulbs more affordable and higher quality. Now we’ve converted our whole range to LED and we’re making sure our customers understand that this is a win–win for their wallets and the planet.

At design and development, every product is scored on quality as part of our Product Sustainability Scorecard. Then we work closely with suppliers to secure consistent quality in bulk so that we can make great quality, durable products available to the many people. Many of our products come with guarantees of up to 25 years.

At the same time, we aim to use fewer resources and ensure the materials we use are produced in a way that is good for people and the planet. We are transforming our supply chain to source all of our wood and cotton from more sustainable sources, and we want to make sustainable sources the norm across the industry.

Used products are a valuable resource, not waste. We’re working towards a circular IKEA, where our products last as long as possible, are designed for easy upcycling and recycling, and secondary materials are used instead of virgin raw materials. Our mattress takeback scheme is now in 20 countries and we’re working on some innovative projects to close the loop on certain materials. There is still a long way to go to be a fully circular business, but we are up for the challenge.

In the future, all companies will need to work towards a more equitable world that is also increasingly carbon-, water-, and raw material-constrained. Leading companies are integrating this into their business models today: IKEA has already made bold steps in its supply chain and is working to become a global leader in taking climate action.

IKEA’s expansion into emerging markets means new customers can access responsibly made, high quality products that encourage more sustainable living. These customers will value IKEA products highly – where there is scarcity, there is no waste.

In developed markets, IKEA should change its furniture’s ‘temporary’ image, whilst maintaining core attributes of good quality, low-cost products, by:

- Making returns as easy and convenient as buying new products.
- Applying its smart engineering and design skills to create solutions for reverse logistics and upcycling or recycling used products.
- Using its brand power to raise consumer awareness, changing attitudes to value and waste, and making sustainable lifestyles more desirable.

Making sustainable living easy requires not just smarter furniture, but also supporting water, energy and waste infrastructure. IKEA should take a visible leadership position beyond home furnishings, inspiring other companies to support its vision of people and planet existing together positively.
A COMPLETE SWITCH TO LED

In September 2015 we achieved our goal to convert our entire lighting range to LED – one of the ways we’re going all-in to tackle climate change right across our business. LED bulbs can last up to 20 years and use up to 85% less energy than traditional incandescent light bulbs, helping customers save on energy bills and reduce their environmental impact.

In FY15, we sold over 2.3 million LED bulbs across the UK and Ireland. If all the LED bulbs sold replaced 40W incandescent bulbs, we’ll have helped our customers reduce their energy bills by nearly £15.7 million this year. The 74 GWh saved could power almost 6,000 homes for a year, and the carbon emissions avoided are equal to those of a car travelling around the world 5,000 times.

To find out how our LED sales have helped make a difference to refugees’ lives see page 21.

»The ‘AHA’ moment was when I got a letter from the electricity company telling me they’d reduced my monthly payments.«

AILLEEN PETERS
IKEA Co-worker, Glasgow

AILLEEN switched all her lighting at home to LED and was amazed by the results.
WE WANT TO CREATE a movement for more sustainable living across the UK and Ireland. Since FY14 we’ve been helping our co-workers try out a more sustainable way of life both at work and at home through our Sustainable Living Project. Participants choose and use IKEA products that help them to save water and energy, reduce and recycle waste or live more healthily. To support them we provide workshops and a handbook full of top tips for a more sustainable lifestyle.

In FY15, over 200 co-workers across UK and Ireland stores took part, each using a £450 voucher to spend on IKEA products for a sustainable life at home. They came up with innovative uses for our products and made positive changes that helped them save time, reduce their bills and even get on with their families better, all while reducing their environmental impacts. Now these co-workers are our sustainable living ambassadors, sharing their experiences with colleagues and customers, and encouraging them to make small changes towards a more sustainable lifestyle. The Sustainable Living Project has helped us learn even more about our products and we’ll use this feedback to develop more products and services to help our customers live sustainably.

