



Ingka Group Annual Summary  
and Sustainability Report **FY22**

## About our reporting

Ingka Group reporting consists of two elements: this document, the complete Ingka Group Annual Summary and Sustainability Report FY22 and an online reporting website on Ingka.com. We aim to provide a transparent account of our performance, highlighting areas where we are making progress as well as where we are facing challenges.

### Our four movements

We are on a journey to create a better Ingka and IKEA, driven by our vision to create a better everyday life for the many people. We have bold ambitions to play our part in solving some of the many challenges facing the world, while delivering an ever better experience for our customers.

We'll achieve this by focusing on four big movements: helping more people to have **better homes**; contributing to **better lives** for our co-workers, customers and communities; playing our part in creating a **better planet**; and creating a **better company** for today and future generations.

Our report is structured around these four key movements and includes financial and non-financial performance against a wide range of goals and indicators.

### Our reporting channels

Our report now includes two elements. The first is our **Ingka Group Annual Summary and Sustainability Report FY22** (this document). This provides an overview of our most material sustainability and ESG issues, summarising performance highlights and KPIs and progress and challenges for FY22. It also provides a more in-depth description of our progress against targets, detailed actions from FY22, and a description of key policies. The report also includes a section with detailed performance data and our UN Global Compact Index and UN Sustainable Development Goals Index.

Our **Ingka Group reporting website** (on [ingka.com](https://www.ingka.com)) provides a summary of FY22 performance, with progress and challenges and an update against our targets. On the site you can download the full report (this document).

### Reporting scope

The Ingka Group Annual Summary and Sustainability Report FY22 covers the financial year 2022 (FY22), from 1 September 2021 to 31 August 2022, unless otherwise stated, and the entities controlled by Ingka Holding B.V. during this time.

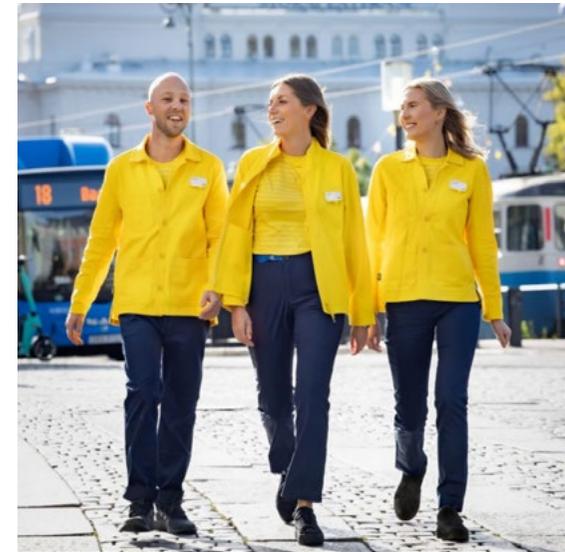
It does not cover the activities of the Inter IKEA Group which includes the companies that develop and supply the IKEA product and food ranges, certain manufacturing and Inter IKEA Systems B.V. – the worldwide IKEA franchisor.

Each year, Inter IKEA Group reports progress against the IKEA People & Planet Positive Strategy from across the IKEA value chain and franchise system. Relevant data from Inter IKEA Group is included within our scope 3 climate footprint reporting.

### External assurance

The external assurance scope for FY22 covers our gender equal pay data and our direct climate footprint (greenhouse gas emissions – scope 1 and 2) data. It also includes parts of our indirect footprint (scope 3), such as customer and co-worker travel and home deliveries. The majority of our scope 3 emissions come from the production and use of the products we sell,

which are supplied by Inter IKEA Group. Inter IKEA Group are currently reviewing their scope 3 emission model, so scope 3 emissions from Inter IKEA Group have not been included in the assurance scope this year. See Assurance report of the independent auditor on page 144.



 [Ingka Group reporting website](#)

 [IKEA Sustainability Report FY22](#)



# Contents

## Summary FY22

About Ingka Group	04
A few words from our CEO and Deputy CEO and CFO	05
Our four movements	06
Our business impact on people and planet	07
Materiality assessment	08
Young Leaders' Opinion letter	09
Our performance at a glance	10
Better homes summary	12
Better lives summary	13
Better planet summary	14
Better company summary	15

## Our progress FY22

<b>Better homes</b>	<b>17</b>
Our commitments	18
Progress against targets FY22	19
Inspiring and enabling a better, more sustainable life at home	20
Accessible and affordable for the many	31
<b>Better lives</b>	<b>37</b>
Our commitments	38
Progress against targets FY22	39
Respecting human rights	41
Our co-workers at the heart of our business	45
Work-life	48
Inclusion	51
Democratic learning	54
Better neighbourhoods	56
Responding to the war in Ukraine	59

<b>Better planet</b>	<b>61</b>
Our commitments	62
Progress against targets FY22	63
Becoming climate positive	65
Climate footprint: our operations	69
Climate footprint: travel and home deliveries (scope 3)	73
Climate footprint: IKEA products and food (scope 3)	75
Reduction beyond the value chain	76
Climate risks and net-zero opportunities	78
Becoming a circular business	79
<b>Better company</b>	<b>83</b>
Our commitments	84
Progress against targets FY22	85
Financial Independence and performance	87

Investing with impact	91
High standards of governance	96
High standards of integrity and business ethics	108

## Our data FY22

Better homes data	114
Better lives data	115
Better planet data	120
Better company data	137
UN Sustainable Development Goals	141
Assurance report of the independent auditor	144

**EUR 42 billion**

total revenue

**177,192**

co-workers

**3.8 billion**

visits to IKEA.com

**482**

IKEA stores, shops and planning studios in 31 countries

**44**

Ingka Centres meeting places in 14 countries

[Read more about Ingka Group](#)

[Read more about IKEA Retail](#)

[Read more about Ingka Centres](#)

[Read more about Ingka Investments](#)

# About Ingka Group

As the largest IKEA franchisee\*, Ingka Group operates 482 IKEA stores, shops and planning studios in 31 countries, as well as worldwide IKEA e-commerce and digital solutions. Our reach and expansion are strengthened by our network of meeting places, and an active investment arm to support sustainable growth and business transformation.

## One brand, many companies

IKEA is a franchise business, with many companies operating under one IKEA brand. Inter IKEA Systems B.V. is the franchisor, responsible for continuously developing the IKEA Concept and ensuring its implementation in new and existing markets. Ingka Group is the largest IKEA franchisee, generating over 89% of total IKEA Retail sales in FY22.

Ingka Group is made up of three businesses, working closely together: IKEA Retail, Ingka Centres and Ingka Investments.

## IKEA Retail

IKEA Retail is our core business that operates 379 IKEA stores including city stores, as well as 103 IKEA shops and IKEA planning studios in 31 countries. IKEA Retail operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor. In FY22, we welcomed more than 680 million customers to our IKEA locations and IKEA.com saw more than 3.8 billion visits.

## Ingka Centres

Ingka Centres is a global developer and operator of retail-led destinations for the many people that we call “meeting places”. Ingka Centres has 50 years of experience in shopping centres and today works with almost 3,000 brands across its portfolio of 44 Ingka Centres meeting places in 14 countries.

## Ingka Investments

Ingka Investments makes investments and acquisitions that secure Ingka Group’s long-term financial strength and support our growth, business transformation, sustainability and societal commitments. Ingka Investments’ activities are organised in six portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Forestland Investments and Financial Markets Investments.



\* Ingka Group operates IKEA Retail business under franchise agreements. Ingka Centres and Ingka Investments are not under franchise agreements.

# Our purpose is stronger than ever

Financial year 2022 has been yet another exceptional year that has challenged us in new ways, yet it has also been one of the most rewarding.

We continued to face the impacts of the pandemic even as supply and availability slowly started recovering, as well as economic and political instability and the tragic ongoing war in Ukraine, which led to the decision to close our IKEA Retail operations in Russia.

In the light of the challenges, we have never been prouder of the IKEA community, showing the strength of togetherness during a year that has tested us like never before. We managed to achieve solid performance in a disrupted environment, and continued to invest in making IKEA better. We made big investments in becoming more accessible, affordable and sustainable – while performing strongly across our four priorities of creating Better homes, Better lives, a Better planet and a Better company. Our sense of purpose is stronger than ever.

## Better homes

Our vision is about creating a better everyday life for the many people, always keeping sight of the needs and dreams in life at home – and being

as accessible and affordable as possible. During the year we have invested substantially into new and existing stores, digital tools, services and customer support. We continue to do everything we can to keep prices as low as possible, as it's in our DNA to be affordable. In addition, we continue to inspire and enable our customers to make greener choices with our home furnishing expertise, the IKEA range and solutions that save both money and energy like our clean energy subscriptions and circular services.

## Better lives

We are a people-centred company and employer, creating better lives for the many people and this starts with our co-workers. During FY22 we made progress on our commitments to create a workplace that is as diverse as the world is and as inclusive as the world should be. We are prioritising learning and development as well as improving the co-worker experience.

We provided our co-workers in Ukraine and Russia with income assistance and teamed up with partners like the UN Refugee Agency (UNHCR) and the UNICEF to provide humanitarian assistance. Our donations and support helped local organisations to assist 300,000 people affected by the crisis including furnishing temporary accommodation for some of those displaced by the war.

## Better planet

By 2030, we are committed to becoming climate positive by reducing more greenhouse gas emissions than the IKEA value chain emits, while growing the IKEA businesses. We have made an absolute reduction of our total climate footprint by 13.6% from FY16. We are aware of



the challenges ahead, and in this most important decade for humankind, we are committed to taking a lead through actions in our operations and value chain, by supporting our customers and partners to make positive changes and through the significant investments we are making in renewable energy. Since 2009 we have invested or committed to invest EUR 3.1 billion and over the coming years, we will double that.

## Better company

Being a foundation owned company, we have a long-term perspective of our business and our investments. Our founder, Ingvar Kamprad, left us with a simple, yet impactful financial policy “earn the money, before spending it”. This still guides us and across last year we have had a solid performance, where our revenue has increased by 5.7% and we delivered operating income of EUR 2.035 billion. We have invested in transforming the company into an omnichannel business,

becoming more accessible whenever, wherever and however our customers want to interact with IKEA. The solid performance gives us resources to continue to invest in creating a better IKEA that is more accessible, affordable and sustainable.

We know that it's good business to be a good business, with profit and purpose going hand in hand and we are optimistic about the future, home has never been more important.

In the coming year, we celebrate 80 years of legacy – we will unleash our entrepreneurial spirit, build on our strengths - loving the past while creating the future.

Most things remain to be done. Glorious future!

Jesper Brodin, President and CEO, Ingka Group\*

Juvencio Maeztu, Deputy CEO and CFO, Ingka Group\*

\* Jesper and Juvencio are members of the Management Board, Ingka Group's ultimate decision-making body and responsible for the formal conduct and strategic, structural and financial approvals, as well as critical risks.

# Building better into everything we do

We at Ingka Group set goals, evaluate our performance and report according to our ambition to be better in four key ways: better homes, better lives, better planet and better company.



Our passion for a better life at home is what makes us IKEA. For generations, we have been on a mission to understand the needs, challenges and aspirations of the many, bringing inspiring and affordable home furnishings to people with big dreams regardless of wallet size.

Now we are transforming our business to bring IKEA to more people, and to make healthy and sustainable living desirable and affordable for the many, not just the few.

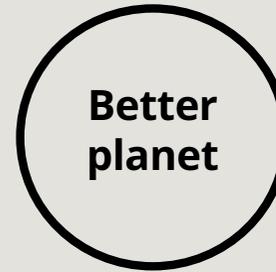
[Better homes](#)



People are at the heart of everything we do. We want to take a leading role in creating a fairer and more equal society and improve the lives of the millions of people that interact with, or are impacted by, our company.

Starting with our co-workers and supply chain, extending to our customers, neighbourhoods, communities and society at large, we are determined to be a force for good.

[Better lives](#)



We only have one planet, the home we all share. To achieve our vision for a better everyday life for the many people, we have to play our part in tackling climate change and creating a circular economy. And we have to act now.

Ingka Group are taking bold steps across our business to help achieve the IKEA commitment to become a climate positive and circular business by 2030, and we are making it easier for our customers to act too.

[Better planet](#)



We do business with a humanistic outlook, guided by our vision and values, always adapting to a changing world. We invest 85% of our net income back into our business. This allows us to be more affordable, accessible and people and planet positive. The remaining 15% of the net income is paid as a dividend to the Stichting INGKA Foundation to achieve its charitable purpose. Nobody is entitled to the assets of the Stichting INGKA Foundation and no dividend from Ingka Group flows to any individuals.

We push to be a fair, inclusive and empowering company with good governance, equal opportunities and respect for human rights across our entire value chain.

[Better company](#)

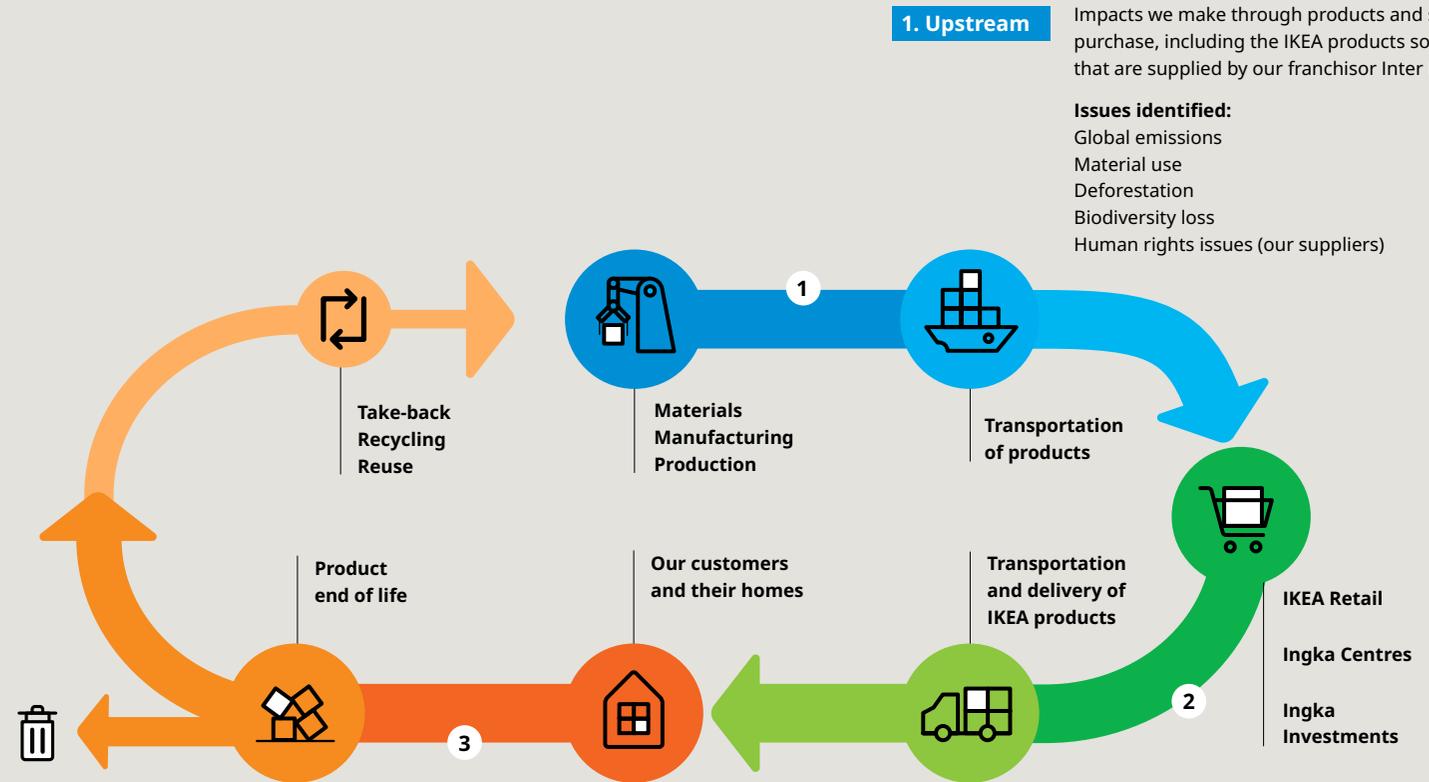


# Our business impact on people and planet

Each stage of our business has an impact on people and the planet – from our sourcing to the use of our products by our customers.

At Ingka Group we take a value chain approach – seeking to understand and address our impacts at every stage to achieve our vision to create a better everyday life for the many people.

Ingka Group has most control over impacts in our own operations (section 2 in the diagram). We work with Inter IKEA Group and other partners to address issues associated with sourcing and production (upstream). We offer products and services to inspire and enable our customers to live a healthier and more sustainable life at home and to conserve resources through repair, reuse and recycling of IKEA products (downstream).



### 1. Upstream

Impacts we make through products and services we purchase, including the IKEA products sold in our stores that are supplied by our franchisor Inter IKEA Group.

**Issues identified:**

- Global emissions
- Material use
- Deforestation
- Biodiversity loss
- Human rights issues (our suppliers)

### 3. Downstream

Impacts that take place when our customers take our products home (including customer travel to our IKEA stores). For example, electricity used by our kitchen appliances and the take-back, recycling or end of life of our products.

**Issues identified:**

- Global emissions
- Consumption
- Waste
- Health issues (customers)

### 2. Our own operations

Impacts that come directly from our own operations (including co-worker travel and last-mile delivery) through our IKEA stores, Ingka Centres meeting places and Ingka Investments.

**Issues identified:**

- Global emissions
- Circularity
- Waste
- Water
- Income Inequality
- Discrimination
- Health issues (co-workers)
- Human rights issues (co-workers and communities)
- Urbanisation

## We report on the issues that matter most to the many

To inform the issues we report on we conducted a double materiality assessment in FY21. This helped us to identify the sustainability issues of most importance to people, planet, stakeholders and our business. You can read in more detail about how we conducted this assessment on page 105 of this report.

On this page we have identified how the sustainability issues identified in our materiality assessment fit into the four better movements that our report is structured around.

The table to the right summarises the material issues we have identified, the scale of the impact, as well as the location of the impact along our value chain. The right hand column summarises how we manage our impact. Read more about how we address our impacts in the corresponding sections of this report.

Material issues*	Where do we have the biggest impact?			What do we do to manage our impact?
	Upstream	Our own operations	Downstream	
<b>Better homes</b>				
Consumption			●	Our IKEA Retail offer includes products that enable customers to reduce their resource and energy consumption. We inspire and enable customers to reduce consumption of natural resources and materials by prolonging the life of IKEA products.
Health issues (our customers)			●	Through our life at home knowledge we offer solutions and inspiration that help the many people to live a healthy, more sustainable life at home.
Urbanisation (and increased cost of living in cities)		●		With more people moving to the cities we play a role in providing affordable home furnishing solutions that are accessible in the heart of cities and beyond.
<b>Better lives</b>				
Human rights issues (co-workers and communities)			●	We have a human rights policy and have expanded our human rights team to ensure respect for human rights across our business. Our Ingka Group Neighbourhoods Framework defines how we create positive impact together with local communities.
Income inequality		●		As a large employer we work to ensure responsible wage practices and gender equal pay for our co-workers and suppliers.
Discrimination		●		Our policies prohibit discrimination and each of our countries is implementing our Equality Plan to ensure an inclusive workplace.
Health issues (our co-workers)		●		Clear policies, training and engagement activities help us to prevent accidents and support co-worker mental, physical and financial wellbeing.
<b>Better planet</b>				
Global emissions		●		We are reducing our emissions in our own operations and beyond in line with the Paris Agreement, aiming to become climate positive by 2030 and net-zero by 2050 at the latest.
Material use and circularity		●		As well as offering circular living solutions, Ingka Group prioritises use of renewable, recycled and recyclable materials in our operations. Inter IKEA Group is responsible for integrating circular design principles into the IKEA range.
Waste			●	We prioritise actions to prevent, reduce, reuse and recycle waste. We have processes in place for reducing both food waste and product waste. We strive for 100% recycling in our operations by 2030.
Deforestation	●			Ingka Group uses wood-based materials for some customer touchpoints (e.g. buying guides and e-commerce packaging). Our policies state this must come from recycled or FSC (Forest Stewardship Council) Certified sources. We continually monitor compliance. Management of all our forestland investments is FSC certified. Inter IKEA Group are responsible for the sourcing of wood-based materials for IKEA products.
Water		●		At Ingka Group we implement water reuse or harvesting in stores and meeting places, with focus on water-stressed areas. Inter IKEA Group is responsible for the water used in the production of IKEA products.
Biodiversity loss		●		Unsustainable resource use leads to a loss of natural diversity. At Ingka Group we are developing our approach to better assess our impact and develop appropriate metrics.
<b>Better company</b>				
Human rights issues (our suppliers and society at large)		●		Through our supplier code of conduct, IWAY, we ensure that human rights and labour rights in our supply chain are protected. With our humanitarian outlook, we choose to drive positive change in respecting human rights. For example donations for refugees and our Skills for Employment Programme.

● Very high impact ● High impact ● Medium impact

\* This table does not include two issues categorised as low impact in our materiality assessment: polarisation and the digital divide

See the full results and methodology of our materiality assessment

## Young Leaders' Opinion letter

We invite the Young Leaders to share their views about our reporting through our first ever "Young Leaders' Opinion page"



### In our work, we have identified the following points that are commendable:

- Sustainability reporting is further **integrated** throughout the business, including **tax reporting**. There is evidence that the company is becoming more open to acknowledging where data collection and reporting have been a challenge or results did not correspond to the intentions
- Ingka Group is on track to meet **emission reduction targets** on time; a notable highlight is their commitment to renewable energy. The company's transparency around challenges and solutions to off-track targets sets an example of how businesses can self-critically report on sustainability
- Ingka Group's Group management **actively solicits feedback** on reporting and sustainability goals from diverse stakeholders and integrates it into key documents

### About the Young Leaders

The Ingka Young Leaders' Forum is composed of activists and professionals under 30 years old working towards environmental and climate justice for a livable planet, with experience in building global movements, influencing multilateral policy, and collaborating with grassroots communities.

### Our work thus far

Through a combination of in-person meetings and virtual forums, we as Young Leaders have collaborated with the Ingka Group to advise on some of the business's most pressing

challenges, including circularity, transparency, as well as sustainability and supporting refugees throughout the supply chain. In dialogue with the Group Management, we have pushed the boundaries of what it means to be a truly sustainable and transparent business, and formed an unprecedented partnership between young activists and business leaders to collectively address the climate crisis.

### Conclusion

Our work has set a precedent in the way corporate actors shape their reporting to earn the trust of youth and future generations. At the same time, this is only the beginning of a long

journey for businesses to explore how to engage with youth on equal terms as experts. We hope that our example will inspire the Ingka Group to deepen this partnership and for more businesses to follow.

*Zanagee Artis, Michael Backlund, Vlad Kaim & Zhilin Xiao*

On behalf of the Ingka Group Young Leaders Forum

### We would like to see substantial improvement in the following points:

- More transparent reporting on where, how, and why the Ingka Group has **influenced policy**
- Increased information on **longer-term targets beyond 2030** to ensure Ingka Group is on track to meet 2050 targets
- Tracking and reporting **nature and biodiversity impacts** as an independent pillar, and building **conservation and forestry management** strategies that ensure meaningful and equitable engagement with a wider range of stakeholders, including, but not limited to, environmental and human rights defenders

# Our performance at a glance



BETTER HOMES

## 3.8 billion

visits to **IKEA.com** and **680 million** visits to our **IKEA stores**

(4.6 billion IKEA.com visits, 657 million visits to our IKEA stores in FY21)



BETTER HOMES 

## 32.5 million

returned, repaired, ex-display and second hand products sold in our **As-Is** areas, helping customers to embrace circularity

(32.0 million in FY21)



BETTER LIVES 

## 1,765

refugees supported to get into employment since FY20

Target: 2,500 by end of 2022



BETTER LIVES 

## EUR 15.2 million

donations in cash and in-kind donations to support those affected by the war in Ukraine

BETTER LIVES 

## 80.2%

of co-workers believe we live our values

Target: 80%



BETTER LIVES 

## 50♀/50♂

gender balance in our management positions (all leaders)

Target: 50/50



BETTER LIVES 

## 81.2%

of co-workers feel included

Target: 80%



BETTER HOMES

**ÅBÄCKEN** our new water nozzle fits onto standard bathroom taps and can reduce water flow by up to 95%



BETTER PLANET

**75.7%**  
operational waste recycled

Target: 100% by 2030



BETTER PLANET

**13.6% reduction**  
of our total climate footprint  
(scope 1,2 and 3) since FY16



BETTER PLANET

**1.8 million**  
customers used our spare parts  
service to repair and extend the  
life of their IKEA products

BETTER PLANET

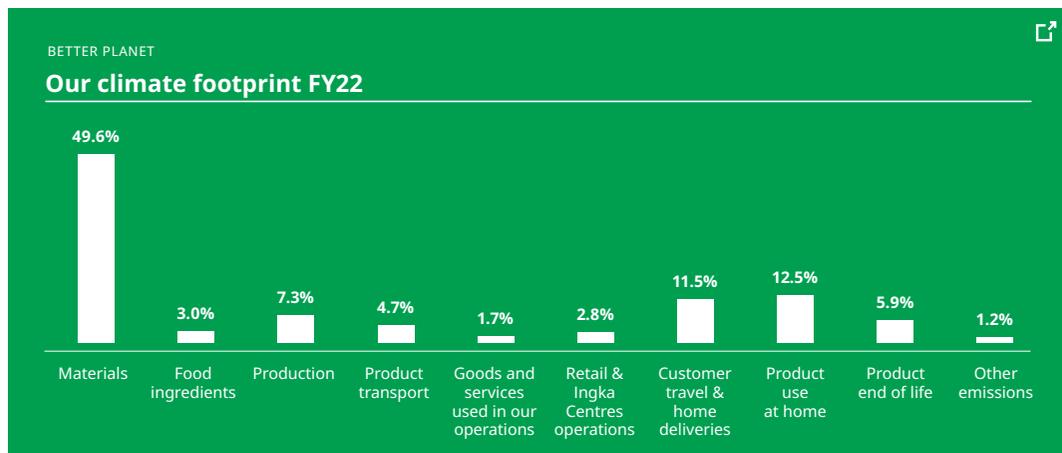
**57.8% reduction**  
in production food waste from  
our IKEA stores since FY17, going  
beyond our target by the end  
of 2021

Target: 50% by the end of 2021



BETTER COMPANY

**EUR 2.0 billion**  
operating income  
(EUR 1.9 billion in FY21)



BETTER COMPANY

**EUR 42.0 billion**  
Ingka Group revenue  
(EUR 39.8 billion in FY21)

BETTER COMPANY

Total investments or committed investments in renewable energy made by Ingka Investments

**EUR 0.9 billion in FY22**  
(EUR 3.1 billion since 2009)

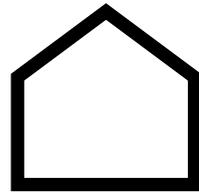
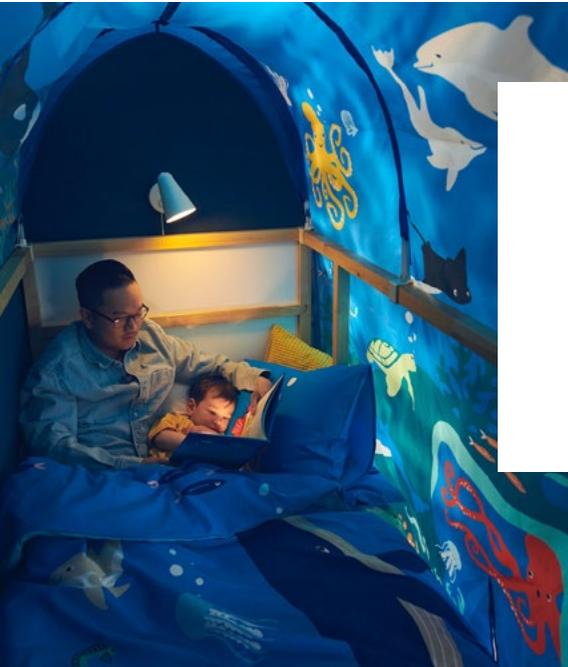
Target: EUR 6.5 billion by 2030



BETTER COMPANY

**25-30%**  
Our normalised tax rate\* for FY22  
was stable

\* This year's effective tax rate is 65.6%, mainly due to the impacts in our financial market investments portfolio.



# Better homes summary

With almost 80 years of home furnishing and life at home expertise, we are constantly innovating to meet people's dreams and needs with products, services and solutions that are affordable, accessible and sustainable.

We are transforming our business to find new ways to reach more people and to make healthy and sustainable living affordable for the many, not just the few.

The IKEA range of products has always been designed to help create a better everyday life at home. Today this is more relevant than ever. As people across the world face rising economic uncertainty and continue to feel the impacts of pandemic, war and climate change, the need to feel safe and happy at home matters just as much as it ever has, if not more.

Sustainability is a top priority in all aspects of our customer service offer; from the products in the IKEA range that help customers save energy, water and waste, to circular services and healthier, more sustainable food options for our customers. We contribute to the IKEA ambition to inspire and enable 1 billion people to live a better everyday life within the boundaries of the planet by 2030.

We invest in research to keep strengthening our life at home knowledge and we bring IKEA closer to our customers – both physically through new locations and retail formats, and through convenient online shopping, services and delivery. However they interact with us, customers should always get a great service and access to the IKEA range integrated with affordable, convenient and sustainable services.

## Challenges we are addressing

During the first years of the pandemic, despite rising costs, we kept prices as low as possible for our customers. Together with Inter IKEA Group, we absorbed substantial supply chain-related costs to soften the impact on retail prices. However, in FY22 we have had to increase our prices to reflect rising material and transportation costs following the pandemic and war in Ukraine.

We are developing our approach to enable us to measure and report progress against the IKEA ambition to inspire and enable 1 billion people to live a better everyday life within the boundaries of the planet.



Do you have a great idea on how we can meet our challenges? Send us your thoughts!

## What we are proud of

**Accessible and affordable:** We opened our first city stores in Sweden, the UK, Canada and India to bring the IKEA range closer to more people and performed 74 million services such as home delivery, product assembly and installation, improving customer convenience. We also expanded affordable financial services to China and Ireland, giving more people a chance to improve their homes while keeping their budget in balance.

**A better, more sustainable life at home:** We extended our clean energy services by start selling heat pumps in Sweden and introduced our Sustainable Living Shop across 30 markets, to highlight sustainable products and solutions to more customers. We also connected with over 37,000 people in 37 countries to conduct our ninth annual Life at Home Report.





# Better lives summary

People are at the heart of everything we do. We want to take a leading role in creating a fairer and more equal society and to improve the lives of the millions of people that interact with, or are impacted by, our company.

neighbourhoods. We focus on enabling people experiencing (or at risk of) poverty and social exclusion to develop their potential and capacity to have a better everyday life. Through our emergency community support we assist those affected by natural disasters and war.

Respect for human rights is at the core of our approach and we are guided by our culture and values in all our actions.

For our co-workers, we are focused on creating inclusive workplaces, offering meaningful and engaging work for fair reward. We see every co-worker as a leader and a talent and emphasise opportunities for everyone to learn, develop and grow.

Through our new Ingka Group Neighbourhoods framework we are committed to creating long-lasting positive social impact in our

## Challenges we are addressing

Our Lost Time Accident Frequency Rate (LTAFR) increased to 17.16 and we believe this is due to improvements in our incident reporting processes as well as changes to business processes and procedures in our customer fulfilment centres as a result of the pandemic and an increase in online sales.

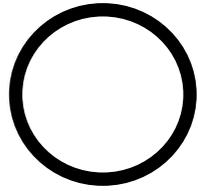
We did not meet our neighbourhood target to support at least 2,500 refugees by the end of FY22, but we expect to do so during FY23. Unforeseen global events including the Covid-19 pandemic and war in Ukraine resulted in store closures which impacted our operations and ability to roll out and scale up the programme in some countries. We were not able to partner with as many social enterprises as anticipated due to resourcing challenges following the pandemic and associated supply chain disruption and the discontinuation of some services.

 Do you have a great idea on how we can meet our challenges? Send us your thoughts!

## What we are proud of

**Our co-workers:** Our co-worker survey showed that 80.0% of co-workers believe we live our value which contributed to an increased engagement score of 81.0%. We achieved a 50/50 gender balance in our management positions (all leaders) and our latest gender equal pay assessment showed that we are making progress at removing pay gaps that cannot be explained by performance, competence or a country's legal requirements (FY22: 4,84%).

**Better neighbourhoods:** We donated EUR 15.2 million in cash and in-kind donations to support those affected by the war in Ukraine and we reached almost 417,500 people through our social impact programmes in FY22.



# Better planet summary

We at Ingka Group are taking bold steps across our business to help achieve the IKEA commitment to become a climate positive and circular business by 2030, and we are making it easier for our customers to act too.

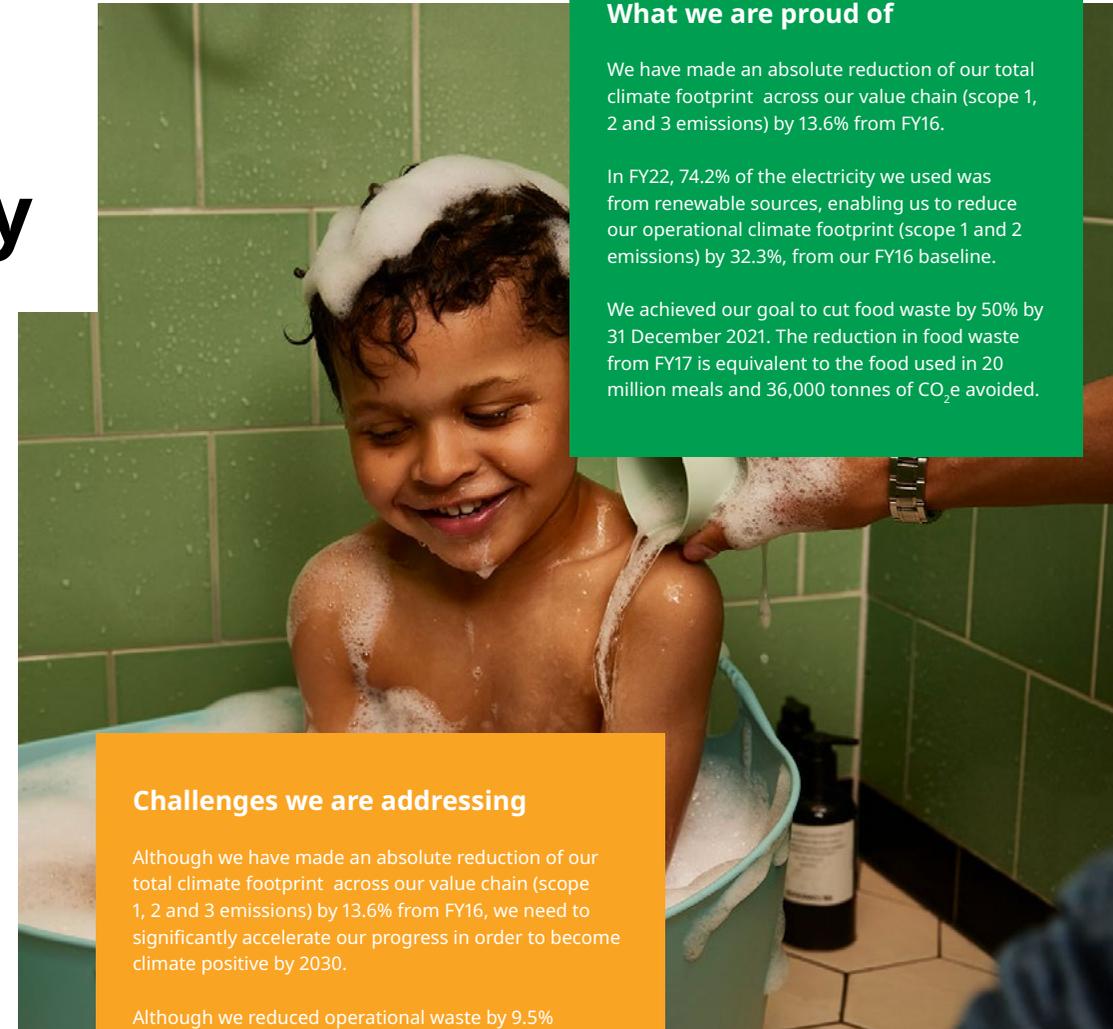
We set science based targets in 2018 to reduce emissions across our value chain in line with a 1.5°C pathway. We aim to update our targets in FY23 in alignment with the new Net Zero standard and submit them to the Science Based Targets initiative (SBTi) for validation.

Using resources efficiently has always been part of how we work, and we want to play our part in making the circular economy a reality. IKEA is committed to become a circular business by 2030 and Ingka Group contributes to this goal by providing products and services for circular living (see page 23), switching to renewable, recycled and/or recyclable materials and reducing waste and water use.

The world is experiencing a biodiversity crisis. Unprecedented loss of species, ecosystems and genetic diversity is human-induced and represents, together with climate change, one of the greatest challenges of our time. We have started to map our impacts and dependencies on nature, using the initial release of the technical guidance issued by the Science Based Targets for Nature (SBTN).

To achieve our vision for a better everyday life for the many people, we have an important part to play in tackling climate change and creating a circular economy.

We are committed to taking action on climate change in line with the Paris Agreement\*. IKEA has set a commitment to be climate positive by 2030 and net-zero by 2050 at the latest. At Ingka Group, as the largest IKEA franchisee, we have an important part to play in achieving these commitments, for example by reducing our energy consumption, switching to renewable energy and zero emission deliveries. We also seek to work in partnership with others to accelerate the transition to a net-zero society, by providing clean energy services, investing in renewable energy and advocating for regulation that has a positive impact on people and the planet.



## What we are proud of

We have made an absolute reduction of our total climate footprint across our value chain (scope 1, 2 and 3 emissions) by 13.6% from FY16.

In FY22, 74.2% of the electricity we used was from renewable sources, enabling us to reduce our operational climate footprint (scope 1 and 2 emissions) by 32.3%, from our FY16 baseline.

We achieved our goal to cut food waste by 50% by 31 December 2021. The reduction in food waste from FY17 is equivalent to the food used in 20 million meals and 36,000 tonnes of CO<sub>2</sub>e avoided.

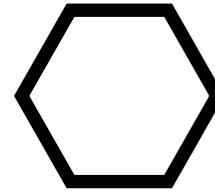
## Challenges we are addressing

Although we have made an absolute reduction of our total climate footprint across our value chain (scope 1, 2 and 3 emissions) by 13.6% from FY16, we need to significantly accelerate our progress in order to become climate positive by 2030.

Although we reduced operational waste by 9.5% compared to FY21, our recycling rate has remained stable at 75.7% (FY21: 75.0%). It has been challenging to increase recycling rates, particularly at our Ingka Centres meeting places, where a large proportion of the waste is mixed consumer waste that tends to be contaminated, for example with food residue.

 Do you have a great idea on how we can meet our challenges? Send us your thoughts!

\* The Paris Agreement is a legally binding international treaty on climate change adopted at COP 21 in Paris. Its goal is to limit global warming to well below 2°C (preferably 1.5°C), compared to pre-industrial levels.



# Better company summary

Ingka Group is driven by the IKEA vision to create a better everyday life for the many people. That is our purpose. We do business with a humanistic outlook, achieving our purpose through our strategic direction, our leadership and our values.

We run our business honestly and with integrity, meeting high ethical standards in our interactions with each other, our customers, visitors, suppliers and the world around us.

## What we are proud of

**Financial performance:** Despite a challenging environment, Ingka Group's revenues increased, and the operating income was stable. The normalised tax rate remained in the 25-30% band. Total Ingka Group revenue for FY22 amounts to EUR 42.0 billion and increased by 5.7% compared to FY21.

**Investing with impact:** Ingka Investments has invested or committed to invest EUR 3.1 billion in renewable energy since 2009, including EUR 0.9 billion in FY22. Our capital expenditure amounted to EUR 2.1 billion, plus acquisitions of EUR 0.5 billion. This includes investments in our business transformation, our stores, distribution and customer fulfilment networks, the digital customer experience and shopping centres.

**Integrity and ethics:** More than 98,300 co-workers completed our Code of Conduct training and we completed 256 IWAY reviews of Ingka Group suppliers and 168 IWAY Initial Assessments of potential new suppliers. We developed our Digital Ethics Policy that applies across our digital services, including algorithmic systems.

## Challenges we are addressing

Financial year 2022 has been difficult for many people and businesses. Amid rising inflation and the increasing cost of energy and raw materials, we invested substantially, and continued to make every effort, to minimise price increases. Our business was impacted by the war in Ukraine (see page 59) and although the pandemic had less impact than the previous year, it still caused store closures in some countries and supply disruptions and affected stock availability.

We are not currently able to report fully on progress against all our targets for integrity and business ethics due to changes to our data systems in FY22. We are reviewing how to address this.

 Do you have a great idea on how we can meet our challenges? Send us your thoughts!

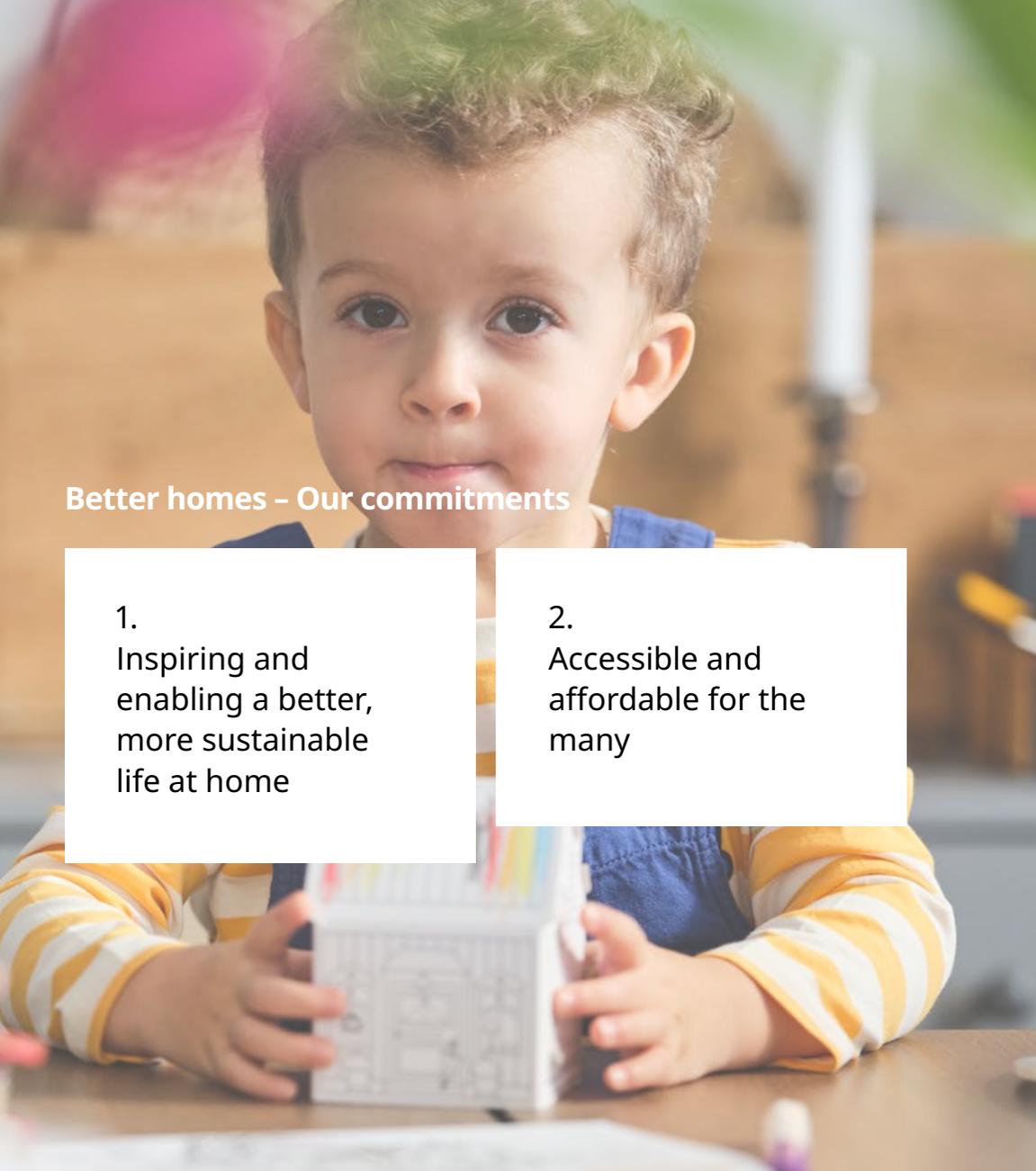


Our progress **FY22**

# Better homes

We believe a better home can enable a better life. For generations, we have been on a mission to understand the needs, challenges and aspirations of the many, bringing inspiring and affordable home furnishings to people with big dreams – regardless of wallet size.





**Better homes – Our commitments**

1.  
Inspiring and  
enabling a better,  
more sustainable  
life at home

2.  
Accessible and  
affordable for the  
many



## OUR TARGETS

## PROGRESS IN FY22

## PERFORMANCE SUMMARY

**Inspiring and enabling a better, more sustainable life at home**

Enable customers to reduce their climate footprint by offering clean energy services in all markets by 2025.



[ NOT ON TRACK ]

We have reached 11 countries with our clean energy services. In FY22 we made heat pumps available to customers in Sweden.

Provide knowledge, inspiration, services and platforms supporting customers to actively participate in circular actions.



[ ON TRACK ]

We have introduced and tested a range of solutions, including turning our As-Is areas into circular hubs in 306 stores, enabling customers to buy second-hand and nearly new furniture. Our spare parts service was used by 1.8 million customers to repair and extend the life of IKEA products and over 105,000 customers used our Buyback & Resell service. Ingka Centres have also launched Circuit – a curated community hub for circular living in some of our meeting places.

# 1. Inspiring and enabling a better, more sustainable life at home

In the last few years, life at home has been subject to unexpected challenges from the pandemic to rising costs of living and the growing impacts of climate change.

It is clear that the way we live at home has a big impact on the planet and our health. Many people want to make healthier and more sustainable choices but not at the expense of price, quality or convenience.

At Ingka Group, we are passionate about making life at home better. By bringing our customers affordable, sustainable, well-designed and functional home furnishing products, services and solutions alongside creative ideas and inspiration we can live up to our vision to create a better everyday life for the many people.

## Our approach

The IKEA ambition is to inspire and enable 1 billion people to live a better everyday life within the boundaries of the planet by 2030. At Ingka Group, we contribute to this goal by:

- Making sustainable living desirable, accessible and affordable for the many, through our stores, meeting places and online – from prolonging the life of our products, to creating a clean energy community and offering more plant-based food options in our food outlets.
- Using our research and insights to develop an even deeper understanding of people's lives at home: their needs, hopes and dreams, in every city and market
- Sharing our unique insights and home furnishings expertise with customers in new and engaging ways to inspire and enable them to reduce their environmental footprint and create a better life at home.

We are developing our approach to enable us to report progress against our ambition.



# Healthy and sustainable living

With our products, knowledge of life at home and over 3 billion visits online and to our stores and meeting places each year, we have a unique opportunity to make healthier and more sustainable living desirable, affordable and accessible for the many.