Find out about Live LAGOM on our website.

THE SWEDISH WORD LAGOM means just the right amount. In moderation, in balance. Not too much, and not too little. This concept has been part of the Swedish psyche and way of life for years. We like it because it’s what living a rewarding but responsible life is all about: not denying yourself or sacrificing what you love, while not taking from the planet more than you need. We think it’s a powerful idea – one that has the potential to change the way people feel about sustainability.

LIVING SUSTAINABLY

» It’s been great to see so many co-workers across IKEA UK and Ireland jump wholeheartedly into the Sustainable Living Project! I’ve been most inspired to see the ingenious and unique ways they’re tackling various challenges they come up against in their daily life at home. Everyone thinks of sustainable and healthy living in their own way. And everyone measures their success differently. We’re learning so much! «

MELISSA CIARDULLO
Project Leader, Sustainable Living Project

CHRIS WATTS
IKEA Birmingham

Chris signed up for the Sustainable Living Project because he wanted to learn how he could reduce his impact on the environment. For Chris, it was all about changing the way he thinks of resources such as water and energy.

"I’ve made changes like turning the tap off while I’m brushing my teeth, taking shorter showers and using energy efficient devices such as the RENLIG washing machine. These are little things you can do to make a big difference."
Huw Lightfoot
IKEA Cardiff

Huw Lightfoot, an IKEA Cardiff co-worker, realised his gadgets were going through a staggering 110 batteries every year, costing over £80 to run. After joining the Sustainable Living Project, Huw switched over to LADDA rechargeable batteries which cost a total of £66. That’s just £14.60 a year over their 4.5 year lifespan!

“I’ll recoup the cost in less than 10 months and will save 496 batteries from the bin. Importantly, I’ll never get caught short of power when my Singstar microphone batteries fade!”

Lucy Dotse
IKEA Southampton

Lucy Dotse knew her family would love taking part in the Sustainable Living Project. After signing-up at the first chance, the Dotses changed every lightbulb in their house to LED and began growing food with their two sons, Malachi and Jahiem.

“We love eating healthily, it was important for the kids to know how to grow food and see where their food comes from. We’re already a close family but it’s really nice to spend more time with the boys in the garden every day.”

Lisa O’Brien
IKEA Dublin

Lisa has been sharing her top tips on preserving food with co-workers and customers through workshops at our IKEA Dublin store. Members of ‘Cultured Club’ learn how to ferment foods such as kefir, kombucha, sauerkraut and salsa, and share ideas on creative ways to use IKEA products such as KORKEN jars and NEGLINGE tea light holders.

“We love eating healthily, it was important for the kids to know how to grow food and see where their food comes from. We’re already a close family but it’s really nice to spend more time with the boys in the garden every day.”

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RESOURCE AND ENERGY INDEPENDENCE

We want to make our operations completely sustainable. By 2020 we’re aiming for 100% renewable energy – producing as much as we consume – and we’re investing in becoming more energy efficient. This is good for people and the planet and makes good business sense, because it cuts costs and makes us resilient to fluctuating energy prices. We also aim to manage water efficiently and strive for zero waste to landfill wherever possible. And we want to offer easy and attractive ways for our customers and co-workers to get to our stores more sustainably.
TO BECOME resource and energy independent, we need to be a leader in renewable energy production. By August 2020, the IKEA Group aims to produce as much renewable energy as all the energy we consume in our global operations.

We used the wind and sun to generate power equivalent to 45% of our energy consumption in the UK and Ireland in FY15. Solar photovoltaic (PV) panels are installed on the roofs at 10 of our stores and in FY15 they generated more than 1.04 GWh. Our Peterborough contact centre and Lakeside store are the latest to be fitted with the panels.

The IKEA Group owns a wind farm in Leitrim, Ireland and a wind farm in Dummuies, Scotland. They produced 21.6 GWh and 22.2 GWh respectively in FY15. Together, they generated enough energy to power more than 3,000 homes for the year.