We offer products, services and solutions that enable people to reduce their environmental

impact and aim to use our communications to inspire positive lifestyle changes. At Ingka Centres we are also working with our partners to explore a range of approaches that support sustainable living.

We recognise that a shift is needed towards more sustainable consumption patterns that reduce over-use of natural resources. We are exploring

how we can best contribute to this shift, including through our focus on circular living. We aim to collaborate with others and use our influence to support government policies and business best practice that enable sustainable consumption and production, see page 25.

We've introduced our Sustainable Living Shop across 30 markets, providing a dedicated space in our stores to highlight accessible and affordable products and solutions that enable customers to reduce their climate impact and household costs by using less energy, reducing single use plastics, creating less waste, using less water and caring, repairing, reselling and recycling.

Many Ingka Centres are also dedicating space to inspire visitors to live a healthier and more sustainable life. For example, Livat Wuhan in China has created a Sustainability Space furnished with recycled materials that includes information and ideas on circular living and runs regular educational events. We have also launched Circuit – a curated community hub for circular living, see page 25.



## Sustainability and the IKEA range

The IKEA range is supplied by Inter IKEA Group. It is designed according to the five dimensions of Democratic Design: form, function, quality, sustainability and a low price. This means sustainability is considered from the start and continual improvements are made to embed sustainability considerations into design, manufacture and use.

At Ingka Group, we have a key role to play in communicating the sustainability attributes of IKEA products and making sustainable living accessible and desirable to customers. We continue to inspire and guide our customers across all our IKEA stores and online by highlighting products and sharing tips and tricks that can help them save energy, reduce waste and give their favourite furniture a longer life.



### Let there be LED

In FY22 IKEA expanded our SOLHETTA LED bulbs range with more sizes, shapes and functions. Customers can now use SOLHETTA LED bulbs for more purposes and in more areas of the home, which reduces home energy use. Launched in FY21, SOLHETTA LED bulbs are more energy efficient and – on average – more affordable than previous IKEA LED bulbs.



### Cutting down on resource use

Our RÖNNINGE extendable table now requires fewer raw materials to produce following the introduction of hollow wooden legs. While it is lighter on the planet, the new design does not compromise on function, durability, style, or quality. In FY23 we'll also be introducing the GRÖNSTA chair which is recyclable with a seat shell made from post-industrial waste.



### Breath of fresh air

In FY22, IKEA made air purifiers for the home more accessible by introducing the low-price solution UPPÅTVIND. Just like all IKEA air purifiers, UPPÅTVIND is optimised to filter out approximately 99.5% of smaller airborne particles, including PM2.5 particles, dust, and pollen<sup>1</sup>.



### Saving water every time

The new ÅBACKEN water nozzle. When used in mist mode, ÅBACKEN can save up to 95% of water used, and in spray mode, up to 66%<sup>2</sup>. This also results in energy savings from water heating. This solution builds on the water saving abilities of the existing IKEA tap and shower range which has built-in water efficiency features that already enable water use reduction of up to 40%.



### A more circular BILLY bookcase

In FY22, one of our best-selling products, BILLY bookcase, was redesigned to improve its circular capabilities. By shifting from veneer to paper foil and reducing plastic, most materials used to produce the new BILLY bookcase will come from renewable sources.



### Flavourful food with a smaller footprint

We introduced new IKEA plant-based products in FY22, including a veggie ball version of LÄTTLAGAT ready meals. We also launched plant-based soft ice with chocolate flavour. We continue to explore where and how we can remove or replace dairy in our range (without compromising on taste) to further reduce the climate impact of our food ingredients.

<sup>1</sup> PM2.5 are small inhalable particles that measure 0.1-2.5 micrometres. <sup>2</sup> 1) Compared to standard washbasin mixer taps with a water flow of 5.7 L/min. 2) Compared to taps and showers without the built-in feature.

### A range of clean energy services

We're making it easier and more affordable for IKEA customers to use and produce renewable energy at home, supporting the transition to a net-zero society.

We offer a range of clean energy services with different partners and have reached 11 countries so far. Our offer varies from country to country and can include:

- Home solar service, including solar panels and when suitable a battery storage system. By turning customers' rooftops into mini power plants, customers can produce their own energy and sometimes even sell it back to the grid.

- An electricity subscription service, making it easier for customers to switch to buying electricity from renewable sources.
- A heat pump service, helping customers to use less energy to heat and cool their home. Launched in Sweden in FY22, the service enables customers to buy quality heat pumps at affordable prices.

Making renewable energy accessible and affordable is good for the planet and good for our customers' wallets and wellbeing.

### Products and services for circular living

Having a positive impact on people and planet is at the centre of our development and innovation efforts. By testing, adopting and scaling up new circular solutions, we are exploring ways to prolong the life of our products, give customers access to furniture without owning it and helping people give products they no longer need a second life.

Finding circular solutions that are accessible, convenient and profitable can be challenging. By trialling different approaches we are building our knowledge and experience in this area, which will help us to offer a range of different circular product and service options to suit the many people, and ultimately contribute to our ambition to become a circular business. Examples of approaches we are testing in our retail business include:

#### Circular hubs bring circularity to more customers

For many years, customers have been able to pick up a bargain in our As-Is areas – the part of the IKEA store where we sell returned, repaired, or ex-display products at discounted prices. Now our As-Is areas are being turned into circular hubs where, as well as the usual bargains and nearly new products, customers can buy secondhand products, view our product recovery and repacking processes, and learn how to maintain, clean or personalise their IKEA products. By the end of FY22, we had 306 circular hubs (FY21: 170). During the year more than 42.6 million products were given a second life (FY21: 42.2 million), with 32.5 million products resold



via the As-Is areas and more than 10 million repacked and sold in other areas. All items that are sold for reuse are thoroughly inspected to ensure functionality and safety.

To improve accessibility and enable more customers to use our As-Is areas we've also taken them online at 219 stores in 21 markets. This enables customers to view and reserve second-chance products and pick them up from their nearest store. This improves convenience and enabled As-Is areas to continue operating during pandemic lockdowns and improved convenience for customers. We sold 70,000 products via online reservations in FY22. All items that are sold for reuse are thoroughly inspected to ensure functionality and safety.



## Buyback & Resell gives old or unwanted IKEA furniture a second life

With Buyback & Resell, customers in 29 countries can bring back unwanted IKEA furniture to one of our stores and receive an IKEA voucher to spend in-store or online. Around 96% of items are resold via our As-Is areas. Any items not resold are recycled or donated to local community projects. Over 105,000 customers used the service in FY22 (FY21: 74,000) and gave 230,000 items a second life, a 50% increase on the previous year. We also improved the Buyback quotation digital tool, to make the service easier to use for customers and more efficient for co-workers.

Our **#BuyBackFriday** campaign for our retail business promoted a more sustainable alternative to the usual Black Friday sales events, encouraging customers to use Buyback & Resell. The campaign gained a lot of interest from the media and customers. People used our online tool 980,000 times during the campaign to see the value of their items and around 110,000 pieces of old IKEA furniture were returned. [Read more here.](#)

Around the time of Black Friday, Ingka Centres meeting places ran a **“Love your stuff for longer”** campaign for the second year. The campaign involved over 400 partners and aimed to inspire more circular consumption with a range of initiatives, from repair cafés to educational classes on how to care for, reuse and repurpose goods.

## 21.9 million spare parts, here to help

We offer a spare parts service in 30 countries, helping customers prolong the life of their IKEA products by replacing small parts, like screws and fittings. In FY22, 1.8 million customers used the spare parts service, with 21.9 million spare parts provided\*. Our online system is now rolled out across 28 countries via IKEA.com, making ordering spare parts even easier for customers. We source most spare parts from our suppliers, but co-workers also rescue spare parts from damaged or unused returned products that can't be resold, ensuring important resources don't go to waste. We are also testing whether we can offer larger spare parts for furniture. For example, in Poland we have offered sofa armrests and cushions, enabling customers to repair damaged or worn products, rather than replacing them.

## Enabling circularity through new service models

As part of our learning approach to circular services, we've been exploring furniture rental as a service – assessing ways for our customers to access IKEA furniture without owning it. Our aim is to improve flexibility for customers, extend the life of products, and reduce waste by enabling the same product to have several lives.

Through our multi-market test, known as Furniture as a Service, we've been exploring a service where we retain ownership of our products, maintain and take care of them, and when the furniture has been reused as many times as possible the materials and

components are recycled.

We have now tested different iterations of this concept in several countries and have learned a lot about the challenges and opportunities.

Although we initially planned to test Furniture as a Service in 30 markets, we have instead decided to concentrate on refining the tests, building on what we have learned so far. Our focus during FY22 was on Italy. Here we are running an updated version of the test, focusing on desirability and scalability which we've learnt are preconditions for any service to make a real impact. As a next step, we will explore different ways to extend the life of products during and after the rental service. We will use what we learn to inform development of our circular offering, helping our business with its transformation to become circular by 2030.

## Inspiring customers with affordable second hand products in Sweden

We've been testing our first secondhand store offering only used IKEA products in Eskilstuna, Sweden. Here customers can buy used IKEA products that have been cleaned, repaired and restored to their former glory, at an even more affordable price. The store has been well received by local customers with 16,000 people purchasing 43,000 products during FY22 of which 80% came from customer homes and offices. We're working with a social business partner to clean and repair the returned products, providing an income for people who may otherwise struggle to find employment.

In Sweden, we also ran flea markets at all IKEA stores on one day during FY22. IKEA Family members could book a table to sell possessions they no longer needed while visitors also benefited from a 40% discount on products in the As-Is area, as well as the chance to attend DIY workshops and a DIY live shopping event.



## IKEA bookshelf returned after 56 years

Bengt Johansson, has become a buyback hero in Sweden after using our Buyback service to return the IKEA KONCENTRA bookcase he purchased in 1965. The unit is in perfect condition, complete with his original handwritten paper receipt. Originally purchased at the first IKEA store in Älmhult, the bookcase was auctioned online, with proceeds from the sale going to global charity Save the Children.

[Read more online](#)

\* Due to changes in how we measure the scope of spare parts data we cannot directly compare FY22 with FY21 figures. This year we include assembly parts (e.g. screws, bolts etc required for assembling items) furniture spare parts (e.g. replaceable parts of an item such as drawer fronts, table tops etc) and other parts for electrical items (e.g. cables). The number of customers is the number of unique orders dispatched.



## Making the world go round at Ingka Centres

We opened the first Circuit space at our Ingka Centres meeting place in Birsta City, Sweden, in June 2022, to inspire visitors to repair, reuse and recycle everyday items. It offers a contemporary twist on the traditional flea market, with a curated space for goods and services related to the circular economy, including a community swap where visitors can exchange books, plants and boardgames. Visitors can utilise clothes repair service and rent out children's wear and equipment. Circuit hosts a lively agenda of workshops and activities to help people better care for and extend the life of their belongings. We are exploring how to measure the impact of this initiative and hope to encourage other retailers in our meeting place to join Circuit.

[Read more online](#)

At our Ingka Centres meeting place in Hammersmith, London, we are also hosting The Library of Things (LoT) kiosk – a social enterprise which provides an affordable rental service for household items such as drills, gardening equipment and sewing machines. Initial results suggest that the kiosk is helping the LoT to increase its user base.

## Advocacy and partnerships

Ingka Group is engaging with policy makers and others to support policies that enable more sustainable consumption of resources. In FY22, this included:

- We participated in the European Commission's call for evidence for an impact assessment on the initiative 'Sustainable consumption of goods – promoting repair and reuse'.
- We participated as the only private sector company in a discussion on sustainable production and consumption at One Planet Network with UNEP and the B Team.
- Jesper Brodin, CEO of Ingka Group, met with Virginijus Sinkevicius, European Commissioner for Environment and Ms. Sirpa Pietikainen, Member of the European Parliament, to discuss how to break down policy barriers to ensure no mattress goes to waste in Europe by 2030.



## Healthier and more sustainable food

Ingka Group is a large food business, serving almost 600 million customers through our IKEA Restaurants, IKEA Bistros and Swedish Food Markets every year.

We aim to offer a delicious and affordable food range that makes it easier to eat a healthier and more sustainable diet while inspiring consumers with the knowledge and inspiration to make more sustainable food choices.

For many years, the IKEA food range has included sustainably sourced options and ingredients. These range from organic rapeseed oil and responsibly-farmed eggs, meat and dairy, to seafood certified by the Aquaculture Stewardship Council (ASC) and Marine Stewardship Council (MSC) and UTZ/Rainforest Alliance certified coffee, tea and cocoa.

Now, we are going even further to make our food range better for people and planet, with a focus on making plant-based food options attractive and affordable to more people.

Read about our approach to food waste on [page 81](#).



## Inspiring a switch to plant-based dishes

Plant-based food can be good for our health and can have a reduced climate footprint compared with meat-based alternatives. We see an opportunity to enable many more people to make sustainable food choices, by making plant-based food more affordable and accessible. Our goal for 2025 is that 50% of our restaurant meals offered will be plant-based.

As of October 1st, 2022, all our markets now offer plant-based food at the same or a lower price than the meat-based alternative. This includes our veggie balls, plant balls, veggie hot dogs, and plant-based soft ice. A growing number of our customers are opting for our plant-based food products, with sales of our plant balls and veggie balls increasing by 62% compared with the previous year, and sales of our veggie hotdogs increasing more rapidly than the meat-based original.

We want to inspire even more people to try the plant-based option when they visit us and piloted a new in-store communications approach in three of our markets. This drew on scientific insights from the World Resources Institute and built our co-workers knowledge of our plant-based dishes.

Our range of vegetarian and plant-based dishes and products includes our veggie balls and veggie hot dogs as well plant-based and vegetarian options in our restaurants and LÄTTLAGAT ready meal range.

Recent highlights and additions to the range include:

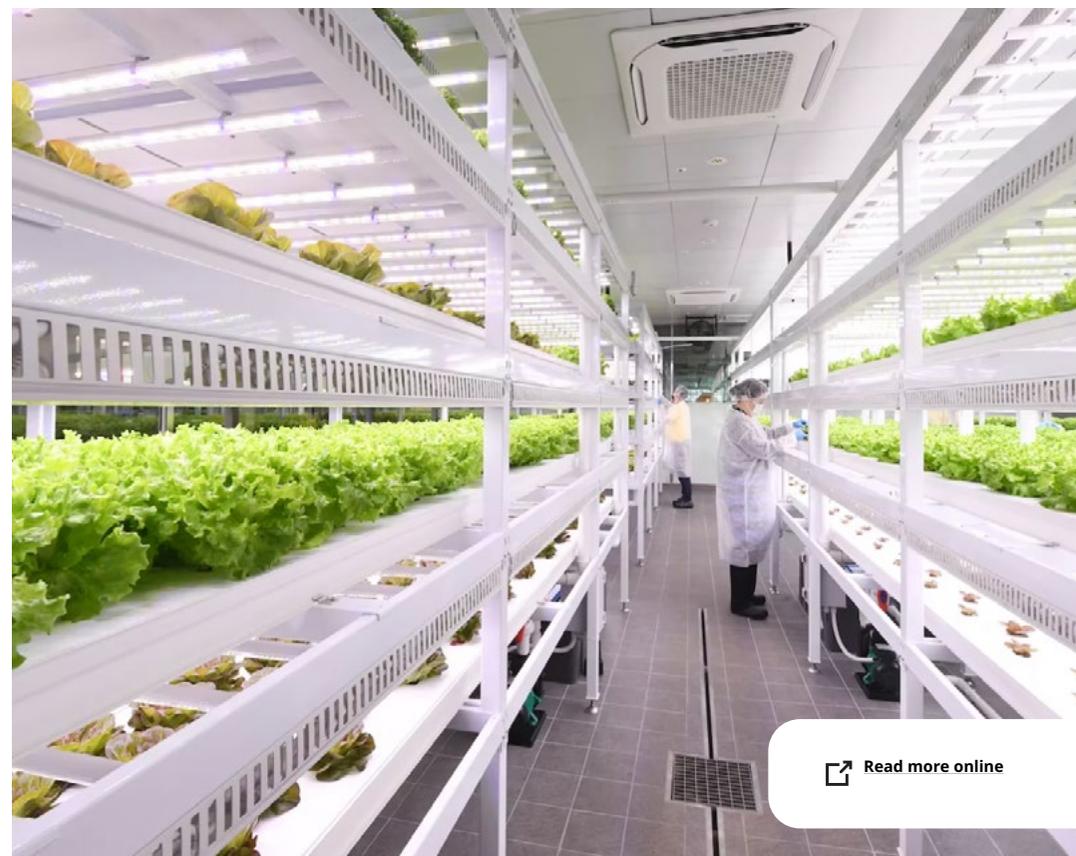
- Plant-based mince launched in 26 markets: VÄRLDSKLOK, a shapeable, plant-based mince looks and tastes like ground beef, but is made from pea protein. For customers who are already vegetarian or vegan, VÄRLDSKLOK can be another convenient item on their IKEA shopping list. For meat lovers new to plant-based products, it's an easy way to try an alternative in their cooking at home, substituting VÄRLDSKLOK for regular minced meat in burgers, tacos or Bolognese, with the same great (or even better) taste.
- Plant ball ready to roll worldwide: Our popular HUVUDROLL plant ball is now available in all our markets. Made from 100% vegan ingredients, including pea protein, oats, potatoes, onion and apple, the plant ball looks and tastes like meat (and blind tests show that our customers find them just as delicious).
- Plant-based soft ice: 100% plant-based, 100% delicious, with only half of the climate footprint of a dairy ice cream.



## Growing our own greens with urban farming solutions

In FY22, we concluded our pilots testing the use of vertical farms to grow leafy greens. These included a container farm and in-store growing cabinets and aimed to engage co-workers and customers with an on-site growing experience as well as providing locally grown herbs and lettuce to serve in our restaurants. We learned

that this technique had a lower environmental impact compared to our usual leafy greens supply, and also enabled us to meet customer demand for local produce with lower resource-use. The main challenge to scaling this up into large volume solutions is operational costs. When the industry has matured, and costs have decreased, we will re-evaluate the opportunity to develop vertical farming solutions at scale.



[Read more online](#)

## Insights and ideas for a better life at home

We are passionate experts on life at home. We want to show people how better homes create a better life and use our know-how in personal, engaging and entertaining ways to reach more people in all our markets. We continually build our expertise and conduct research to help us understand people's everyday life at home.

Our co-workers play a key role and we invest in training and upskilling to keep improving our home furnishing expertise. We also engage our co-workers on sustainability, and encourage them to communicate on this topic with our customers. This includes our 30 minute introduction to sustainability training that

reached 65% of our co-workers in FY22 and the launch of our Assembly Guide for a Better Future book, which aims to inspire co-workers on our sustainability journey.



### Our life at home research

In FY22 for our latest Life at Home Report we connected with more than 37,000 people across 37 countries. We wanted to learn more about the many different ways that people shape their home to meet their needs, and the frustrations they face, particularly during a time of rising costs and instability.

Our research showed that today, home is more important than ever with people seeing their home as a place of comfort and security during uncertain times. With the cost of living on the rise, we're likely to spend even more time at home as we seek to save money by cutting back on the expense of hobbies and interests outside the home.

The research showed that we're more likely to feel good about home when it reflects our personality, but only around 6 in 10 people say they feel their home is a reflection of themselves. Our relationships, the things we own and the space we have available are important ways we express ourselves, but they're also the biggest sources of tension at home. In fact, as many as 4 in 5 people say they are regularly frustrated by aspects of their home. The report shares solutions that ease these stresses and celebrates the different ways that people around the world live, so everyone can feel at home when they walk through their front door.

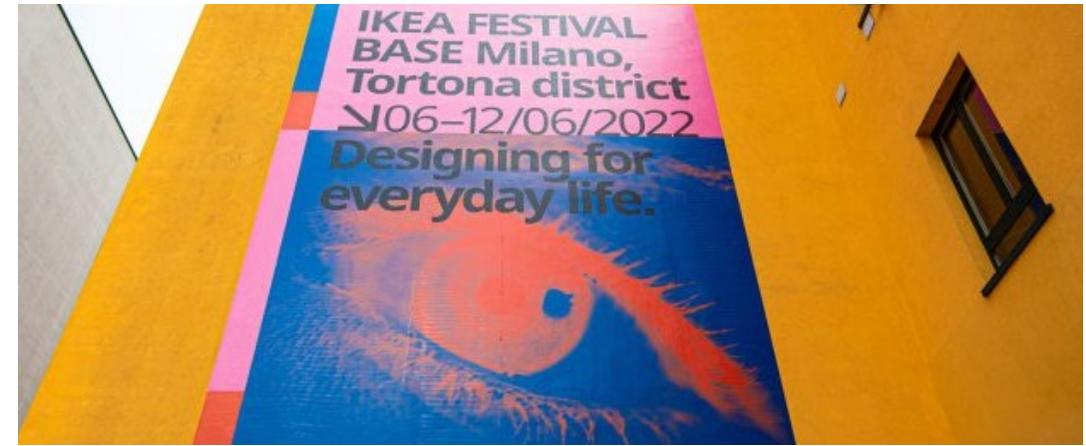
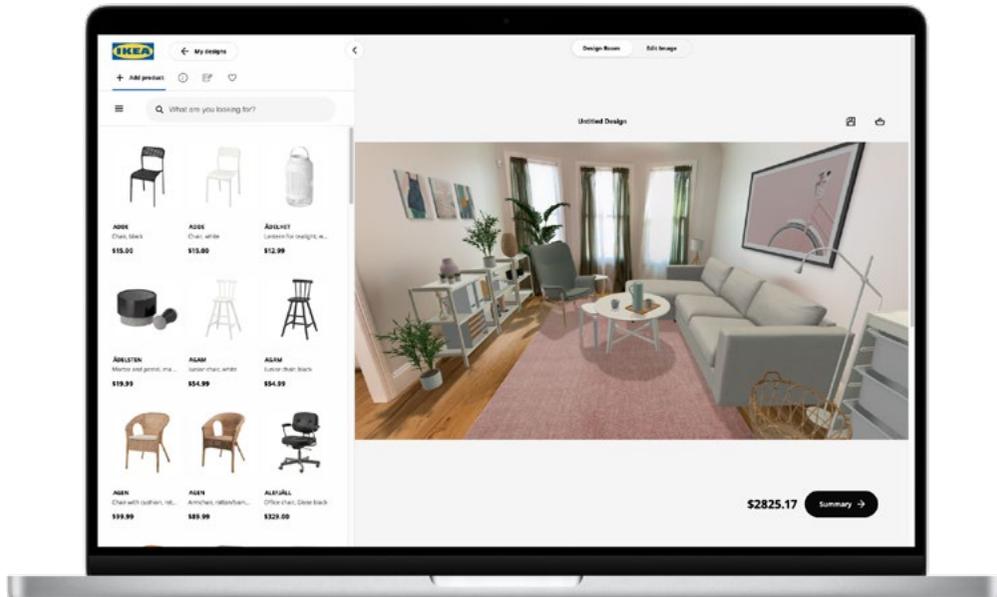
### New ways to engage and inspire our customers

We are finding creative new ways to engage and inspire customers to create a better life at home.

#### Bringing interior design to the many

Our online interior design service is helping customers transform their homes, offering convenient access to expert advice at affordable prices. Customers can choose any room in their home and work with one of our interior designers to generate new design ideas. In FY22, almost 70,000 people used the service to create a better home in 29 countries.

In FY22, we launched IKEA Kreativ in the US and Canada, our new AI-driven digital design experience. This offers customers a lifelike, fully integrated way to design and visualise their own living spaces, using a computer or smartphone. It combines our life at home expertise with new developments in spatial computing, machine learning and 3D mixed reality technologies to enable customers to 'erase' existing furniture from the scene, position new IKEA furnishings, rapidly swap through alternatives, and fully design the room. Read more here.



### Meeting our customers in new ways with IKEA live-shopping

We're exploring live streaming as a way to engage with our existing customers and meet new ones. This enables us to create an interactive experience for customers allowing them to comment, ask questions, like, and purchase products directly from the live stream.

In Sweden we integrated live-streaming within IKEA.com in FY22, hosting 28 Live shows. Feedback showed that viewers enjoy the content, the knowledge sharing and the real IKEA people on stage. In Japan we trained more than 45 co-workers as 'Home Furnishing Influencers'. In the first 6 months they shared their knowledge via 12 IKEA Live shopping sessions, with customers watching over 1,700 hours of content.

[Watch IKEA Live episodes from IKEA Japan here.](#)

[Watch Live shopping episodes from IKEA Sweden here.](#)

### IKEA Festival engages people around the world

The IKEA Festival took place in IKEA stores and online across the world celebrating people's real creativity and inventiveness at home. The festival focused on ten different topics: food, sports, gaming, music and dance, nature, fashion and beauty, collecting, arts and crafts, focus and wellness, and pets. It included in-store events, live shopping, ideas from inspirational content creators, and a unique new IKEA digital platform where people could watch the festival and link with social media campaigns showing how to turn inspiration into reality.





improvement. It brought inspired, space-saving solutions to a different real life family in each episode, championing the transformative power of good home design and featuring a range of IKEA products.

**H22: inviting young creatives to design a better everyday life**

In summer 2022, we supported H22 City Expo, an international creative event in Helsingborg, Sweden, aimed at generating new ideas for smarter and more sustainable city living. Our global design competition asked young creative

people from any country to design affordable and sustainable spaces that can help bring people closer to nature. The winning designs were built in an artificial forest in Helsingborg, constructed for the Expo and the designs were made available online so they could be replicated anywhere in the world. [Read more here.](#)

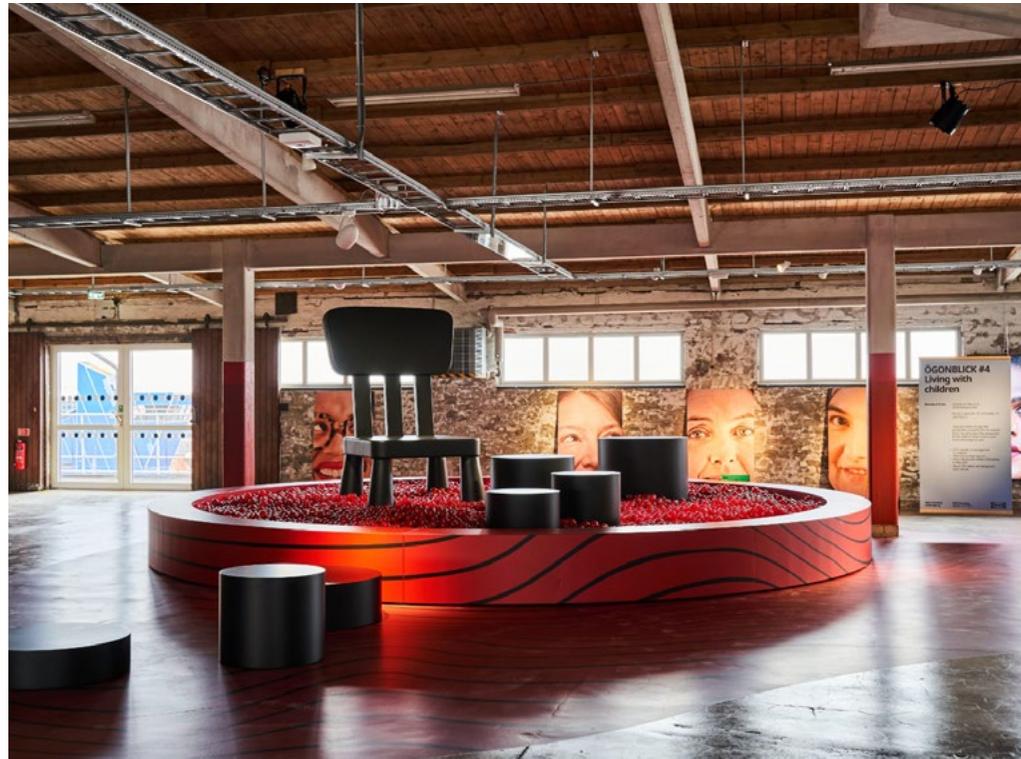
**Atelier100: inspiring customers with local creativity**

We're always on the look out for new creative ideas and concepts for our business and want to connect with talented new designers and creative people. In FY22, we joined forces with retailer H&M to launch Atelier100, a unique incubator programme aimed at finding and nurturing up-and-coming creative people in our local areas.

For the pilot in London, 20 creative people and makers living in a 100km radius of London were chosen and are being mentored by leading experts in the field of design. A physical Atelier100 space, located in Ingka Centres meeting place Livat Hammersmith, opened in June 2022 selling a range of locally produced and sustainable products that will include those developed by the programme participants.

**Working with Channel 4 in the UK**

We teamed up with Channel 4, one of the main TV channels in the UK, to bring viewers an exciting new six-part series on home



**Inspiring businesses to a better life at work**

We know that many small and medium sized businesses buy their furniture from us and may have different needs when it comes to products, solutions and services compared to individual customers. During FY22 we made it easier to browse our business offering online, developed our interior design service and fine-tuned our delivery services to better fit the needs of business customers.

IKEA Business Network is our loyalty club that provides members with access to a range of benefits, such as product offers and discounts on services. It supports small businesses to create a better life at work, nurture growth and take greater control over their business. In FY22 we went live in 12 countries, attracting over 500,000 members. We will continue to roll out to all Ingka Group countries in the coming years.



## 2. Accessible and affordable for the many

To reach more of the many people, and meet their changing needs and expectations, Ingka Group is committed to bringing IKEA closer to more people and offering a great experience at all customer meeting points.

We are becoming a true omnichannel business, with an emphasis on customer focus, innovation and collaboration. In developing our business we are always guided by our culture and values and by our passionate people with their deep knowledge of life at home.

Together with our co-workers and through new partnerships and technologies we're determined to transform our business to be more accessible and affordable, serving our customers better every day.

### Our approach

Making every customer happy is a top priority. To create an excellent customer experience for more of the many, we are focusing on:

**Making IKEA more accessible:** We want to bring IKEA closer to our customers, both physically closer through new locations and retail formats, and by making IKEA more accessible through seamless online shopping, new services, convenient delivery options and ever better customer service.

**Affordability, always our priority:** Economic uncertainty, rising inflation and increased cost of living are causing stress and having a big impact on people's lives. At the same time, our homes have never been more important to us. Despite the challenges of rising costs, we believe more than ever in making home furnishing more affordable and sustainable for the many.

## Making IKEA more accessible

We want to be there, wherever and whenever our customers want to meet IKEA.

### New store formats and locations

To meet the changing needs of our customers and growing urbanisation, we continuously develop and test new retail formats and bring IKEA to new locations closer to where customers live, shop and socialise.

Today our three main retail formats are stores, city stores and planning studios. In the past year, we continued our expansion into cities with our smaller formats – including opening our first city stores in Sweden (Stockholm City), the UK (London Hammersmith), Canada (Toronto Downtown), and India (Mumbai Worli and Mumbai R City).

We opened IKEA planning studios in new locations, where customers can get expert help to plan more complex purchases, such as kitchens, bathrooms and wardrobes. Customers can touch and feel selected relevant products, for example kitchen fronts and handles, while getting design help from our knowledgeable IKEA co-workers.

We also expanded our Ingka Centres business including opening more Livat meeting places that provide spaces for local people to meet, eat, spend time and experience new things.

### Developing our online shopping journey

We are making IKEA ever more accessible to customers who prefer to browse or shop online. Today almost 80% of all shopping journeys with IKEA start online and in FY22, online sales accounted for 25% of our total. The IKEA app was downloaded 20.3 million times in FY22 and we had over 3.8 billion sessions on IKEA.com.

As we continue our digital transformation we aim to create a seamless customer experience between online and offline shopping, to find innovative ways to keep improving online support and to bring new digital services to customers.

### IKEA Hammersmith brings us closer to customers

Our first city centre store in the UK opened in FY22 in Hammersmith, West London, part of a EUR 1.2 billion investment in the UK capital over the next three years. The goal – to enable Londoners to shop with us for a better, more sustainable life at home, whenever, wherever and however they choose. IKEA Hammersmith offers 1,800 products available to take away and 4,000 on display to provide ‘life at home’ inspiration. The full range remains available for delivery, alongside in-store planning services that support customers in designing bespoke solutions for kitchens, bedrooms and bathrooms. With a focus on accessibility, the store includes self-serve checkouts and has three entrances and exits. Its new ‘Swedish Deli’, positioned at the edge of the store, will open one hour earlier than the store itself to allow those in the local community, and busy commuters, to ‘grab and go’. The location, is in close proximity to four tube lines and 68 bus routes, reducing customers’ reliance on private transport.

The store is located in Livat Hammersmith, owned by Ingka Centres. As well as stores and food outlets, the centre includes ‘pay-by-the-hour’ adaptive retail spaces to give local start-ups, pop-ups and food outlets the opportunity to grow and flourish.

 [Read more online](#)



## Customer support

This past year Ingka Group has invested in digital self-service tools to improve convenience for customers, as well as digital tools and services to make our co-workers more available to customers in-store and via our digital channels. Online customers can now use live-chat and email, or schedule an online video meeting for advice from our knowledgeable co-workers on buying more complex solutions like kitchens and wardrobes. In FY22, we generated EUR 1.2 billion in remote sales involving customer support.

We have been listening to and engaging customers using research panels in several markets to help shape our next wave of customer support improvements. In the UK and Canada we have tested a digital forum for customers to connect with each other to discuss IKEA products, to ask questions and give personal advice.

The pandemic and war in Ukraine have disrupted many supply chains around the world, including the ones we rely on. This means that in the last year, our customers have not always been able

to get the products they want, when they want them, which of course has sometimes impacted the customer experience. When we don't have the exact product a customer expects, we have put our focus on finding alternatives, helping our customers to create the life at home that they want with the products we have available. At the same time, we are being transparent so customers know they may have to wait longer for some orders. Availability for most products is now improving.

## Services improve convenience and accessibility for customers

In FY22, we performed 74 million services and about 40% of our retail sales were connected to a service. Services such as home delivery, assembly and installation are a vital part of our business that help to make our range more convenient and accessible to customers. The quality of services like these are one of the most important drivers for choosing IKEA for some customers, particularly those from younger generations.

## Bringing the IKEA range closer to customers in Southern India

One of our newest stores is located in Bengaluru – the state capital of Karnataka province and home to around 10 million people. The store, our fifth in India, employs more than 1,000 co-workers and offers around 7,000 products that reflect local home furnishing needs. It is connected to the local metro station and customers can benefit from services such as remote planning, personal shopper, and click & collect.

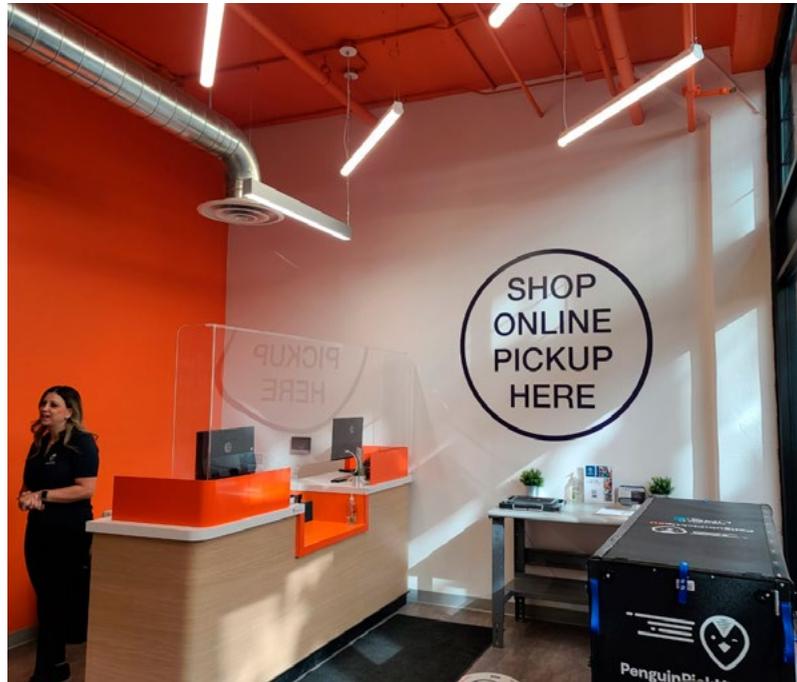
 [Read more online](#)



### Partnership improves convenience for customers

Our commitment to improving convenience and accessibility for customers means innovating in our business and also forging new partnerships with specialist service providers.

IKEA Canada, has partnered with Penguin-PickUp, a network of secure locations where customers can pick up, ship and return packages. This partnership enables customers to use 'collect near you' locations in three major urban areas. In FY22, the network grew to 28 locations and together we plan to continue expanding with additional locations over the next few years.



### Locker solution enables online order pick up, any time of the day or night

In France, we're seeing an increased demand for click and collect and home delivery options and our IKEA Plaisir store has installed two locker solutions outside the store to improve convenience for customers. With one set of lockers for small orders and one for larger IKEA products on trolleys, customers are able to pick up the purchases at a time that suits them including outside store opening hours. Orders on trolleys are placed in elevated storage and automatically retrieved when the customer arrives, meaning they use up less floor space, improve convenience for customers and allow the store to serve more people.



### Assembly services available to more customers online

Online shoppers in 11 countries can now book assembly services for their new IKEA products at the point of purchase, improving accessibility and convenience. During FY22 around 2 million assembly services were booked and we aim to extend similar services to all our countries over the next few years

## Technology improves efficiency for customers and co-workers

Behind the scenes, we are using technology to improve efficiency and assist our co-workers to better serve our customers.

In our IKEA Ottawa store, for example, we've introduced a new first-of-its kind system that uses autonomous mobile robots to pick and carry products across the warehouse to our co-workers. This is helping the store meet the growing demand for click and collect services and is complemented by other changes including a comfortable and stylish customer lounge for order collection, traditional kerb-side pickup, and 24/7 accessible collection lockers, that allow customers to pick up their orders at a time convenient to them. The robots speed up order processing to benefit customers while also improving safety and ergonomics for co-workers

as there is less need to lift and carry heavy products.

We're rolling out a machine learning tool that improves forecasting accuracy and helps to ensure better availability of products for customers. Traditional demand forecasting is based on statistical sales, looking at patterns from previous years. Demand Sensing calculates the forecasts and predicts the future in a smarter way, looking at a range of factors from the weather forecast, to external events and even when people get paid. It also enables forecasting at a local level. Demand Sensing is now in place in nine of our countries in Europe.



## Affordability – a key cornerstone

Affordability is central to our offer as IKEA – to reach more of the many people we must keep our prices as low as we possibly can.

Ingka Group measures affordability against competitors and our perception amongst customers, fine-tuning our service offering and working with our franchisor Inter IKEA Group to ensure that we have an affordable offer.

During the first years of the pandemic, despite rising costs, we kept prices as low as possible for our customers. Together with Inter IKEA Group, we absorbed substantial supply chain-related costs to soften the impact on retail prices. However, in FY22 we have had to increase our prices to reflect rising material and transportation costs following the pandemic and war in Ukraine.

We remain committed to affordability and will continue to invest to reduce prices when and where possible during FY23.

### Affordable financial services in 28 countries

We offer convenient and responsible financial services to our customers giving more people a chance to improve their homes while keeping their budget in balance. Our transparent and affordable financing services enable customers to spread the cost of purchasing larger items over time and are needed more than ever in the current economic climate. 36% of our customers who used the services report that they wouldn't have been able to afford the purchase without them.

Customers can visit our Finance Services page to get an estimate of monthly payment options using our calculator tool.

In FY22 we expanded our financial services to further countries including China and Ireland. In Germany, we launched the IKEA Family Credit Card with a reward system incentivising taking financial responsibility – giving customers who stay within their credit limit and pay on time,

vouchers to spend at IKEA. The credit card also offers flexible financing where customers can connect their purchase to a specific repayment plan.

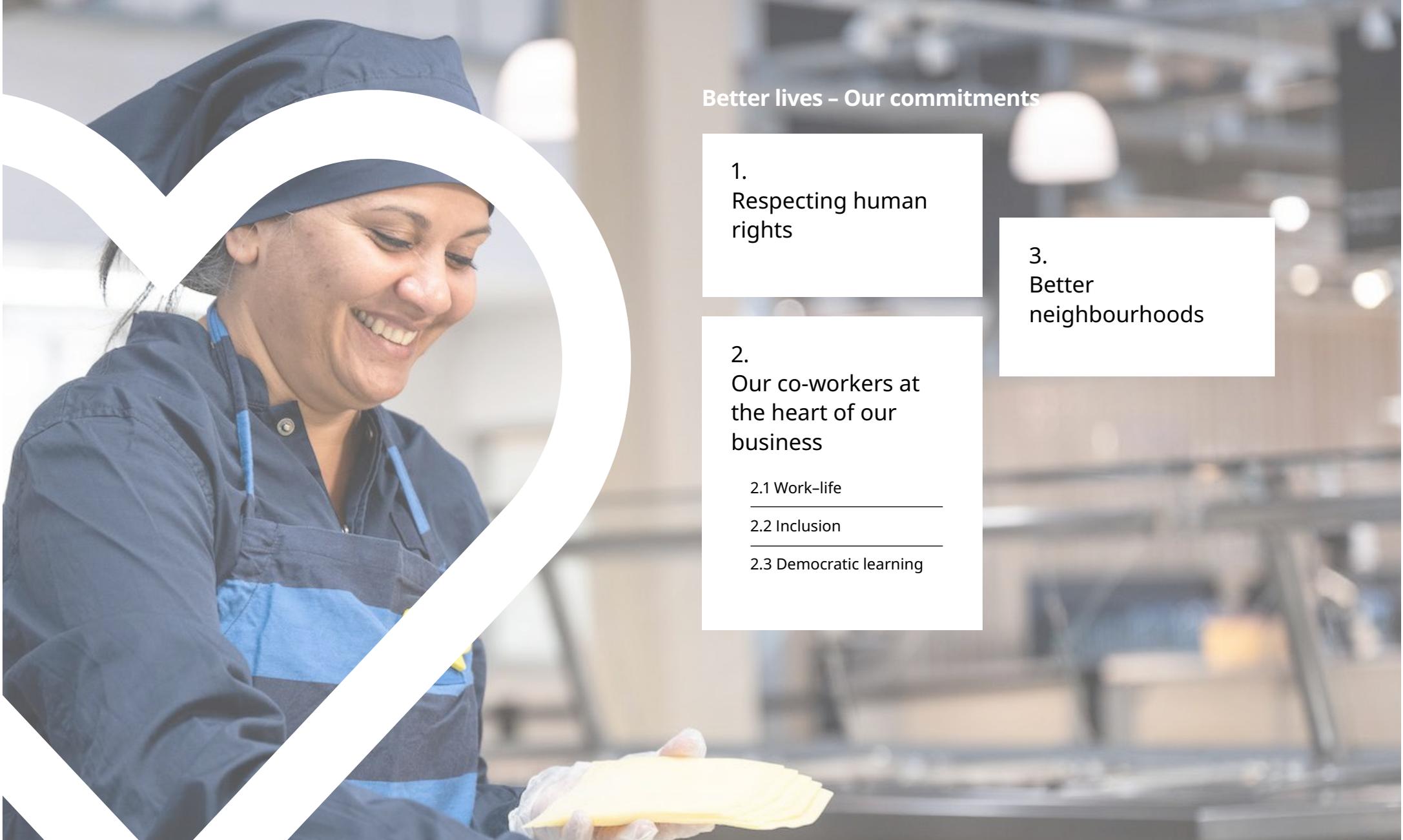


 Exploring affordable financing solutions



# Better lives

People are at the heart of everything we do. We want to take a leading role in creating a fairer and more equal society and improve the lives of the millions of people that interact with, or are impacted by, our company.



## Better lives - Our commitments

1.  
Respecting human  
rights

2.  
Our co-workers at  
the heart of our  
business

2.1 Work-life

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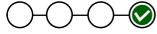
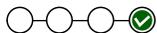
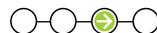
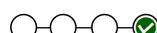
2.2 Inclusion

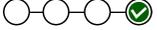
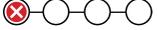
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2.3 Democratic learning

3.  
Better  
neighbourhoods

Progress against targets FY22

OUR TARGETS	PROGRESS IN FY22	PERFORMANCE SUMMARY
<b>Culture and values</b>		
Maintain at least an 80% engagement score in our co-worker survey.	 [ ACHIEVED ]	Our engagement score was 81.0% (FY21: 79.8%; FY20: 80.1%), an increase on last year.
At least 80% of co-workers believe we live our values, based on our co-worker survey.	 [ ACHIEVED ]	Our survey shows that 80.2% of co-workers believe we live our values (FY21: 79.8%).
<b>Fair, equal, inclusive</b>		
Achieve gender balance across our business in 2022.	 [ ON TRACK ]	At the end of FY22, we had achieved a 50/50 gender balance in our management positions (all leaders). 38.0% of our Group Management and 45.8% of country CEOs were women. We reached gender balance in our country management teams.
Equal pay for women and men performing work of equal value in all countries.	 [ ON TRACK ]	Our latest annual equal pay assessment shows that 4.84% of co-workers belong to groups where pay gaps cannot be explained by performance, competence or a country's legal requirements (5.04% in FY21).
Score 80% on our Inclusion Index, based on our co-worker survey.	 [ ACHIEVED ]	Our score in FY22 was 81.2% (FY21: 80.4%; FY20: 81.5%).
Increase ethnic, racial and national diversity at all levels so our workforce reflects the diversity of the communities in which we operate by 2024	 [ NOT ON TRACK ]	We have started to put in place processes and programmes to drive and measure our progress against this target. For example, our Equal UP! programme aims to identify and address barriers to equal opportunities for people from underrepresented ethnic and cultural backgrounds. Our voluntary and anonymous Diversity & Inclusion survey indicates that our workforce reflects society, but more work is needed to achieve diversity at leadership and management levels.

OUR TARGETS	PROGRESS IN FY22	PERFORMANCE SUMMARY
<b>Lifelong learning</b>		
<p>At least 80% of co-workers are empowered to develop their competencies.</p>	 [ ACHIEVED ]	<p>81.5% of co-workers in our survey reported feeling empowered to utilise their competences (FY21: 80.7%).</p>
<p>Upskilling and reskilling training provided to co-workers in our transformation initiatives starting with customer service, facilities and stores.</p>	 [ ON TRACK ]	<p>We have delivered a range of targeted upskilling programmes for co-workers in these three transformation initiatives resulting in 2,790 co-workers being upskilled and reskilled.</p>
<b>Neighbourhoods and communities</b>		
<p>Support at least 2,500 refugees by the end of 2022 through job training and language skills initiatives in Ingka Group units across 30 countries.</p>	 [ NOT ACHIEVED ]	<p>We reached 1,765 refugees through skills for employment programmes by our target date, including 918 refugees in 22 countries in FY22. Unforeseen global events including the Covid-19 pandemic and war in Ukraine resulted in store closures which impacted our operations and ability to roll out and scale up the programme in some countries. Although we did not meet our target of 2,500 by the end of 2022 we expect to do so during FY23.</p>
<p>All Ingka Group retail countries will develop products or services from local social businesses by 2025.</p>	 [ NOT ON TRACK ]	<p>We partnered with 30 social entrepreneurs in 13 countries. The number of partnerships was lower than in FY21. This was due to resourcing challenges following the pandemic and associated supply chain disruption and the discontinuation of some services.</p>



# 1. Respecting human rights

We are committed to promoting and supporting a world where human rights are a reality for all. Ingka Group puts respect for human rights at the heart of our business, integrating it into our strategies, policies and processes based on the UN Guiding Principles on Business and Human Rights.