Where we can’t use the energy we produce directly, we sell it to the grid. We buy some renewable energy from the grid where we can’t produce it ourselves. In FY15, nearly 76% of the energy we used in our UK and Ireland stores came from renewable sources.

Our stores were 5% more energy efficient than in FY10 – a stable rate since FY14, despite significant growth in sales volumes. We achieved this by introducing more efficient air heating and cooling units and LED lighting in stores. We also trained co-workers to reduce energy use by only turning equipment on when needed. We’ll review how we calculate energy efficiency in FY16 as this measure doesn’t currently reflect the increase in sales volume and extended opening hours.

Although our stores account for only a very small proportion of the overall IKEA Group water footprint, we’re working to improve water efficiency across all our stores. We used 241,602 m³ of water in FY15 - 12% more than in FY14. While we introduced more efficient dishwashers in our kitchens and toilets and taps in customer and co-worker bathrooms, this absolute increase in water use reflects growth in sales volumes since FY14.

IKEA has demonstrated real leadership by converting its entire lighting range to LED and by making big investments as it works towards its 100% renewable energy goal for 2020. I hope these bold commitments inspire many others, including policymakers, to go beyond incremental change and be more ambitious in how they seek to tackle climate change. To increase its impact further, IKEA will need to work closely with other leading companies across the retail sector to engage global leaders and policymakers in moving to a low carbon economy.

NICK MOLHO
Executive Director, Aldersgate Group

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NICK MOLHO
Executive Director, Aldersgate Group

For more on our approach on these areas, see the FY15 IKEA Group Sustainability Report.
WE AIM TO eliminate waste from our own operations. That means creating less waste and changing our mindset to think of waste as a resource.

In FY15, 0.54% of the waste generated in our stores went to landfill, and 89.32% was recycled. The remainder went to waste-to-energy recovery. By the end of August 2016 we aim to recycle 95% of our waste and send nothing to landfill. In FY15 we completed a waste mapping project that showed us where and how we manage waste efficiently and where we have opportunities to improve waste management practices. We’re now working to share the best examples across all stores and ensure we have a standardised and consistent way of working with waste.

Rather than saying goodbye to used or waste materials, we’re adopting circular economy thinking into the way we work. We’re making a start by finding new ways to use old furniture (see feature).

HOW WASTE WAS DISPOSED OF IN FY15 (%)

- Recycled 89.32%
- Waste-to-energy recovered 10.14%
- Sent to landfill 0.54%

Total waste produced: 29,419 tonnes

GIVING SOFAS A SECOND LIFE

We diverted 294.86 tonnes of food waste from landfill in FY15. Most of our food waste was processed to make biogas for electricity generation or fertiliser. As part of a global pilot project, co-workers in Coventry and Nottingham spent 14 weeks trialling a system that monitors food. They recorded what was thrown away and why, and used the results to adjust food production and kitchen practices. This helped the Coventry and Nottingham stores reduce their food waste by around a third. If the two stores continue using this approach, we estimate they will avoid 11 tonnes of food going to landfill every year.

One person’s unwanted bed frame could be another’s new sofa. That’s what we’re learning through our partnership with the Furniture Re-use Network (FRN). Our furniture take-back scheme makes it easy for customers to recycle unwanted items, such as mattresses, sofas and white goods. When customers request delivery service for a mattress, sofa or white good in-store, we offer to take their old comparable item back for a small administration fee – no matter where they bought the old item.

If the item’s in good condition, we aim to find it a new home by offering it to households in need at an affordable price. During 2015, we prevented more than 2,000 sofas, white goods and mattresses going to landfill, saving around 91.2 tonnes of carbon emissions. Through this partnership we estimate we helped 1,650 households save around £206,300. Other items are being transformed into completely new pieces of furniture. One young mum upcycled three sofa frames into a corner sofa bed with storage – all for £50.