Our respect for human rights encompasses our co-workers, customers, workers in our supply chain and our neighbours – in fact, everyone our business touches.

Our sustainability strategy, People and Planet Positive, includes strategic commitments to respect human rights and embed this into all aspects of our operations.

## Our approach

The Ingka Group Policy on Human Rights and Equality is the basis of our approach and we are also guided by the IKEA Employment Standards, our Code of Conduct and IWAY – the IKEA supplier code of conduct.

Our Human Rights and Equality Policy is approved by our Management Board and our

Sustainability Committee, chaired by our Chief Financial Officer and deputy CEO. This committee also governs and monitors our approach to human rights. In FY22, we created a Human Rights and Social Impact team to drive our efforts in this area.

**Potential human rights risks:** We aim to focus on the most salient human rights impacts – those at risk of the most severe negative impacts. We have identified a range of potential human rights risks for our industry, including modern slavery and forced labour, low wages, undocumented cash wages, excessive hours, unsafe working conditions, and threats to freedom of association rights. Assessing the human rights impacts of our business activities is an ongoing process and we are continually learning and developing our approach. We know there is always more we can do to ensure respect for human rights across our business and throughout our value chain.

**Due diligence:** The IWAY System is designed to ensure that sustainability impacts, including human rights risks, are identified before supply agreements are entered into and then continuously identified, monitored, and managed over time. As part of the selection process, potential suppliers undergo a risk assessment which covers human rights aspects such as workplace health and safety, wages and working hours. See page 110 for a description of the IWAY process. Other human rights risks are picked up via the Ingka Group risk management



process. This captures strategic and operational human rights risks through an annual risk assessment at a global and local level. For more on risk management see page 101. In FY23, we will review how our human rights due diligence systems are applied across Ingka Group.

**Remediation:** We take seriously our responsibility to remediate any negative human rights impacts on people, society and the environment that we cause or contribute to. Our approach to remediation, including which impacts we prioritise for remediation, depends on how we are connected to the impact and its nature and severity. For example, in cases where a negative impact is caused by one of our suppliers, we work together to provide access to meaningful remediation and the IWAY standard sets clear expectations on how specific negative impacts should be remediated. We are reviewing how we provide remedy to affected stakeholders beyond our direct business partners to ensure we align with the UN Guiding Principles on Business and Human Rights.

**Grievance mechanisms:** Co-workers who have any human rights concerns can raise them through our internal grievance mechanism, Trustline, see page 109. In addition, we request all our suppliers, via IWAY, to put a grievance mechanism in place that is known to their workers and enables workers to raise complaints or concerns without fear of retaliation. When requested, we provide guidance and support.

Equality lies at the core of human rights. We believe that all people should be treated fairly and given equal opportunities, whatever their background or identity. Read more about our

approach to equality, diversity and inclusion on page 51.

## Advocacy and partnerships

When it comes to human rights, we do not have all the answers and need to work together with others to address complex challenges and contribute to systemic change. We want to play our part in addressing the root causes of negative human rights impacts on people, society and the environment.

During FY22, Ingka Group continued to work closely with partners such as the B Team, UNICEF, Real Play Coalition and World Economic Forum to exchange and drive change on human rights related topics. We are members of the Business Network on Civic Freedoms and Human Rights Defenders and our Human Rights and Social Impact Manager, Julia Olofsson, served as the co-chair of the World Economic Forum's Global Future Council on Human Rights.

We believe businesses have a responsibility to provide transparency around human rights through due diligence reporting. Together with our franchisor, Inter IKEA Group, we are actively engaging with EU institutions and key stakeholders on the proposal for a Corporate Sustainability Due Diligence Directive (CSDDD). We support well-designed, harmonised legislation on human rights and environmental due diligence which is mandatory and proportionate. Due diligence mechanisms should use a risk-based approach that allows businesses to identify and manage risks proactively, moving beyond simply avoiding adverse impacts.

## Aligning to international standards

Our approach to human rights is guided by well-established international standards. This starts with the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social and Cultural Rights, which form the basis of our approach.

We pay special attention to children's rights, women's rights and the rights of people belonging to underrepresented and marginalised groups, as outlined in international conventions including:

- the UN Convention on the Rights of the Child
- the UN Convention on the Elimination of All Forms of Discrimination against Women
- the International Convention on the Elimination of All Forms of Racial Discrimination
- the International Convention on the Rights of Persons with Disabilities.

Our commitment to workers' rights is based on the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Our approach to human rights in our business is also aligned to:

- the UN Guiding Principles on Business and Human Rights
- the Children's Rights and Business Principles
- the OECD Guidelines for Multinational Enterprises
- the UN Global Compact, including the UN Women's Empowerment Principles
- the Gender Guidance to the UNGPs
- the UN Standards of Conduct for Tackling Discrimination against LGBTI people.

We comply with applicable laws in the countries where we operate. When these laws are not aligned with international human rights standards, we strive to find the best way forward to secure that the essence of the rights reflected in these international human rights standards is still respected.

## Respecting and supporting children's rights

Our business touches the lives of children through our products, stores, marketing and supply chain.

Ingka Group are committed to being a child-friendly retailer. We always try to act in the best interest of the children and families that come into contact with our business and have zero tolerance for any form of child abuse.

Children's rights are one of the key areas in our updated Ingka Group Policy on Human Rights and Equality. We also have detailed principles for child participation and safeguarding to ensure a consistent approach to child rights across our business.

Our approach is based on the Children's Rights and Business Principles, developed by Save the Children, the UN Global Compact and UNICEF.

We look at all aspects of our business from a child's rights perspective, and our key commitments include:

- Ensuring that our stores and meeting places are child-friendly.
- Working with Inter IKEA Group to ensure that our products for children are safe.
- Preventing misleading, exploitative, discriminatory, or aggressive marketing and communication practices towards children.
- Never tolerating any form of child or forced labour, modern slavery or mistreatment of workers.
- Supporting fair work for young workers, parents and caregivers.

We make our stance on child labour clear to suppliers through our IWAY Standard on Preventing Child Labour and Supporting Young Workers. Our belief is that young people who are legally able to work should have access to decent employment opportunities, but they should not do hazardous work, night work or overtime. Read more about IWAY on page 110.

### Child rights and marketing

A key focus is how we address and portray children through our marketing and communications. We have developed a set of principles for marketing agencies and production companies to ensure they align with our standards. These state that:

- We should never use children to endorse the IKEA brand in a way that is beyond their understanding or control.
- We should only use children as spokespersons in relation to their own products – such as the SAGOSKATT range of soft toys designed by children through a yearly drawing competition.
- We do not use children as IKEA brand ambassadors to endorse products or services.

### Winning ideas that support the right to play

Every child has a right to play. It's how they develop creativity, empathy, self-control and other essential skills. Yet millions of children

worldwide – especially in cities – are denied playtime, even though there is often great potential to integrate play into everyday life.

IKEA is one of the founding members of The Real Play Coalition, a movement dedicated to narrowing the play gap for 100 million children by 2030.

During FY22 we helped launch the second Real Play City Challenge, aiming to shine a light on great examples of cities that give people time, space and opportunities to play. The Challenge received 94 entries, spanning cities and community organisations across four continents and focusing on three themes: Places where play heals people; Places where play supports climate action; and Places where play unites us all.

### Responding to human rights cases

In FY22, we identified two cases in the category of child labour in the Ingka Group supply chain. Both cases were in the UK and related to workers for home delivery suppliers whose children were found to be riding in the delivery van with their parents. We required these suppliers to immediately resolve the situation and to update their child labour policies to be clear that children cannot ride in delivery vans. The updated policies were sent to all relevant sub-contractors and the suppliers are conducting a programme of vehicle spot checks.

## Protecting workers' rights in a changing world

Everyone has the right to decent and meaningful work including a healthy and safe workplace, freedom from discrimination and freedom of association, job security, predictable working hours, financial stability and training. However, many people working in global supply chains experience unfair and unsafe working conditions. This is not acceptable. Ingka Group will play our part in protecting the human rights of the workers in our supply chain, just as we respect the rights of our own co-workers.

**IWAY:** We work with suppliers and service providers to ensure that environmental, social, and working conditions are secured and respected in our supply chain through IWAY, our supplier code of conduct. This is explained on [page 110](#).

**Responsible recruitment:** We have further guidelines and standards that support IWAY, such as our guidelines on Responsible Recruitment. These help our suppliers and service providers reduce modern slavery risks, including the risk of people being forced or bonded into labour, having their passports taken away or becoming trapped by large recruitment fees. We have trained our procurement and sustainability compliance teams on the guidelines.

**Digital platforms:** We've also added requirements to our IWAY Standard for digital gig economy platform companies in our supply chain. Gig economy businesses connect independent contractors with customers that need their services such as home delivery, assembly and installation. There is a risk that

these people may not be covered by national employment and social protections, as they don't have conventional employment contracts. Our standard states that digital platform companies should put measures in place to respect rights such as minimum wages, working hours, grievance processes and freedom of association, and to prevent forced labour, child labour and discrimination. We ask platform companies to pay for any uniforms and marketing equipment required.

We piloted our approach with five platform companies and trained our sustainability and business teams on the new requirements in all countries. We hope to complete the roll out to all digital platforms during FY23.





## 2. Our co-workers at the heart of our business

Our unique culture and values are at the heart of our way of being and doing things.

We believe that creating better lives for the many people starts with our co-workers. Each one of us can make a difference in an environment where we thrive, feel included and learn every day.

### Our approach

In FY22 we launched our new people strategy, setting a path for the next 10-year journey, aiming to prepare us as individuals – and collectively as an organisation – to thrive. The strategy outlines our long-term ambitions across three pathways:

- **Work-life** – we aim to create an outstanding place to work where everyone has the possibility to unleash their potential. By being engaged, feeling proud, safe and empowered we develop ourselves and grow the business.
- **Inclusion** – we are fair and equal, welcoming everyone to be themselves. Societal inequalities are often mirrored in the world of

work – but we want to be an exception to this trend. Together we will create a workplace that is as diverse as the world is, and as inclusive as the world should be.

- **Democratic learning** – we develop our co-workers for continuous growth through lifelong learning. This is good for us as individuals, and essential for the future of a retail business that will thrive across channels and seize the opportunities presented by developments in technology.

Underpinning the strategy is our commitment to our values. Everyone at Ingka Group is expected to live our values everyday. We integrate them into our processes for attracting, recruiting, onboarding and developing our co-workers, and use our communications to show how they are relevant to every co-worker, every day.

## 2.1 Work-life

As an employer, Ingka Group has the privilege of positively influence the lives of our 177,000+ co-workers by providing meaningful work, fair working conditions and an environment where they feel accepted, appreciated, and empowered.

Across all parts of Ingka Group, our goal is to create a workplace that people are proud to be a part of, where they can grow and develop and feel that they are making a difference.

### Living our values every day

Our vision, values and culture give us purpose and a sense of belonging – guiding our work each day, and every day. They make us a better business, and a better place to work – and we want to celebrate them with our co-workers, all over the world.

In FY22, we were pleased that 80.2% of co-workers believed we live our values.

Our approach includes:

- **Employer branding.** We want to be an employer of choice and want more people to choose IKEA for what we stand for. We have integrated our values and culture into our employer branding and communication with potential candidates.
- **Values-based recruitment.** Every week, on average 1,000 new co-workers join Ingka Group worldwide. Our hiring teams support candidates and managers and are trained to focus on values, competence, and diversity during recruitment. We ask potential co-workers about their strengths and motivations and use values-based interview techniques. This helps us to identify candidates who share our values and are best suited to thrive in our

culture – rather than having a narrow focus on qualifications and experience.

- **Onboarding.** New co-workers learn about our values and culture through our onboarding process, so that every team member knows what we stand for and how we live our values at work. We appoint buddies, who are advocates for our values, to support new co-workers through the onboarding process. 90% of new co-workers were satisfied or very satisfied with their onboarding experience in FY22.
- **Leadership.** We launched our new Leadership idea: inclusive values-based leadership by all, see page 55. 86.5% of our co-workers reported that their manager behaves in line with our values.
- **Recognising and rewarding.** Co-workers are recognised for how they live our values as part of our job chats and through feedback. Our reward programmes reflect our values-led approach, see page 48.
- **Policies.** Our values are reflected in our Code of Conduct, Employment Standards and other Ingka Group Policies. These outline our ethical standards, how we work and act together, and set the minimum requirements we apply to the employment relationship for all co-workers.



### Our values guide us

Throughout the years, IKEA has stood by a set of values that shape everything we do. These values are deeply embedded in our business and create a strong culture that makes IKEA unique, both as a workplace and a brand. Our values act as a compass during times of change, driving us to renew and improve, while keeping us true to ourselves.

- Togetherness
- Caring for people and planet
- Cost-consciousness
- Simplicity
- Renew and improve
- Different with a meaning
- Give and take responsibility
- Lead by example

## Caring for co-worker health and wellbeing

Good health and wellbeing is the foundation for a good quality of life. It is also a prerequisite for thriving and performing at work. The wellbeing of all our co-workers is of utmost importance to us. We look at co-workers' mental, physical, and financial health and wellbeing from three different angles: prevention and education, access to treatment and continuous support.

We aim to bring health and wellbeing programmes to our co-workers. We track the impact of our programmes through our co-worker engagement survey. Our overall health and wellbeing score was 74.4% in FY22, a substantial increase from 59.5% in FY21. We aim for 80%. We are using the findings to help us develop further global and local initiatives that support co-workers mental, physical, and financial health and wellbeing.

# 66.7%

of co-workers feel supported in living a healthy lifestyle

57.9% in FY21

# 17.16

lost time accidents (more than one day of lost time) per million hours worked

12.93 in FY21

Over the last few years, our approach has included:

- A standardised health and wellbeing framework introduced in FY22. This aims to create consistency across our markets in the quality and extent of support we provide to improve co-workers' mental, physical and financial health and wellbeing
- A range of financial, physical and mental health initiatives to support co-workers during the Covid-19 pandemic and other crises such as the war in Ukraine
- An Employee Assistance Programme, available in all countries. This provides access to experts, counselling, and resources to support co-workers' mental, physical and financial wellbeing and promote healthy lifestyles
- Support for financial health including tax advice, pension planning, support during major life events and learning modules focusing on budgeting and financial planning
- Ongoing local health and wellbeing initiatives, including a wide array of remote training and healthy living initiatives.

We are also testing a new Health and Wellbeing digital platform that will enable us to offer co-workers more tailored training and wellbeing content, improve our capability to prevent health issues, and provide real-time, reliable, and comparable data to enable us to measure and improve our wellbeing initiatives.

## Ensuring a safe work environment

Our Group Rule on Health, Safety and Security and our framework on Occupational Health and Safety (OH&S) provide guidance on how all our locations should evaluate and mitigate safety risks and prevent work-related accidents and occupational diseases. Our extensive requirements cover OH&S management, risk assessment, training, co-worker involvement, equipment, personal protective equipment, and respiratory virus prevention.

Our co-worker introduction training covers topics such as potential risks associated with their work, policies, rules and standard operation procedures, as well as how to work safely and deal with medical emergencies. In FY22 we developed a training for managers, which supports them in understanding what is expected from them as a manager in the area of Health and Safety to create a successful health and safety culture. The OH&S trainings were completed 47,619 times in FY22. Health and

safety internal controls are regularly assessed by individual Ingka units and updated where needed.

Risk areas for co-worker health and safety include sales, logistics and food areas, often when co-workers are handling material or using hand tools. A rise in online sales has increased some risks, for example risks of musculoskeletal disorders connected to manual handling. Our Occupational Health and Safety framework includes several ergonomics initiatives that focus on this particular issue.

Our Lost Time Accident Frequency Rate (LTAFR), the number of lost time accidents (more than one day of lost time) per million hours worked, increased to 17.16 in FY22 (FY21: 12.93). We believe this increase is due to changes to business processes and procedures in our customer fulfilment centres, an increase in online sales and improvements in our incident reporting processes. We will continue to monitor our performance and work to reduce accidents.



## Mental health high on the agenda

We believe mental health is a fundamental people and business topic because without healthy individuals you can't secure a healthy business. Read about some of the actions we've taken:

 [Mental health high on the agenda at Ingka Group](#)

### Listening to our co-workers

One of the most important ways we listen to our co-workers is through our co-worker survey. In FY22, over 121,500 co-workers took part\*, a response rate of 83.2% (FY21: 80.3%).

Consistent with previous years, Ingka Group co-workers told us they're most proud of our value of togetherness, with colleagues looking after one another and showing respect and trust through everyday actions. They also told us they were particularly proud of the way we

collaborate, and our efforts in equality, diversity and inclusion.

Some additional highlights from FY22 include:

- Our co-workers continue to be highly engaged and feel they fit in at Ingka
- Sustainability and togetherness are perceived as a living reality at Ingka
- Our leaders are perceived as values-driven and to be fostering an inclusive and caring culture.

At the same time, co-workers gave us valuable feedback on areas where we can do better. These included workload and work-life balance, tools and equipment including challenges relating to IT systems and communication of business priorities. We're analysing what they've told us and building action plans to address the issues raised.

Overall, co-workers view Ingka Group positively and continue to recommend our company as a great place to work. Our current eNPS – employer Net Promotor Score (showing how willing employees are to recommend their workplace to people they know) – is at 27.4% (FY21: 28.7%), significantly higher than the global cross-sector benchmark score of 10.7%.

In FY22 we introduced a new overall co-worker survey score, based on the average score for all mandatory questions. The result in FY22 was 80.4% and we will be able to compare this with results from future surveys.

### Rewarding performance

When we feel that our opinions count and we are rewarded for our efforts, we thrive – and so does our business. So we want to recognise the contribution made by everyone at Ingka Group, every day.

Our annual One IKEA Bonus programme rewards co-workers for achieving and exceeding our business goals and is directly linked to our financial performance. Approximately 100,500 co-workers received a bonus pay-out for FY22, totalling EUR 260 million.



### Front Days keep us connected

We believe it's important that all co-workers have the opportunity to interact with customers – this gives us insights and knowledge to keep improving how we work. Through our Front Days, office-based co-workers spend at least two days a year working at one of our stores gaining a better understanding of how retail operates and how to contribute to customer satisfaction. We encourage all office-based co-workers to participate, including our CEO and senior leaders, around 16,000 people in total.



\* The survey did not cover co-workers in Germany, Ingka Centres, and Russia and Ukraine in FY22 so the number of co-workers is lower than in the previous year.



## UPPSKATTA: An appreciation for all co-workers

UPPSKATTA, meaning “appreciate” in Swedish, was our EUR 110 million thank you to co-workers for their effort during the first 18 months of the Covid-19 pandemic (2020–2021).

When the pandemic hit, our co-workers responded with speed and commitment. They accelerated online sales and radically adapted our stores to operate safely and meet demand. We could not have risen to this challenge without their courage, dedication, and entrepreneurship.

EUR 110 million was divided between Ingka Group countries and every co-worker (who was employed with Ingka Group as of 31 August 2021) received the same amount in each country. Co-workers received the money in FY22.

 Ingka Group thanks co-workers for efforts during pandemic with EUR 110 million gift

## Fair incomes and livelihoods

Responsible Wage Practices (RWP) is our approach to providing fair incomes across the value chain by putting equal focus on five practices: Equality at work, Pay principles, Competence, Dialogue and Living wage.

RWP is a shared initiative that we have developed together with Inter IKEA Group. It involves taking an end-to-end look at how Ingka Group, Inter IKEA Group and partners handle wage practices – to make sure that all co-workers can live a decent life.

Responsible Wage Practices is not a new area for us, but with our RWP approach we aim to work in a more methodical and coherent way. In FY22 we introduced the RWP approach to 450 Ingka Group units in 35 countries. We conducted a baseline assessment that included unit Management teams' self-assessment surveys, Line managers' questionnaires and a living wage benchmark. In FY23 we will conduct a co-worker perception survey.

## Retaining our talent

We want to retain our co-workers, enabling all colleagues to grow with us. Retention can reduce costs and workload, while helping to increase competence, productivity and engagement.

We post the majority of roles internally, encouraging existing co-workers to develop their careers with us. On average in FY22, 85.9% of managerial roles were recruited from within.

The retail industry has historically been known for high turnover rates, so we have a particular focus on retention of co-workers in our stores where turnover can be higher. We continually review the causes of co-worker turnover to identify where there may be opportunities to strengthen our communication, policies, and processes. In FY22 voluntary co-worker turnover was 23.1% and involuntary turnover was 8.0% (FY21: 17.0% and 8.8%) and we recruited 46,431 new people. We are analysing the causes of turnover in each location and will further strengthen our approach in key areas such as compensation, benefits, scheduling, and development.

In FY22, we've focused on providing co-workers with fair income, as well as more flexibility in scheduling. We use a variety of methods to understand co-workers' everyday work experience. We track a weekly employee Net Promoter Score (eNPS) covering aspects of the co-worker journey such as onboarding and development. In FY22 we also piloted the use of artificial intelligence to help us anticipate which categories of co-workers might be at higher risk of leaving. We tailor our approach to address issues affecting turnover in different locations. For example, in the US we have reduced co-worker turnover through a focus on starting wages, leadership development, a buddy onboarding initiative and other retention tools.

## Our employment standards

Being a values-driven company means that Ingka Group cares as much about our co-workers, customers and suppliers as we do about the development of our business. Our Code of Conduct reflects our business ethics and sets out what we expect from our co-workers in the way we act, work together, do business and raise concerns. See page 109.

The IKEA Employment Standards (IES) provide the framework for the relationship between Ingka Group and our co-workers. They outline our way of working and include principles that

inspire and support us in engaging with our many co-workers. These are supported by more specific policies and rules governing all aspects of employment at Ingka Group.

The standards set the minimum requirements we apply to the employment relationship for all co-workers, regarding employment contracts, scheduling, working hours, equality of treatment and open communication.

## Building strong social relations

We are committed to providing a great place to work for all co-workers, through a spirit of collaboration. Social Relations within Ingka Group is defined as our values-based collective collaboration and dialogue between our leaders, co-workers, co-worker representatives and all other internal and external stakeholders.

Ingka Group is committed to respecting the principle of freedom of association, and we recognise the right to collective bargaining, in compliance with local legislation. Our Social Relations Framework covering all Ingka Group

countries includes principles that guide our collaboration with social partners (such as co-worker representatives in works councils and trade unions).

Our European Works Council (EWC) ran elections in FY22 and welcomed delegates from two new countries, Slovenia and Ukraine, bringing the total membership to 24. Constructive dialogue with the EWC helps us to grow and develop people and the business together.



## 2.2 Inclusion

We believe that a better everyday is an equal everyday. Ingka Group is committed to fair treatment and equal opportunities, creating a workplace where people of all backgrounds and identities can thrive and feel supported and valued for who they are. As a purpose-led business, we also want to play our part in advancing equality in society.

When we talk about diversity, we focus on multiple dimensions and their intersections, including gender, ethnicity, race, nationality, ability, sexual orientation and gender identity.

Our inclusion index helps us measure progress on creating an inclusive culture and is based on questions from our co-worker survey. The score for FY22 was 81.2 (FY21: 80.4%; FY20: 81.5%). We're proud of our work to date in creating an inclusive culture and mindset but we know there is still room for improvement.

### Our Group Equality Plan

Believing in equality is not enough – action is needed. Our Ingka Group Equality Plan includes goals and actions focused on:

- **Co-workers:** reflecting the diversity of our society at all levels and creating an inclusive work environment, where all co-workers can be themselves.
- **Business:** embedding equality into our business practices and ways of working, including policies, processes and interactions with customers.
- **Society:** advocating for a more equal society and being a positive example to inspire change beyond our company.