We’re looking at ways to improve the efficiency of the scheme and exploring what more we can do to promote it to co-workers and customers.

CUTTING DOWN ON FOOD WASTE

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MORE SUSTAINABLE TRANSPORT

OUR STORES welcomed over 20 million visitors in FY15. Many made their journey by car, but we want to make our stores, products and services more accessible using sustainable transport. In FY16 we’ll develop a long-term strategy for sustainable transport, starting with a mapping exercise to identify the priority areas where we should focus our efforts. From autumn 2016, profits from IKEA UK’s solar panel sales will be invested into making stores more accessible to customers and co-workers, for example through better communication about existing facilities and encouraging walking, cycling and the use of public transport.

In FY15 we were the only retailer in the UK to have rapid chargers for electric vehicles at all our stores. Free to use, our network was the most used in the UK in FY15, providing more than 232 MWh – enough green electricity to enable vehicles to travel 1,518,937 km with zero tailpipe emissions.

We’re developing our customer delivery service to make it easier for customers to buy online and reduce the need to travel by car. To help us improve this service, we now send an SMS text to selected customers after their furniture delivery, asking them for feedback. We’ll continue to work on making our delivery service more attractive to customers.

TURNING WASTE WOOD INTO ENERGY

We love wood – it’s a precious renewable resource – and we hate to see any go to waste. Co-workers at our Milton Keynes store have found an imaginative way to cut down on gas bills by making the most of waste wood.

Instead of throwing broken pallets, badly damaged products and other unwanted wood away, they chip the wood to create fuel for a burner. For about six months over the summer this waste wood burner produces enough energy to heat the store and its hot water. And the savings are impressive - around £8,000 per month in gas bills and 210 tonnes of wood waste each year.
A BETTER LIFE FOR PEOPLE AND COMMUNITIES

Our vision is to create a better everyday life for the many people. We want to make a difference to the people and communities we work with – positively contributing to their economic, social and environmental development and forming relationships built on mutual trust.
**WE WANT IKEA to be a great place to work. We nurture our co-workers’ talents and try to ensure that everyone has the opportunity to flourish during their time at IKEA. We know it’s important to get the basics right by providing rewarding work in a safe and healthy environment – for our co-workers and people who work for our suppliers.**

**OUR CO-WORKERS**

Each of our 8,231 co-workers is a unique individual and we’re committed to making IKEA a welcoming workplace for them all. We want to give down-to-earth, straightforward people the possibility to grow, both as individuals and in their professional roles. We try to empower everyone across the organisation to be involved in our People & Planet Positive approach – in FY15 82% of co-workers said sustainability was a natural part of their everyday work1.

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<tr>
<td>All co-workers</td>
<td>51%</td>
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<td>All managers</td>
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**We want to make sure that all the people involved in our business have decent work and working conditions. This is a basic right, not a privilege. As part of an overall investment in transforming co-worker conditions, we’ve been assessing what a “fair wage” is – one that enables families to thrive, not just survive. In July 2015 we made a commitment to introduce the Living Wage – as defined by the Living Wage Foundation – for all of our UK and Ireland co-workers. As a result, more than half of the co-workers in our stores, service office, contact centre and distribution centres will get a wage increase. This increase will be in place by April 2016, as part of a long term investment in our co-workers. We want to take the time to get it right – to ensure that every co-worker has a level of pay, a working schedule and a contract that fits their needs.**

» **It’s the people that make me want to stay. The IKEA values and culture are how I like to live my life. I am proud to say I work for IKEA!**

KAREN DOROTHY CHAMBERLAIN
Services Team Leader,
Peterborough Contact Centre,
IKEA UK

» **This is a huge step for the British retail sector and we hope that many other businesses will follow the leadership IKEA is showing on the issue of basic pay.**

RHYS MOORE
Director, The Living Wage Foundation

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1 From the FY15 VOICE survey of all IKEA UK and Ireland co-workers who have worked at IKEA for three months or more. 97% of our co-workers responded to the survey.
OUR SUPPLIERS

We’re committed to working with our suppliers to develop decent jobs and support human rights. The starting point for this is our supplier code of conduct, IWAY – the IKEA Way on purchasing products, materials and services. IWAY sets out our minimum requirements for suppliers on environment, social and working conditions, while supporting the development of good management systems. This helps us to develop long-term relationships with our suppliers so that we can grow together with shared values and understanding.

Our IWAY Musts are a minimum set of requirements all new suppliers must comply with before we sign a contract with them and maintain at all times during collaboration with IKEA. These cover areas such as child labour, forced and bonded labour, business ethics, severe environmental and health and safety issues, minimum wages and accident insurance.

Higher risk IKEA suppliers are those who are likely to need more support in reaching and maintaining IWAY compliance. Globally, these suppliers tend to be involved in the manufacturing of our products. In the UK and Ireland around 2,500 local suppliers provide us with services and in-store goods and supplies. In FY15, we continued to work with higher risk categories of our local suppliers such as cleaning, recycling and security services, to ensure 100% IWAY compliance.

Supporting human rights

We believe that everyone deserves the right to prosper, regardless of their background and situation, and we work to promote equality, diversity and respect for human rights in everything we do.

We communicate the importance of respecting human rights to our co-workers and suppliers through a number of codes, policies and standards – including our supplier code of conduct (IWAY) and the IKEA Group Standard on Human Rights.

Read more about our approach to human rights in the FY15 IKEA Group Sustainability Report.

OPENING THE DOOR TO THE SHOP FLOOR

“It’s been life changing. Not just for the people taking part in the scheme, but for our co-workers, our customers and definitely for me!”

Seven years ago, Liz Stanton was nervous, but excited. She had just opened the doors of our Edinburgh store to the first group of trainees on a unique programme: Ready for Retail.

Liz coordinates this bespoke course for IKEA Edinburgh, in partnership with Borders College. It’s designed to support people with disabilities into employment, covering transferable skills in areas such as customer care, dealing with stock and health and safety. The store also offers a confidence-building public speaking course for participants who want to develop their presentation skills.

So far, over 50 people with disabilities have been mentored and trained at the store, and 24 have gone on to paid employment with IKEA. Jenny Grant was one of the first: “Working on the shop floor has helped me with my confidence and being able to interact with other people,” she explains.

Jenny’s experience transformed her life. She’s a valued member of the team at IKEA and even teaches British Sign Language to her co-workers to help them communicate with customers who have hearing difficulties.

Our Edinburgh store received the Scottish Business Diversity Employer of the Year Silver Award 2014 in recognition of its efforts. But for Liz, this isn’t about recognition. It’s about the number of trainees who have come through the programme and found a role matched to their unique skills.

It’s about our customers and co-workers learning that disability isn’t a barrier to success. She feels excited about what the future holds: “I really hope the programme can be taken up by the rest of IKEA, so we can carry on changing perceptions and providing opportunities for many more people.”

Read more about our approach to human rights in the FY15 IKEA Group Sustainability Report.
OUR CO-WORKERS are proud to be part of their local communities and passionate about contributing to change. We encourage our stores to identify local needs and develop their own initiatives in partnership with customers and charities. We want to take the opportunity to build on this work and make an even bigger difference. So in FY16, we’ll develop a people and communities strategy for the UK and Ireland. We hope this will enable us to take a more consistent approach to achieving positive local impacts, focusing on opportunities where we can make a unique and significant difference. Our stores also play an important part in our national and global campaigns, many of which are run in partnership with the IKEA Foundation.

WOODLAND TRUST

If you’re familiar with our range you’ll know that wood and paper are essential materials for many of our products. And of course woodland is a vital resource for communities and the environment. We work with the Woodland Trust to transform local neighbourhoods through trees and to make the lives of thousands of people across the UK a little bit better. Since 2007, we’ve contributed £2.1 million to support their work. In FY15, we funded the planting of more than 203,000 trees by 1,142 community groups as part of a six-year community planting initiative. This took us past our FY15 target, and in FY16 we’ll celebrate the planting of the millionth tree!