Every Ingka Group country has developed a local action plan based on the Equality Plan, and most have a dedicated Equality, Diversity & Inclusion (ED&I) Leader to oversee implementation at the local level. We expect every manager to create diverse and inclusive teams where different

perspectives are sought out and everyone is given opportunities to thrive – and we expect every co-worker to act in ways that include colleagues with a diversity of backgrounds and identities.

Globally we have more than 14 co-worker resource groups (CRGs), voluntary networks of co-workers that connect together to promote diversity and inclusion on various topics (such as LGBT+, ethnicity, women, disabilities). These provide open forums for people of shared identities or backgrounds, allies and those wanting to learn more.

Key policies – including our policy on Human Rights and Equality and our Rule on Equality – support our efforts to establish a workplace that is free from discrimination, harassment and hostility. Each of our countries in the European

Union has signed their country's national diversity charter, committing to promoting equal opportunities in the workplace and society.

### A gender balanced business

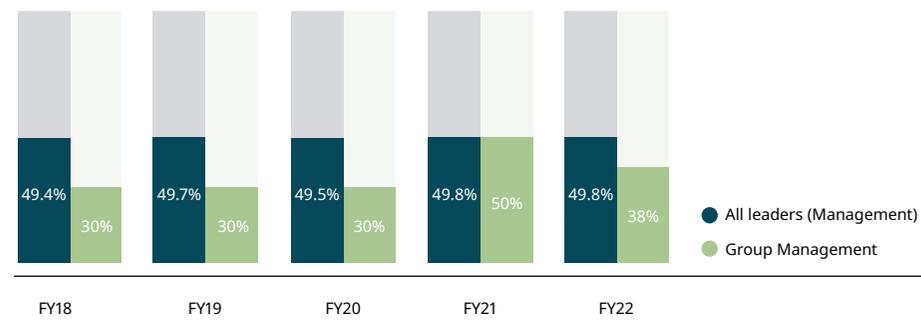
We have included gender equality goals in our country business plans for more than a decade and this long-term focus is achieving results. At the end of FY22, 49.8% of all managers and 45.8% of country CEOs were women. Across our country retail management teams, we have also reached gender balance with women making up approximately half of team members. In several countries, including India and Japan, women's representation in leadership roles exceeds the national benchmark.

81.2%

of co-workers feel included

80.4% in FY21

### Women in leadership\* (% of women)



\* All leaders covers all management roles. Group Management is the strategic leadership team for Ingka Group.



We maintain gender balance by mandating gender balanced final interview candidate shortlists and by focusing on gender balance in our succession planning.

We have not yet reached gender balance in our Group Management, Management Board or Supervisory Board, [see page 85](#).

## Committed to gender equal pay

We are committed to achieving and sustaining equal pay for work of equal value. There should be no gaps in pay that are not explained by performance, competence, or a country's legal requirements. We use annual Gender Equal Pay assessments across our markets to identify and address any gender pay gaps.

This year we carried out our fourth annual group-wide gender equal pay assessment\*. Our assessment process and reported data were externally reviewed by KPMG. When an assessment finds a difference in pay of more

than 5% between identical groups of women and men performing work of equal value, we investigate why. In FY22 we found that 4.84% of co-workers were in groups where pay gaps could not be explained by performance, competence or a country's legal requirements (compared to 5.04% in FY21). We put concrete actions in place, both monetary and non-monetary, to address the gaps. Examples of actions we may take include salary and reward adjustments, a focus on gender balance in recruitment, and conducting a local pay equity assessment.

We use a set of gender-neutral salary setting and review principles. Where allowed by local law, we do not ask for a candidate's previous salary. Our Group and Country Management Teams are required to report annually on the status of gender equal pay during their board meetings and we have mandatory training for managers and co-workers in our People & Culture teams.

We are a member of the Equal Pay International Coalition (EPIC), an initiative led by the International Labour Organization (ILO), UN Women and the Organisation for Economic Co-operation and Development. Our membership is one way that we demonstrate our commitment to equal pay for current and potential co-workers, and help to raise the profile of this issue. [See page 119](#). We are also a founding member of the World Economic Forum business commitment framework for gender parity in the future of work.

## Ingka Includes: a deeper dive into inclusion at Ingka Group

In FY22, we launched Ingka Includes, our first-ever global survey on diversity and inclusion to gather data on diverse representation in our workforce and co-worker views on inclusion at Ingka Group.

Around 25% (38,000) of co-workers from 30 countries took part in the survey which was voluntary and anonymous. The survey suggests that Ingka Group tracks well on diverse representation. Overall, our co-worker population reflects the diversity of the communities in which we work, but further work is needed to increase diversity at all levels of leadership and management. While our overall scores on inclusion are high, co-workers with underrepresented identity aspects including ethnicity, disability, and sexual orientation are less likely to feel included at work. We are using the results to develop action plans for key areas of the business.

## Our journey to gender equal pay

Ingka Group has been working on gender equal pay for many years, learning from our progress and setbacks to keep improving our approach.

- 2022** Carried out our fourth annual equal pay assessment.
- 2019** Rolled out our approach across Ingka Group, enabling us to speak "one language" on gender equal pay and track our progress.
- 2018** Launched the Ingka Gender Equal Pay approach with our 6-step process and methodology, carried out our first gender equal pay annual assessment and signed the pledge of the Equal Pay International Coalition (EPIC).
- 2017** Set up a gender equal pay task force to establish a group-wide agenda on Gender Equal Pay.
- 2013-2014** We analysed gender equal pay among two different groups of countries with a deep dive analysis in Germany, Japan, Russia, the US and Sweden.
- 2010** Our compensation and benefits principles set out non-discrimination guidelines for pay.

 [Read more about our Ingka Includes survey](#)

\* The assessment covers all Ingka Group part-time or full-time co-workers with temporary and permanent contracts. It excludes the following groups: seasonal co-workers, co-workers with non-comparable salary setting (for example due to being on assignment), co-workers of Ingka Holding B.V. (holding company) and acquired companies, co-workers not receiving a salary during the assessment period (for example because they joined the business in the month prior to the assessment date) and co-workers for whom we don't have information on gender.

## Home Pride Home: Supporting LGBT+ co-workers

We support everyone's right to be themselves, regardless of their sexual orientation, gender identity or expression, and we are committed to creating a workplace where LGBT+ co-workers feel welcome, safe and accepted. Our LGBT+ Inclusion Plan and Toolbox help our managers create truly inclusive workspaces. We also have global guidelines for trans inclusion, to ensure that all trans co-workers feel included at Ingka Group.

In FY22, to raise awareness and show our support for LGBT+ inclusion, we marked the International Day Against Homophobia, Biphobia and Transphobia (IDAHOBT) with a global 'Home Pride Home' campaign. The campaign was activated in 26 IKEA retail countries across social media platforms. We also raised the "Progress" flag outside IKEA stores, and our senior leaders shared their support for LGBT+ inclusion through internal and external communications.

Globally, we are members of Workplace Pride and Stonewall, which are dedicated to improving the lives of LGBT+ people in workplaces all over the world and we are members of Open for Business, a business coalition for advancing LGBT+ inclusion.

## Reflecting multicultural diversity

We're committed to achieving a workforce and leadership that reflects the multicultural diversity of the communities and countries in which we operate. In 2020, we set three key objectives to:

- Reflect the multicultural diversity of the communities and countries where we operate, at all levels of leadership;
- Advance underrepresented groups through equitable business practices; and
- Enhance inclusion for co-workers of all ethnicities, races, and nationalities.

In FY22, we started developing a new global initiative called Equal UP! (Equal Opportunity Path) to help us identify and address the barriers to equal opportunities in leadership positions, for people from underrepresented ethnic and cultural backgrounds.

Our first actions have focused on the areas of recruitment, development and retention. We are paying special attention to the role that managers need to play in securing diverse leadership teams, by building their knowledge of co-worker lived experiences and equitable solutions that make a difference. We are also reviewing our processes for spotting and developing talent into leadership positions, to ensure we can sustainably mitigate the impact of biases.



## Inclusive of people with disabilities

We want to make sure that people with disabilities can join our workforce and enjoy fulfilling careers with us. In FY22, we completed our first global and country assessments to identify opportunities and workplace adjustments that can improve representation and inclusion for people with disabilities. Our Ingka Includes survey showed that around 11% of our co-workers have a disability and that co-workers felt we should do more to ensure inclusion at work.

We launched a global working group to drive action across Ingka and are developing a global disability inclusion approach focusing on recruitment, building an inclusive culture and work environment.

We are partners of the Business Disability Forum, an independent not-for-profit organisation, which supports companies to develop and integrate disability inclusive practices throughout their systems and processes.

## Tackling bias

Everyone has unconscious biases. To create a truly inclusive workplace we must all take action to prevent bias from impacting our business decision-making.

We launched the DECIDE Unconscious Bias training, developed by the NeuroLeadership Institute, to equip our leaders to spot bias, mitigate its impact on decision-making, and engage their teams to address biases. Over 2,000 leaders and recruiters took up the programme in FY22, gaining confidence to champion equality topics.

In FY22 we also launched virtual reality training on anti-racism. 350 managers, leaders, and recruiters from IKEA in the US took part in exercises based on real-life experiences of racial and ethnic discrimination. The training focused on addressing bias by building empathy and enabling leaders to 'walk in someone else's shoes'. The programme will be extended to more managers and leaders in FY23.

## 2.3 Democratic learning

We aim to create a dynamic learning culture at Ingka Group. We believe everyone can lead, everyone is a talent, and everyone is a learner. The democratic aspect of learning is key. Regardless of where we come from, and whatever our role, position or assignment, everyone should have equal access to learning opportunities.

Learning and development supports continued business success. Knowledgeable co-workers make more customers happy and help us to recruit new colleagues. As individuals, making learning part of how we work gives us confidence and motivation to grow.

It has been estimated that to keep up with the changing nature of work, more than half of all employees around the world will have to upskill or reskill by 2025\*. At Ingka Group, many co-workers will need new or additional skills in the near future to meet changing business needs. We have a range of upskilling and reskilling programmes in place as part of our business transformation work, focusing on areas such as customer service, facilities and stores.

### A new approach to learning

In FY22 we introduced a new learning approach focused on creating a unique and inclusive learning experience while improving our ways of working consistently across Ingka Group.

We created standardised learning guidelines, began developing a new approach to training and onboarding colleagues in Customer Fulfilment, developed a prototype skill mapping tool to help us provide more personalised training and launched a new framework to make it clearer which training is mandatory for which roles. Co-workers now have access to LinkedIn Learning and Rosetta Stone and can take over 16,000 courses and learn 24 languages.

In FY23 Ingka Group will be focusing on the onboarding process, updating our training to ensure all our new co-workers feel equipped and confident to perform well in their role.

### Leadership by all

To achieve our business and sustainability goals and become an even better company, we need bold leaders and we need to lead together. In FY22 we launched our new Leadership idea: inclusive values-based leadership by all.

This aims to boost our entrepreneurial spirit and empower all co-workers to unleash their potential to lead. It includes seven new leadership expectations for all co-workers which are: I develop our business; I create results; I collaborate and co-create; I develop myself and others; I communicate with impact; I navigate the unknown; I lead by example.

During FY22, we started rolling out this approach, reaching 95% of Ingka Group countries and Group functions. We launched an introductory e-learning course which was accessed by more than 35,000 co-workers and scheduled or delivered 600 workshops. In FY23, we'll be focusing on the role of the managers at Ingka Group.

We also ran Leading in a New Era 3.0 for our senior leaders, a programme aimed at equipping leaders to catalyse change in our business. This year's programme had a special focus on affordability, accessibility and sustainability.

**2.8 million**  
training hours were logged by  
co-workers

2.4 million in FY21

**2,790**  
colleagues have been reskilled in  
our customer service, facilities and,  
focusing on improving skills in home  
furnishing, automation, and customer  
experience

**74.3%**  
of co-workers felt they had good  
opportunities to develop their  
competencies

72.8% in FY21



Ulrika Biesert, Group People & Culture manager, meeting co-workers in Antwerp, Belgium



We track the impact of our programmes by assessing co-workers' views on the quality of our leadership through our annual survey I Share. In FY22, we achieved a score of 83.4% based on responses to ten questions, up from 81.0% in FY21.

### Developing co-workers for performance success

In FY22, we updated Performance Success – our performance and development approach – to make sure we're giving equal, fair and transparent opportunities for all of us at Ingka Group to perform and develop.

The updated approach aims to empower and help every co-worker to become the best version

of themselves at work. It focuses on enabling (rather than managing) performance and is based on more frequent touchpoints between manager, co-worker, and team, with increased feedback and coaching. Every co-worker should have up-to-date, clear and relevant goals, and regular, fair performance evaluations. We want every co-worker to take an active role in articulating why, what and how they contribute to our success.

In FY22 we introduced the Ingka Succession Approach to help us make sure we have a strong succession pipeline for leadership and managerial positions that aligns with our strategies for co-worker development and equality and diversity and puts co-workers in the driver's seat of their career.

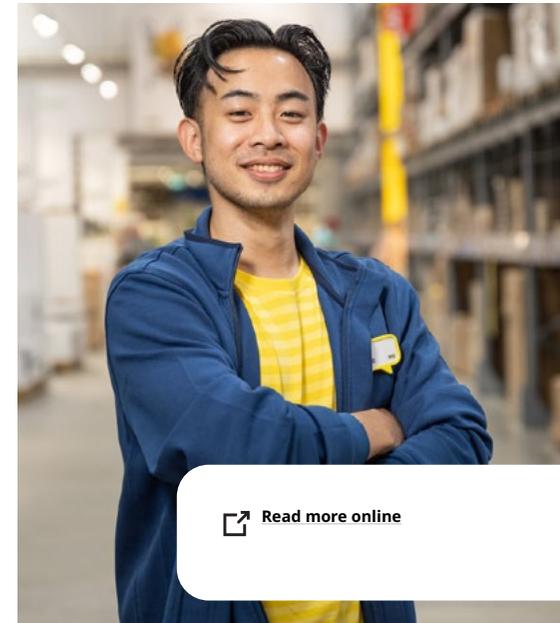
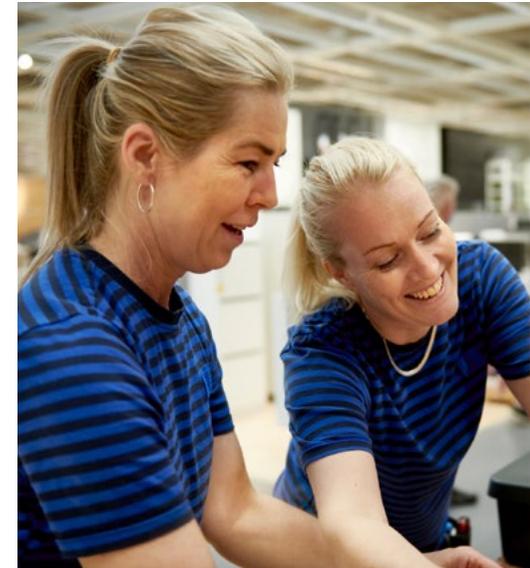
### A fresh start for people who've been forcibly displaced

Around the world, growing numbers of people are forcibly displaced from their homes every year, often having to rebuild their lives in a new country. Our Skills for Employment initiative has been supporting refugees with job training, work experience and language lessons, see page 57.

In FY22, to complement this initiative we introduced our Hiring Displaced Talent Framework, to ensure that when displaced people join as co-workers we make the best use of their talents while creating a safe and supportive work environment.

Our Framework recognises that many of these potential candidates have valuable skills and are ready and willing to work; by matching these skills with relevant job opportunities we can both help refugees as well as grow our business – a win-win situation.

We used the Framework to support and find roles for people fleeing the war in Ukraine during FY22.



 [Read more online](#)



## 3. Better neighbourhoods

Ingka Group wants to create a positive impact for everyone across our value chain and beyond, and that means supporting the neighbourhoods in which we operate and where our co-workers and customers live. Everyone deserves a better home, a better life and a better planet.

Working together with our partners, co-workers and communities, we can prove that inclusive growth and positive social impact go hand in hand.

### Our approach

We've collaborated with community organisations for many years to find solutions to local social challenges. We're always looking to improve our approach, bringing together our co-workers and communities and sharing what we learn to keep getting better and increase our impact.

In FY22, we prioritised two areas: **emergency community support** – being there to help when natural disasters, emergencies or crises have an impact on the lives of our neighbours;

and launching our new **Ingka Group Neighbourhoods framework**.

Our framework aims to create long-lasting social impact in our neighbourhoods and was developed with input from more than 200 stakeholders including co-workers, leaders, community experts and existing partners. It includes a focus on governance and management, building capacity and competence and establishing KPIs to measure of the impact and reach of our projects. Through the framework we are supporting projects in three main areas:

- **Increasing access to better homes** – exploring innovative approaches and partnerships to increase access to essential products, services and affordable housing;
- **Pathways to decent work** – including skills for employment for refugees and integrating social businesses and enterprises into our Ingka Group supply chain.
- **Participation** – supporting local social rights organisations and being an advocate for policies and actions that improve local neighbourhoods

We reached almost 417,500 people through our social impact programmes in FY22, despite ongoing challenges including in relation to the pandemic and lockdowns in some markets.

## Toolkit for social impact

We want every Ingka country to implement successful social impact projects in the neighbourhoods around our stores and customer meeting places. During FY22, we've been developing a toolkit to help them do this including a step-by-step guide and templates for research, interviews and activities, as well as indicators for measuring the social and business benefits of our projects. We've worked with our teams in Milan and San Francisco to create the toolkit and will be launching neighbourhood projects in those cities during FY23, as well as testing the whole process in neighbourhoods in more markets.

## Responding to emergencies

When an emergency or crisis hits the neighbourhoods where we operate, we aim to give people and communities fast, responsible support. In FY22, a key focus has been on responding to the impacts of the war in Ukraine, through our operations in neighbouring countries. Read more on page 59.

## Opening pathways to decent work for refugees

The number of people forced to flee conflict, violence, human rights violations and persecution is over 100 million for the first time in modern history. However, despite the benefits for business and society of refugee integration, refugees and asylum seekers still face higher levels of unemployment and negative misconceptions.

At Ingka Group, we've committed to supporting 2,500 refugees through a 3-6 month programme of job training and language skills initiatives, making it easier to gain employment inside or outside our business. In FY22, 918 refugees completed the training and 50% of these found jobs. Overall we have reached 1,765 refugees since the project began. We did not reach our target by the end of 2022 but are stepping up our efforts and expect to reach it during FY23.

We have also launched our Hiring Displaced Talent Framework to establish a new pathway to IKEA recruitment that considers the specific and complex needs of forcibly displaced candidates, see page 53.

## What Laura\* had with her when she escaped to a women's shelter:



Domestic violence happens every day in Switzerland. Don't look away.

\* Name changed for her protection.

## Supporting a campaign against domestic violence in Switzerland

For victims of domestic violence, home is not a safe place; however domestic violence can still be a hard topic to discuss. In FY22, our funding enabled the Swiss Organization of Women Shelters (DAO) to run a nationwide campaign, raising awareness about the rising numbers of domestic violence cases in Switzerland and encouraging members of the public to support victims of domestic abuse.



### Working with social enterprises

We aim to integrate social entrepreneurs and social businesses into our retail value chain. This can support vulnerable people to find income opportunities and help to tackle societal challenges while meeting the needs of our business and customers. In FY22 we worked with 30 organisations in 13 countries.

We have trialled a range of approaches including working with social businesses providing services relating to textile recycling, sewing and last-mile delivery but unfortunately did not meet our target to develop partnerships in each of our countries. This was due to resourcing challenges following the pandemic and associated supply chain disruption and the discontinuation of some services.

### Supporting diversity in the Ingka supply chain

We also want to increase the diversity of the Ingka Group supply chain by creating opportunities for people from marginalised and underrepresented groups to find jobs with our suppliers.

We are working with Ingka strategic suppliers on equality, diversity and inclusion using our IWAY standards, see page 110.

### Advocacy and partnerships

Ingka Group works with a range of trusted partners to deliver our social impact programmes including the UNHCR and the Red Cross. As well as providing practical support we aim to use our collaborations to raise awareness and help promote wider change.

Our long-term collaboration with UNHCR, the UN Refugee Agency, for example, aims to change the narrative around refugees and challenge people's biases. Together we aim to: improve the perception amongst co-workers, customers, and neighbours of the benefits of refugee integration; inspire the private sector to engage in refugee employment and advocacy; and engage and share knowledge with decision makers and opinion leaders to drive a positive change in public policy on refugees. In FY22 we've:

- Made our Skills for Employment toolkit freely available on our website including our 7-step approach, lessons learned and how-to guide for opening pathways for decent work for refugees; read more here;
- Launched our Let's Stand with Refugees page on ingka.com to improve accessibility of Ingka learnings around refugee employment and integration; read more here;
- Become one of the founding members of the World Economic Forum Refugee Employment and Employability Initiative with the ambition of finding system-wide solutions for the private sector to support refugee employment and employability;

- Announced our aspiration to approach 500 businesses and encourage them to use their unique capabilities to support refugee integration;
- Come together with UNHCR, the UN Refugee Agency, to launch an awareness campaign on World Refugee Day with a focus on addressing funding and empathy gaps for all refugees.



# Responding to the war in Ukraine



## Supporting our co-workers

The devastating war in Ukraine is a human tragedy and our deepest empathy and concerns are with the millions of people impacted. At Ingka Group we have acted to support the personal safety and security of our co-workers and their families in affected countries. Our first actions included:

- Securing employment and income (including core benefits) for co-workers in Ukraine during FY22.
- Making substantial emergency funds available to the countries directly or indirectly affected by the war including Ukraine, Poland, Russia, Hungary, Slovakia, Romania, the Czech Republic.
- Evacuation support for expat co-workers in Ukraine and Russia.
- Supporting displaced Ukrainian co-workers and their partners who wish to work in another country to find suitable jobs with Ingka Group, and provide necessary coaching, training, and language skills to meet job requirements in the new country.
- Providing legal and medical assistance to displaced Ukrainian co-workers and in some cases offering welfare support such as furnishing temporary accommodation and childcare.

### Co-workers design 'Blue Dot' safe spaces with UNHCR and UNICEF

Our co-workers have been supporting UN agencies to design safe spaces for refugees fleeing the war in Ukraine. Known as 'Blue Dots', the centres offer help and advice services alongside areas where families can relax and children can play.

[Read more online](#)

We also put in place longer-term support for co-workers and leaders such as:

- Targeted mental health resilience training available in 24 languages
- 100 seminars with psychological experts open to all co-workers globally
- Strengthening our Employee Assistance Programme (EAP) in affected countries to support co-workers and their families
- Additional training for leaders on how to support their teams in crisis.

Shortly after the start of the war, we paused our IKEA Retail operations in Russia. We have provided support and guaranteed six months' salary and core benefits for all co-workers affected by this closure.

Due to the ongoing conflict, the IKEA Retail business will remain stopped and Ingka Group started a process of scaling down our business operations in Russia including reducing the size of our workforce. The majority of those co-workers have now signed mutual agreements. All actions and decisions taken are guided by the IKEA values and our ambition to support our people to the best of our ability.

Our Ingka Centres MEGA meeting places remain open to ensure that many people in Russia have access to their daily needs and essentials such as food, groceries, and pharmacies.

## Fast and responsible support to people and communities

We have been responding to the impacts of the war in Ukraine, including through our operations in neighbouring countries. In total, we donated EUR 15.2 million in cash and in-kind donations.

This included establishing an emergency community support fund that enabled our countries to respond with speed to the needs of local partners working on the ground to assist people fleeing the war. A large proportion of this was made through in-kind donations of products, services and resources.

Our in-kind donations supported the furnishing of over 500 accommodation units in Poland, the Czech Republic, Hungary, Slovakia, and Romania, in collaboration with 39 trusted partners, including UNHCR, UNICEF, the Red Cross and local authorities. The products range from beds, mattresses, and pillows to tables, towels and toys. In addition, we donated thousands of products to people displaced in Ukraine, including 3,000 mattresses. Many of our co-workers have supported these efforts, including delivering and assembling products at refugee centres.

- Ingka Group working with trusted partners to support people fleeing Ukraine
- IKEA pauses operations in Russia and Belarus
- IKEA Poland's work finding jobs for their displaced Ukrainian neighbours

## Our co-workers get involved

Our co-workers have come together to help people affected by the war in Ukraine by raising money and donating our products, as well as welcoming refugees into their own homes.

Some examples from our countries include:



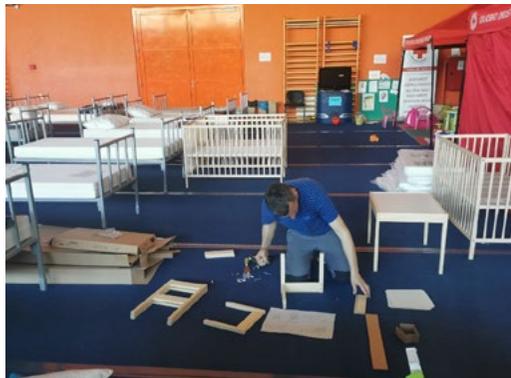
In Finland, we've extended our partnership with NGO SOS Children's Villages to provide a 'Help' chat service for Ukrainian children affected by the war. Young people can use the helpline to speak in confidence with trained volunteers about their experiences and concerns.



In Italy we've got our customers involved in supporting refugees. While travelling through the store, customers could select designated products and donate them after the check-out. We matched all products donated to create welcome kits for refugees arriving in the country.



Co-workers in Sweden prepared more than 6000 bags full of stuffed animals and other toys for children arriving from Ukraine. We also worked with Save the Children in Sweden to furnish more than 20 child friendly spaces.



In Croatia we've donated products worth more than EUR 12,500 to furnish reception centres and temporary housing for refugees which were prepared, packed and assembled by our co-workers.



Co-workers in Poland have been involved in numerous projects supporting those affected by the war in Ukraine including equipping housing for displaced families and creating play corners for refugee children. In Port Lodz, we opened a store in one of our Ingka Centres meeting places where refugees could select free donated clothing and personal items.

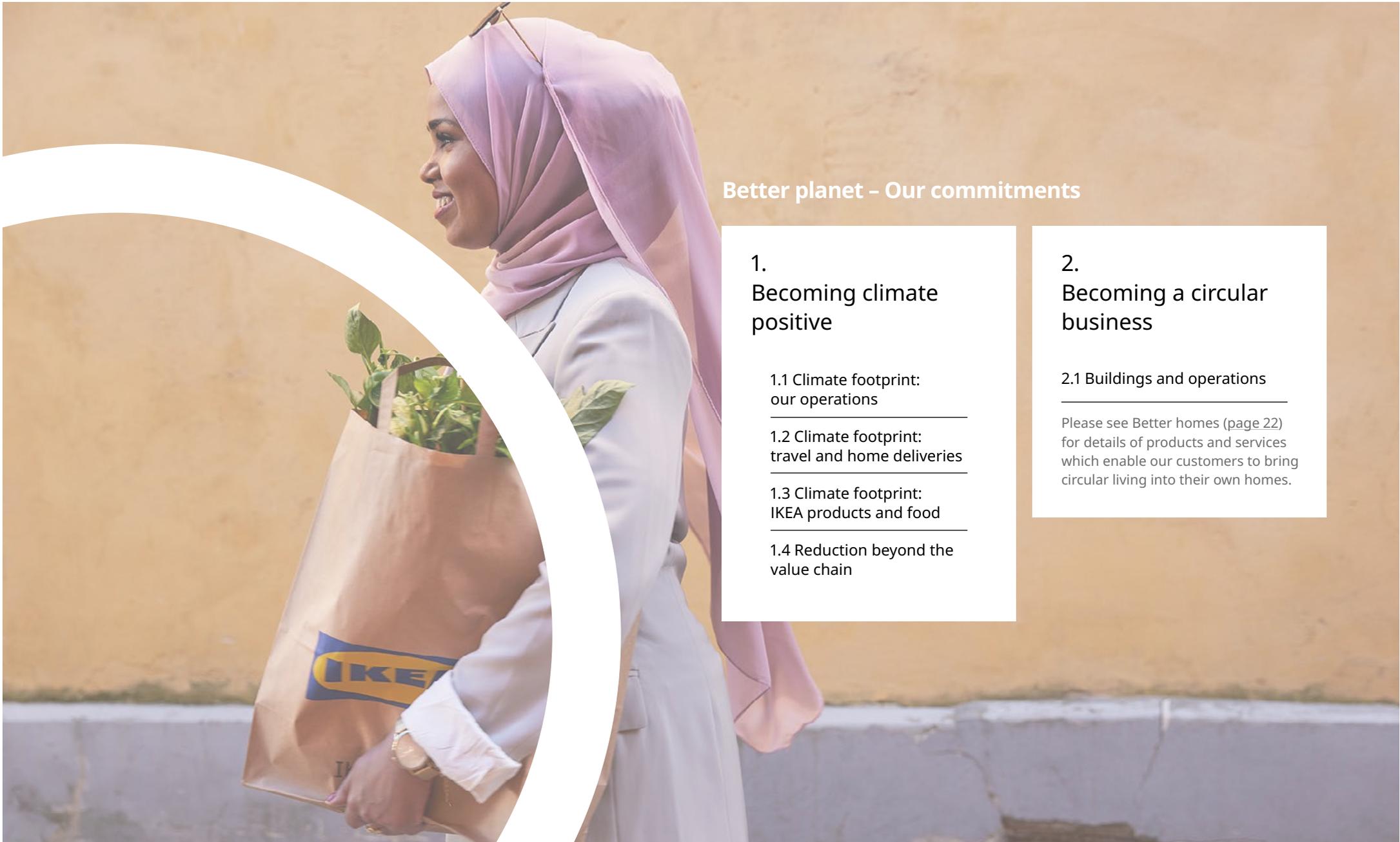


Many of our co-workers in countries bordering Ukraine have taken refugees into their homes. We've provided financial support for these co-workers in Czech Republic, Hungary and Slovakia and also given three paid days of volunteering leave for those involved in humanitarian efforts related to the Ukraine crisis.



We only have one planet, the home we all share. To achieve our vision for a better everyday life for the many people, we have to play our part in tackling climate change and creating a circular economy. And we have to act now.

# Better planet



## Better planet - Our commitments

### 1. Becoming climate positive

1.1 Climate footprint: our operations

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1.2 Climate footprint: travel and home deliveries

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1.3 Climate footprint: IKEA products and food

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1.4 Reduction beyond the value chain

### 2. Becoming a circular business

2.1 Buildings and operations

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Please see Better homes (page 22) for details of products and services which enable our customers to bring circular living into their own homes.

## Overall Better planet performance

We are making good progress against our overall greenhouse gas reduction targets for 2030, which cover our scope 1 and 2 emissions, and our scope 3 emissions from travel, products and food. However, there are a number of

other targets which are not on track, and we are developing action plans to close this gap and speed up progress.

### OUR TARGETS <sup>1</sup>

### PROGRESS IN FY22

### PERFORMANCE SUMMARY

#### Climate footprint of our operations (scope 1 and 2)

Reduce absolute greenhouse gas emissions from our own operations (scope 1 and 2) by 80% by 2030 (from FY16)<sup>2</sup>.



[ ON TRACK ]

In FY22, our greenhouse gas emissions from our own operations (scope 1 and 2) decreased by 32.3% against our FY16 baseline and by 23.0% since FY21. This was mainly due to an increase in use of renewable electricity.

Note: this is a science-based target (approved by the SBTi).

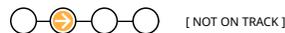
Use 100% renewable electricity in our operations by 2025.



[ ON TRACK ]

In FY22, 74.2% of the electricity we used was from renewable sources<sup>3</sup>, compared to 69.1% in FY21.

Renewable heating and cooling systems in 100% of our buildings by 2030<sup>4</sup>.



[ NOT ON TRACK ]

We installed renewable heating and cooling at all 11 new sites opened in FY22, where we own the building or have operational control of the heating and cooling contracts. We also replaced gas heating systems with heat pumps in a handful of our existing units including in Evry in France and Adelaide and Rhodes in Australia. Our greenhouse gas emissions related to heating and cooling have decreased by 13.1% since FY21, but are still 3.6% above our FY16 baseline. In the coming years, we aim to improve our performance by implementing further energy efficiency measures and converting more of our buildings to renewable heating and cooling.

#### Climate footprint of co-worker and customer travel, and home deliveries (scope 3)

All company owned, leased and shared vehicles used in our operations to be zero emission by 2025.



[ NOT ON TRACK ]

We have purchased electric cars in 15 countries, but progress was limited by lack of availability of electric vehicles on the market. We have started to use fleet management services to track the transition towards zero emissions vehicles.

Reduce relative greenhouse gas emissions from customer and co-worker travel and home deliveries by 50% per person<sup>5</sup> by 2030 (from FY16).

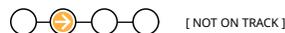


[ ON TRACK ]

We have achieved a 16.7% reduction in relative emissions from our FY16 baseline<sup>6</sup> and a 10.7% reduction from FY21. This is mainly due to our expansion in city centres, which has made our stores and meeting places more accessible and reduced the average journey time for our customers and co-workers.

Note: this is a science-based target (approved by the SBTi).

All home deliveries made by zero emissions vehicles by 2025.



[ NOT ON TRACK ]

In FY22, the proportion of home deliveries by electric or zero emission vehicles increased to 12.3% (FY21: 11.0%). Our progress in FY22 has continued to be impacted by difficult market conditions, including a lack of availability of electric vehicles and delays in receiving orders placed for new vehicles. We have marked this target as 'not on track' due to the current status of progress. In FY23 we will work to speed up progress towards our 2025 target.

<sup>1</sup> Data on scope 1 and 2 emissions and scope 3 transport emissions, which is used to track progress against relevant targets, is reviewed by our auditors as part of their assurance of our carbon data; see page 144 for the assurance statement and page 120 for further details of data in scope of the assurance. <sup>2</sup> This target covers our scope 1 and 2 greenhouse gas emissions which are responsible for 1.9% of our total climate footprint in FY22. This includes greenhouse gas emissions from energy use (1.7% of our total climate footprint) and other scope 1 and 2 activities relating to our operations, including refrigerants and company-owned vehicles. <sup>3</sup> This excludes the share of renewable electricity in Russia (which accounted for 8.4% of our total electricity in FY22) since we were unable to get evidence for the renewable electricity certificates. Our total electricity from renewable sources would have increased to 82.6% if this was included. See page 101 for more about changes to our operations in Russia. <sup>4</sup> Our renewable heating and cooling target covers scope 1 fuels for heating and scope 2 district heating and district cooling. It excludes refrigerant gases used in cooling systems and fridges/freezers. Our separate target on renewable electricity covers scope 2 electricity used for heat pumps. <sup>5</sup> Covers scope 3 emissions categories 6 (Business travel), 7 (Employee commuting) and 9 (Downstream transportation and distribution). <sup>6</sup> We measure emissions per trip rather than per person.

## OUR TARGETS

## PROGRESS IN FY22

## PERFORMANCE SUMMARY

**Climate footprint of IKEA products and food (scope 3)**

Contribute to a 15% reduction in the climate footprint of IKEA products and food by 2030, while still growing the IKEA business. Accounting for the estimated growth over the same period, this is equivalent to cutting the average climate footprint per product by an estimated 70%.



Ingka Group contributed to this goal by promoting IKEA products, food and services with a lower climate footprint and by providing renewable electricity to IKEA suppliers. In FY22, scope 3 emissions from IKEA products and food arising from Ingka Group sales (89% of IKEA sales) decreased by 12.5%<sup>1</sup> against the FY16 baseline. See IKEA Sustainability Report FY22 for further details of progress against the IKEA goal.

**Striving for zero waste and becoming circular**

Reduce our operational waste and strive to recycle 100% of waste generated in our operations by 2030.



In FY22, we recycled 75.7% of waste (FY21: 75.0%). Although our recycling rate remained stable over the year, our waste reduction initiatives have helped to reduce total waste by 9.5% in FY22 compared with FY21, and by 13.1% from FY17<sup>2</sup>.

Reduce production food waste by 50% by the end of 2021, compared with FY17<sup>3</sup>.



We reduced production food waste from our IKEA stores by 50% by 31 December 2021 (and by 57.8% by the end of FY22), compared with FY17. This target covers production food waste, which is the waste from our IKEA food service areas before the food is sold to our customers<sup>4</sup>.

See our Better homes section (page 19) for our targets on inspiring and enabling a better, more sustainable life at home. These cover clean energy services and how we are supporting customers on circular living.

<sup>1</sup> The data covers scope 3 emissions arising from Ingka sales of IKEA products, including supply chain emissions from the sourcing of raw materials, manufacturing, and transport of products as well as the use and disposal of IKEA products and food. See page 68 for our total scope 3 emissions, which also includes scope 3 emissions from Ingka Centres and other activities. <sup>2</sup> We measure progress from FY17 since data for FY16 included estimates. <sup>3</sup> This target deadline was extended to 31 December 2021 from our original goal of 31 August 2020. We have reported progress in our FY22 Report since the target deadline of 31 December 2021 falls within our FY22 financial year period (1 September 21 – 31 August 22). <sup>4</sup> Our performance also exceeds the Inter IKEA target to achieve a 50% reduction by the end of 2022, compared with FY17. The Inter IKEA target is a target for operational food waste for all franchisees (see further details of the Inter IKEA target in the IKEA Sustainability Report FY22).



# 1. Becoming Climate Positive

The IKEA vision is to create a better everyday life for the many people. Climate change threatens this for people today and for generations to come.

Around the world people are increasingly experiencing the effects of climate change through severe weather and natural disasters like heatwaves, floods and fires. We must act now, while securing a transition to a net-zero economy that is fair and equitable to all. We have a big responsibility – and many opportunities – to make a positive difference on climate change.

## Our approach

We are committed to taking action on climate change in line with the Paris Agreement<sup>1</sup>, and to play our part in limiting the global temperature rise to 1.5°C above pre-industrial levels. At Ingka Group, we contribute to the IKEA commitment to become climate positive by 2030 (see box on page 66) and net-zero across our value chain by 2050 at the latest.

We work towards net-zero by setting science-based targets that cover our scope 1, 2 and 3 emissions<sup>2</sup>. Our initial science-based targets,

which were developed in line with a 1.5°C pathway, were approved by the Science Based Targets initiative (SBTi) in 2018. We aim to update our targets in FY23 in alignment with the new Net Zero standard and submit them to the SBTi for validation.

We have integrated climate-related matters into our governance and have a climate positive taskforce to oversee climate action across our three businesses, IKEA Retail, Ingka Centres and Ingka Investments (see page 99 for more on sustainability governance). We track the performance of our operations on a monthly basis. Our climate data and progress against targets are subject to external assurance (see page 144 for details of the assurance).



## CDP Climate Change

Ingka Group participate in the annual CDP Climate Change survey. We achieved a leadership score of A in the 2022 assessment.

 See Ingka Group's full CDP Climate Change response.

 Read more on CDP

<sup>1</sup> The Paris Agreement is a legally binding international treaty on climate change adopted at COP 21 in Paris. Its goal is to limit global warming to well below 2°C (preferably 1.5°C), compared to pre-industrial levels. <sup>2</sup> The Science Based Targets initiative (SBTi), which is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature, defines and promotes best practice in science-based target setting; see <https://sciencebasedtargets.org>.

We report emissions in line with the Greenhouse Gas Protocol (GHG) methodology which covers:

- Scope 1 – Greenhouse gas emissions directly from operations that are owned or controlled by us

- Scope 2 - Indirect greenhouse emissions from the generation of purchased electricity, steam, heating, or cooling within our operational control

- Scope 3 - All indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions

See data section (pages 120-136) for detailed climate data including greenhouse gas emissions by country.

Inter IKEA Group is responsible for reducing the climate footprint of the IKEA range offer and supply chain-related activities.

See the IKEA Climate Report FY22 for details.

## How will IKEA become climate positive?

IKEA is committed to becoming climate positive by 2030 by taking action across the IKEA value chain and beyond. This includes a commitment to halving greenhouse gas (GHG) emissions in absolute terms from the total IKEA value chain by 2030, including emissions reduction, carbon removal and storage.

This will be achieved by taking action across three areas:

1. Drastically reducing greenhouse gas emissions.
2. Removing and storing carbon through forestry, agriculture and products. We will explore and improve ways to store carbon through forest and agricultural practices. We will not purchase carbon offset certificates, but ensure that carbon remains stored in our products longer through the circular economy.
3. Going beyond the IKEA value chain to contribute to additional reductions of greenhouse gas emissions in society. We will address a larger climate footprint than our own value chain by collaborating with our customers, suppliers and partners to reduce their total greenhouse gas emissions.

At Ingka Group, we make an important contribution to the IKEA climate positive commitment, by reducing our climate footprint across our value chain (pages 67-75), as well as through initiatives such as investment in renewable energy and forestry that reduce carbon emissions beyond our business and enable the wider transition to a net-zero society (pages 76-77).



## Key changes to our climate data

In FY22 we made a number of changes to our methodology for calculating emissions. One of the key changes is that we have re-assessed our definition of operational control, which forms the basis of our emissions calculations, in line with the Greenhouse Gas Protocol. As a result, energy that is within our operational control but used by tenants (including partners at Ingka Centres meeting places) has been added to our total scope 1 and 2 emissions. These emissions were previously allocated to scope 3. This has increased our scope 1 and 2 climate footprint by 181,102 tonnes of CO<sub>2</sub>e in our FY16 baseline year.

This change recognises the influence and hence the responsibility that we have over the emissions that originate from tenants but are within our control.

See page 120 for further details of our climate data methodology.

## Our total climate footprint (scope 1, 2 and 3)

We have made consistent progress in reducing our total climate footprint, achieving a decrease of 13.6% from FY16 and a decrease of 6.0% from FY21.

Our climate footprint covers greenhouse gas emissions across our own operations (scope 1 and 2) and our upstream and downstream value chain (scope 3). In FY22, our scope 3 emissions accounted for over 98% of our total climate footprint. We have separate targets to drive down emissions across our own operations (see pages 69-72) and value chain (see pages 73-75).

The chart (below - left) shows our climate footprint in relation to business growth and the chart (below - right) shows our climate footprint at each stage of the value chain. The 13.6% overall reduction in our climate footprint

from FY16 to FY22 was achieved against a 24.2% increase in revenue. The revenue in the past year was impacted by high inflationary pressures and IKEA Retail supply-chain disruption. The decrease in our climate footprint in FY22 compared to FY16 is primarily due to:

- a higher share of renewable energy across the value chain
- a reduction in greenhouse gas emissions from IKEA products used at home. The emission decrease is mainly due to a reduction in sold volumes of energy intensive products

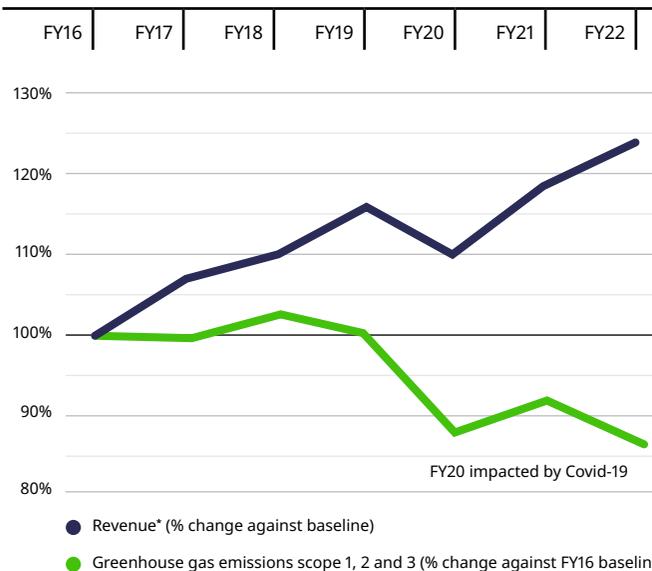
like lighting and home appliances but also improved energy efficiency of those products (see page 22)

- reduced emissions from customer travel (see page 73)

The absolute climate footprint of materials used in IKEA products sold by Ingka has increased by 9.6% from FY16 and Inter IKEA is working to address this. See more in the Inter IKEA Climate Report.

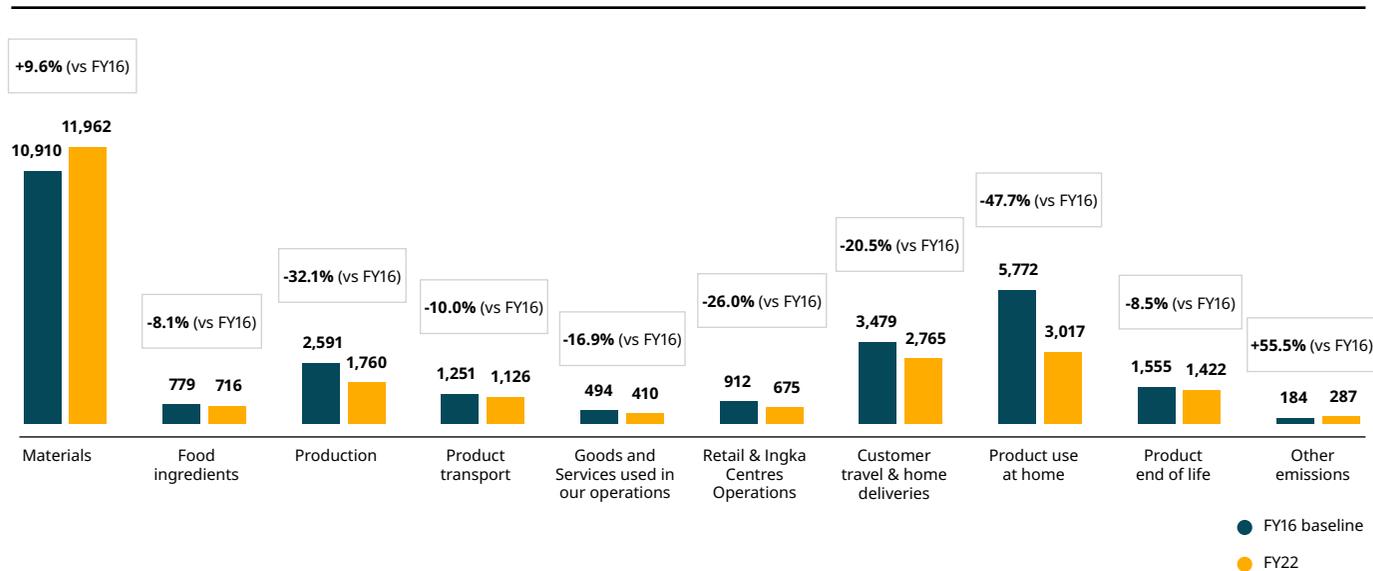
### Our climate footprint (scope 1, 2 and 3) vs business growth

(percentage of FY16 baseline emissions)



### Our climate footprint FY22

(thousand tonnes CO<sub>2</sub>e)

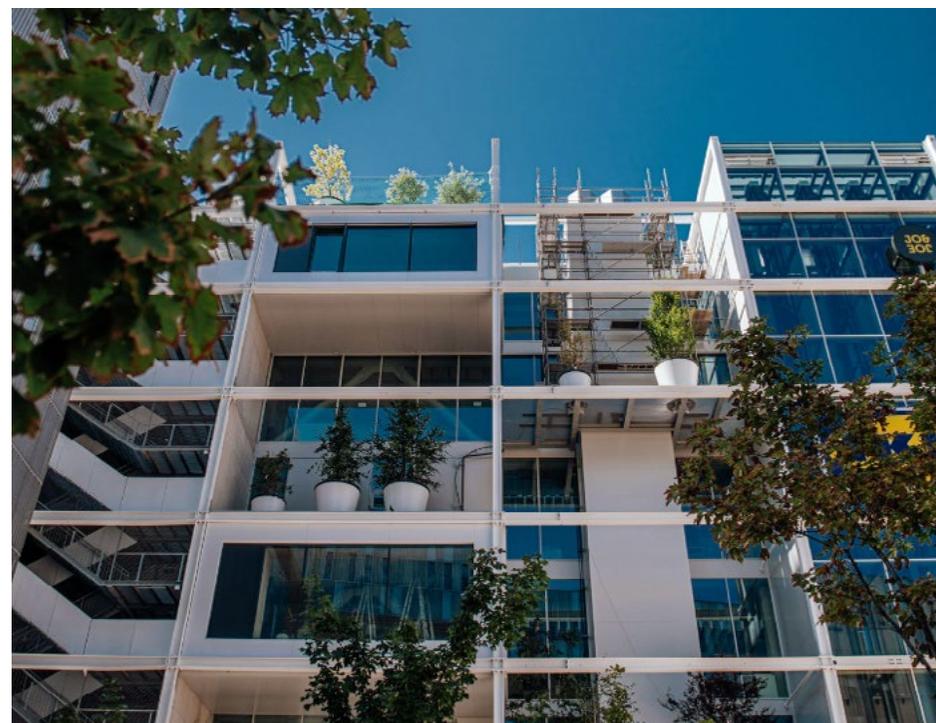


<sup>1</sup> Total revenue as per Annual Reports

## Summary of progress – absolute climate footprint

- Our scope 1 emissions decreased by 12.5% from FY21, but are still 9.5% higher than our FY16 baseline. The decrease in FY21 has been mainly due to an increase in biogas heating. Faster roll out of heat pumps is required to further decarbonise our heating (see page 72 for further details).
- Our scope 2 emissions decreased by 28.0% from FY21 and by 44.6% from FY16. This has been driven by an increase in renewable electricity consumption (see page 70 for further details).
- Our scope 3 emissions decreased by 5.6% from FY21 and by 13.1% from FY16. This reduction is primarily due to:
  - a higher share of renewable energy across the value chain
  - a reduction in greenhouse gas emissions from IKEA products used at home. The emission decrease is mainly due to a reduction in sold volumes of energy intensive products like lighting and home appliances but also improved energy efficiency of those products (see page 22)
  - reduced emissions from customer travel (see page 73)

We recognise that more significant reductions are needed in the coming years to achieve the IKEA climate positive commitment.