STORE SUSTAINABILITY TOURS

Wherever possible we like to show rather than simply tell people about our approach to people and planet. In FY15, we ran sustainability tours for schools, community groups and local businesses across a number of our stores in the UK and Ireland. Our visitors learned about our approach to more sustainable operations and products, and we hope they were inspired to do things more sustainably at home. We’re looking at the best way for stores to share experiences to make these tours even better and roll the programme out more widely.
**SOFT TOYS FOR EDUCATION CAMPAIGN**

In November and December each year the IKEA Foundation donates €1 for every soft toy sold in participating IKEA stores. The money supports children’s educational projects run by Save the Children and UNICEF. In FY15 our UK and Ireland customers bought more than 550,000 soft toys, meaning that the IKEA Foundation donated over €550,000 (£466,102). Through our IWitness programme, every year UK co-workers get to visit schools and communities supported by the Soft Toys for Education Campaign. It’s an opportunity to see first-hand how the IKEA Foundation’s support is making a difference in the lives of children growing up in some of the world’s poorest communities.

As well as overseas, our customers helped at home by donating soft toys they purchased in-store for distribution to local children. We encourage children to get involved too. Our FY15 competition to design a soft toy created some exciting new characters – designed by children, for children.

1 The campaign runs from October to December in UK and Ireland.

**BRIGHTER LIVES FOR REFUGEES CAMPAIGN**

In FY15, the IKEA Foundation contributed €10.8 million (£9.15 million) to the UN Refugee Agency as a result of the Brighter Lives for Refugees campaign. IKEA Foundation donates €1 for every LED bulb sold during the campaign. These funds will help to improve the lives of 380,000 refugees in Bangladesh, Chad, Ethiopia and Jordan. During the FY15 campaign, IKEA UK and Ireland sold more than 430,000 LEDs, generating a donation of over €430,000 (£364,407) from the IKEA Foundation to bring lights, renewable energy and education to families living in refugee camps.

**THE IKEA FOUNDATION**

The IKEA Foundation is the philanthropic arm of Stichting INGKA Foundation, the owner of the IKEA Group. It aims to improve opportunities for children and youth in some of the world’s poorest communities by funding holistic, long-term programmes that can create substantial, lasting change. In 2014 the IKEA Foundation donated €104 million to 40 charities and organisations working to create better opportunities for children.

2 These figures cover the IKEA Foundation’s reporting year: 1 January 2014 to 31 December 2014. This is different to the IKEA Group reporting year. The IKEA Foundation annual review, due to be published in March 2016, will include donations made in 2015.
»The work that Save the Children is doing in Myanmar is inspiring – helping children and families to build confidence, skills, networking and capabilities to respond to child rights violations. Seeing the impact of IKEA Foundation funding firsthand made me really proud, and left me determined to raise awareness back home.«

IAIN NEAL
London Marketing Leader, IKEA UK – IWitness participant in FY15

Children benefitting from the global Soft Toys for Education Campaign to date:

11 million

Read more about Soft Toys for Education on our website.
IKEA GROUP FY15 SUSTAINABILITY REPORT

Find out about the IKEA Group approach to sustainability including our global activities on sourcing, product development, suppliers, manufacturing, distribution and product transport at IKEA.co.uk or IKEA.ie

PEOPLE & PLANET POSITIVE

Visit the People & Planet Positive pages at IKEA.co.uk or IKEA.ie

IKEA FOUNDATION

Discover what the IKEA Foundation is doing to improve the lives of children around the world at IKEAFoundation.org

The IKEA UK & Ireland FY15 Sustainability Performance Summary is printed on FSC-Certified paper to ensure more sustainable origins of the wood used.