### Our climate footprint<sup>1</sup>

(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Scope 1	152 107	173 867	191 500	180 051	172 059	190 435	166 574 <sup>*</sup>
Scope 2	520 430	495 755	506 956	491 684	429 434	400 656	288 440 <sup>*</sup>
Scope 3	27 253 724	27 052 552	28 109 542	27 311 702	24 018 659	25 076 444	23 683 784 <sup>**</sup>
<b>TOTAL scope 1, 2 &amp; 3</b>	<b>27 926 261</b>	<b>27 722 174</b>	<b>28 807 998</b>	<b>27 983 437</b>	<b>24 620 152</b>	<b>25 667 535</b>	<b>24 138 798</b>

<sup>1</sup> We have reviewed and updated our methodology for allocating scope 1, 2 and 3 emissions to align with the operational control approach set out in the Greenhouse Gas Protocol (see methodology section on page 120 for further details). Therefore, our data has been updated for all years. <sup>\*</sup> Data included in the external assurance scope. <sup>\*\*</sup> The scope of our external assurance for scope 3 data covers the greenhouse gas emissions within Ingka Group's operational control (including all data reported under the scope 3 categories 2, 3, 5, 6, 7, 8, 9, 13 and part of the data reported under category 1 - the emissions arising from products and services purchased by Ingka Group Procurement for our operations). These account for 15.4% of our total scope 3 emissions.

## 1.1 Climate footprint: our operations

We achieved a 23.0% absolute reduction in our operational climate footprint (scope 1 and 2) from FY21 and a 32.3% reduction from our baseline of FY16.

Our climate footprint from our operations (scope 1 and 2 emissions) accounts for 1.9% of our total climate footprint and includes emissions from energy use (1.7% of our total climate footprint), refrigerants and company-owned vehicles. We are working to reduce our scope 1 and 2 climate footprint by reducing energy consumption through energy efficiency initiatives and by decarbonising our energy consumption by switching to renewable energy for power, heating and cooling.

### How did we do in FY22?

A significant increase in renewable electricity has contributed to a decrease in our overall climate footprint (see chart). As a result, our scope 2 emissions have decreased by 28.0% from FY21 and by 44.6% from FY16 (see further details on renewable electricity on page 70).

Our scope 1 emissions also decreased by 12.5% from FY21, which is mainly due to an increase in biogas heating (which has a lower climate footprint). However, our scope 1 emissions are still 9.5% higher than our FY16 baseline and we therefore need to scale up initiatives to decarbonise heating and cooling (see further details on page 72).

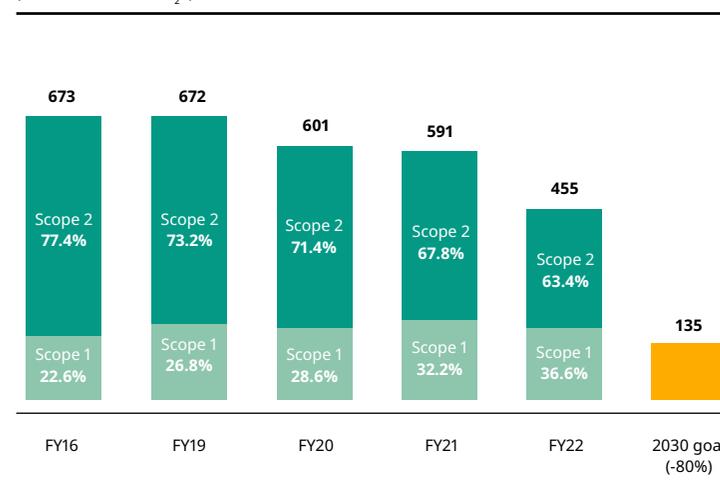
Our data section includes performance by business unit (page 123) and country (pages 130-135).

- Summary of progress by business unit (scope 1 and 2):** Since FY16, we have reduced emissions by 40.6% in IKEA stores and 29.5% in Ingka Centres meeting places (which includes energy used in common areas and energy used by tenants where we are responsible for the energy contract\*). However, emissions have increased by 11.5% in our distribution centres. The increase in online shopping has led to a rapid expansion in our distribution centres, and some of the new units and existing units have not yet switched to renewable electricity contracts and are using gas for heating. In some cases, this is because the buildings are leased.

- Summary of country progress:** We reached 100% renewable electricity across our retail sites and meeting places in 26 countries in FY22 (23 countries in FY21). We achieved our biggest emissions reduction in China which purchased 89% of electricity from renewables. We are planning new renewable electricity contracts in Australia and part of India which will start next year.

### Climate footprint – our operations (scope 1 and 2)

(thousand tonnes CO<sub>2</sub>e)



\* We have increased the boundaries of our scope 1 and 2 data to include energy used by tenants that is within our operational control; see page 120 for further details of our climate data methodology.

## Improving energy efficiency

Improving energy efficiency is a key action on our journey to become climate positive. Although we have expanded our floor space since FY21, our initiatives to improve energy efficiency have enabled us to broadly stabilise energy use from FY16.

We have annual energy action plans for every building. Actions we are taking to improve energy efficiency include switching to LED lighting, upgrading building management systems, improving insulation and using energy recovery from heating and cooling. We have expanded our smart metering programme which gives store managers access to next generation analytics and insights about energy use and potential savings in near real time.

Although we report total energy consumption, we do not yet report energy efficiency relative to floor space. This is due to inconsistencies in the way that gross building area is calculated in some countries. We will continue to work to improve our data collection systems in this area.

## Powered by renewable electricity

We're aiming to consume 100% renewable electricity across all the countries where we operate by 2025. In FY22, 74.2% of the electricity we used was from renewable sources (69.1% in FY21\*).

Our use of renewable electricity has contributed to a 68.6% reduction in our climate footprint from purchased electricity. We reached 100% renewable electricity consumption across our IKEA stores and Ingka Centres meeting places in 26 countries in FY22 (23 countries in FY21) and significantly increased the amount of renewable electricity consumed in China in FY22.

We have installed over 1 million solar panels at our sites including our store in Tianjin Dongli in China which now has enough solar panels to generate 100% of its electricity (see case study page 71). In FY22, 6.1% of Ingka's electricity consumption was generated on-site.

We also secure renewable electricity from off-site generation. Ingka Investments has invested or committed EUR 3.1 billion in renewable energy since 2009 and aims to invest EUR 6.5 billion by 2030. These off-site investments in wind and solar projects provided 35.9% of the electricity used in our operations in FY22, enabling us to reduce our own value chain climate footprint and also contributing to wider greenhouse gas reductions in society. We aim to expand our renewable energy portfolio into more countries, including markets where renewable energy is less accessible. This will help us increase our

use of renewable energy and support a broader transition in society. See page 92 on Ingka Investments for more details.

If on-site and off-site approaches aren't possible, we purchase renewable electricity from a supplier that can guarantee the renewable source with renewable attribute certificates. This can help increase market demand for renewable electricity.

We continue to trial new technologies and tools to help us maximise our use of renewable energy and enable new flows of renewable electricity from our generating sites to our operations.

### Renewable electricity in our operations

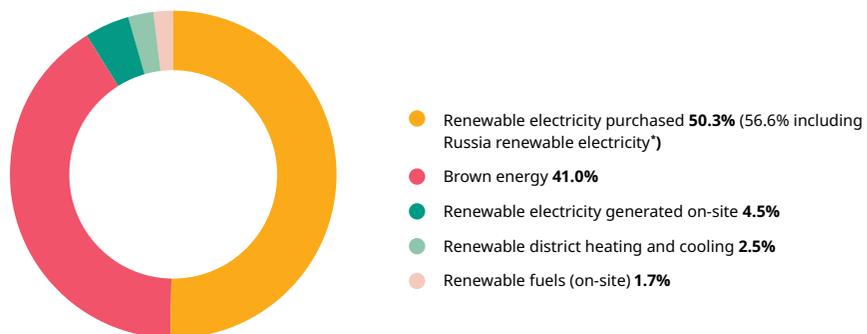
(percentage of total energy use)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Renewable electricity in our operations	54.0%	55.2%	56.2%	57.3%	58.8%	69.1%	74.2%

\* In our report last year, we reported 76.1% of electricity from renewable sources in FY21. This has been updated due to changes in our methodology for calculating emissions (see page 120 for details).

## Energy use by source in FY22

(percentage of total energy use MWh)



### IKEA's first energy-positive store

The Tianjin Dongli IKEA store in Northern China will be our first store to generate 100% of the electricity it needs. Over 22,400 m<sup>2</sup> of solar panels have been installed which will provide the store with 100% renewable electricity – with extra electricity exported back into the city's power grid. The store has quadrupled the space available to install solar panels by mounting them on large awnings across the car park.

"I'm so proud that our Tianjin Dongli store will become the first energy-positive store for IKEA," says Jasmine Chi, Area Manager. "It's also a big step towards the IKEA commitment to consume only renewable electricity by 2025."



## Renewable heating and cooling

We are aiming for renewable heating and cooling systems in all our own buildings by 2030\*. We are working to install renewable heating technologies in our new and existing buildings. We prioritize electrification of heating by using ground and air-source heat pumps over other solutions. In some locations, we are changing from natural gas to biogas e.g. in Germany, we secured a long term biogas contract, where the share of biogas in the fuel mix is increasing each year.

We installed renewable heating and cooling at all 11 new sites opened in FY22, where we own the building or have operational control of the heating and cooling contracts. We also replaced gas heating systems with heat pumps in units in Evry in France and Adelaide and Rhodes in Australia. The majority of our cooling systems use electricity and are therefore covered by our target for 100% renewable electricity (see previous section).

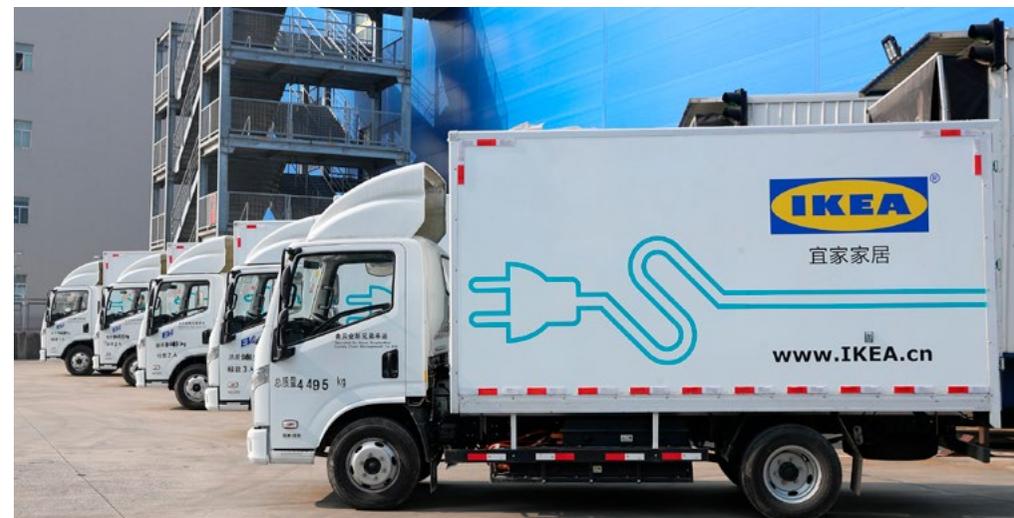
In FY22, greenhouse gas emissions related to heating and cooling decreased by 13.1% year on

year but are still 3.6% above our FY16 baseline. In the coming years, we aim to improve our performance by implementing further energy efficiency measures and converting more of our buildings to renewable heating and cooling. Retrofit projects typically take time from planning to implementation and will not always yield results in the form of reduced emissions within one reporting cycle. However, we anticipate these measures will drive down emissions.

We use refrigerants in our cooling and heating systems. Usage of refrigerants will increase with the roll out of heat pumps. We aim to use refrigerants with a lower global warming potential, and we are improving maintenance and lifecycle management to reduce leakages of refrigerants into the atmosphere.

## Vehicles used in our operations

We aim for all company owned, leased and shared vehicles used in our operations to be zero emission by 2025. This includes company cars, pool cars (for business travel) and forklift trucks/shunting trucks. We require all new vehicles to be zero emission or electric wherever feasible and have started to use fleet management services to track the transition towards zero emissions vehicles.



\* Our renewable heating and cooling target covers scope 1 fuels for heating and scope 2 district heating and district cooling. It excludes refrigerant gases used in cooling systems and fridges/freezers. Our separate target on renewable electricity covers scope 2 electricity used for heat pumps.

## 1.2 Climate footprint: travel and home deliveries (scope 3)

11.5% of our climate footprint is from customer and co-worker travel and home deliveries.

This includes emissions from customers travelling to our stores, co-worker business travel and commuting, and the last-mile delivery of IKEA products to customers' homes.

### How did we do in FY22?

We want to be part of creating the net-zero cities of the future, with clean air and convenient and affordable zero emission transport.

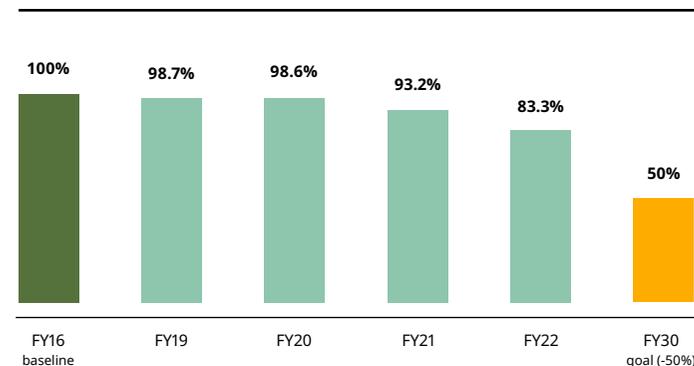
Our target is to reduce relative greenhouse gas emissions from customer and co-worker travel and home deliveries by 50% per person by 2030 (from FY16). We have achieved a 16.7% reduction in relative emissions from our FY16 baseline and a 10.7% reduction from FY21<sup>1</sup>. This has been mainly due to our expansion in city centres, which has made our stores and meeting places more accessible and reduced the average journey time for customers and co-workers.

We have also achieved a 20.5% reduction in absolute emissions from customer and co-worker travel and home deliveries from FY16 and a 0.6% reduction since FY21 (see data on page 128). In addition to shorter journeys, the number of journeys made by our customers to stores has decreased from FY16 as more online shopping possibilities are available (see page 114 for customer data). We are also working to reduce the climate impact of home delivery by switching to zero emission vehicles (see next section).

We updated our methodology for calculating scope 3 emissions from transport and have updated data for previous years (see more about our data methodology on page 120).

### Relative greenhouse gas emissions from home deliveries, customer travel and co-worker travel<sup>2</sup>

(percentage of FY16 baseline emissions)



### Zero emission home delivery

We aim for all retail home deliveries to be made by zero emission vehicles by 2025. In FY22 we reached 12.3% (compared to 11.0% in FY21). Our progress was impacted by difficult market conditions, including a lack of availability of electric vehicles and delays in receiving orders placed for new vehicles. By the end of FY23, we anticipate that we will have a total of over 2,300 zero emission vehicles (up from 700 in FY22) – accounting for almost half of our total fleet.

Our total greenhouse gas emissions from home delivery have increased by 64.2% from FY16 and by 3.5% from FY21. This has been largely due to an increase in customer demand for home

delivery as more customers use online shopping (see page 114) and has also resulted in a decrease in emissions from customer travel (see previous section). Our data on home delivery excludes small parcels, but we are continuously working to improve the completeness of our scope 3 data.

In each country we have a dedicated project implementation manager working on zero emission home delivery, supported by a Group team. We have now partly deployed zero emission delivery in 24 countries (FY21: 22) and achieved 100% emission-free home delivery in 15 cities including Amsterdam, Vienna, Glasgow, Nice, Oslo, Shanghai and nine other major cities in China. We aim for a further 19 cities to be 100% emission-free home delivery by the end of FY23.

Ingka Investments has made a number of investments in sustainable logistics companies that provide emission-free home deliveries (see page 94 on Ingka Investments).

### Reducing the climate footprint of customer and co-worker travel

Greenhouse gas emissions from customer and co-worker travel decreased by 27.0% from FY16,

despite a 31.9% increase in the number of co-workers and a 24.2% increase in sales (see page 88 for further details).

We aim to help customers switch to sustainable modes of transport by providing electric vehicle (EV) charging stations in all stores worldwide (where parking is provided). We aim to significantly expand our EV charging networks by installing an additional 5,000 charging points by FY24, including 1,000 in Norway, Denmark

and Sweden. We aim to increase the use of renewable electricity for charging whilst adding more EV chargers.

Greenhouse gas emissions from business travel (by road, rail and air) have decreased by 80.5% from FY16. This significant reduction is mainly due to less air travel as co-workers switch to online meetings. In some countries, we have initiatives to reduce greenhouse emissions associated with co-worker travel, including

car-pooling, shared electric bikes and subsidised public transport tickets.



## 1.3 Climate footprint: IKEA products and food (scope 3)

The majority of our climate footprint is associated with the products we sell, the IKEA range. This includes supply chain emissions from the sourcing of raw materials, food ingredients, production and product transport and emissions associated with customer use of products and product end of life. Together these scope 3 emissions accounted for 82.9% of our total emissions in FY22.

### How did we do in FY22?

Inter IKEA Group, which supplies the IKEA range, has committed to reduce absolute emissions from home furnishing products and food by at least 15% by 2030 (from FY16). At Ingka Group, as the largest franchise retailer of IKEA products, we are committed to help achieve this target by making sustainable living accessible and desirable to customers. For example, we are doing this by:

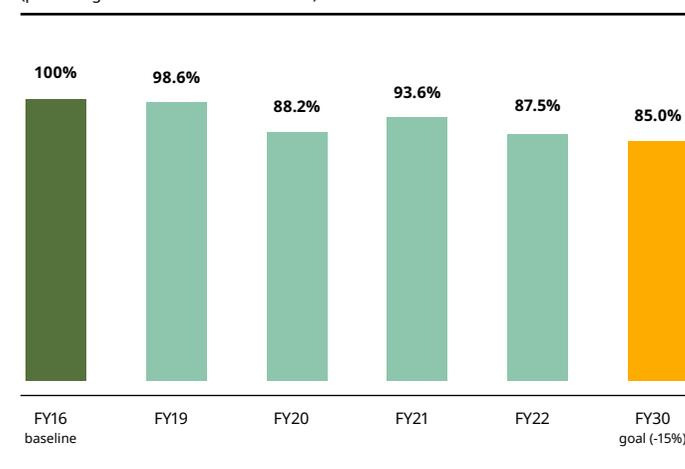
- working to inspire and enable a more sustainable life at home by promoting energy efficient and energy saving products to customers and those made using renewable and recycled materials (see page 20).
- enabling customers to use IKEA home furnishing products for longer through circular services (see page 23), as well as reducing our product waste (see page 81).
- providing vegetarian and plant-based food options such as veggie hot dogs and plant balls (see page 27).
- providing renewable energy and recycled materials to some IKEA suppliers to enable them to reduce the climate footprint of products and services they supply to us.

In FY22, Ingka Groups scope 3 emissions arising from sales of home furnishing products and food (89% of total IKEA sales) decreased by 6.5% from FY21 and by 12.5% from FY16. This reduction is primarily due to a higher share of renewable energy across the value chain and a reduction in greenhouse gas emissions from IKEA products used at home. The emission decrease from products used at home is mainly due to a reduction in sold volumes of energy intensive

products like lighting and home appliances but also improved energy efficiency of those products (see page 22). See IKEA Climate Report FY22 for details of actions taken to reduce the climate impact of the IKEA range.

### Greenhouse gas emissions from products and food – scope 3\*

(percentage of FY16 baseline emissions)



\* The data covers scope 3 emissions arising from Ingka Group sales (89% of total IKEA sales), including supply chain emissions from the sourcing of raw materials, manufacturing, and transport of products as well as the use and disposal of IKEA products and food by our customers

## 1.4 Reduction beyond the value chain

As well as the changes we're making in our own business, we want to go beyond IKEA and help to accelerate the transition to a net-zero society.

### Working with partners at Ingka Centres

We are encouraging partners at our Ingka Centres meeting places to adopt science-based targets and are also enabling them to reduce their climate footprint through our actions such as purchasing renewable electricity (where we have operational control) and providing EV charging.

### Investing for a net-zero society

Creating a sustainable future is one of our three strategic priorities for Ingka Investments alongside financial resilience and business development. We support the transition to a net-zero society by investing in projects in areas such as renewable energy generation, zero emissions deliveries, circular flows and forestry. Ingka Investments has invested and committed EUR 3.1 billion in renewable energy since 2009 and aims to invest EUR 6.5 billion by 2030. See page 92 for further details on Ingka Investments.

### Clean energy services

We're making it easier and more affordable for our customers to use and produce renewable energy, supporting the transition to a net-zero society. We offer a portfolio of clean energy services in partnership with different service providers to meet the needs of a range of customers (see Better homes section on page 23 for further details).

### Advocacy and partnerships

As a multinational business committed to 1.5°C, we believe that we can use our size and reach to help accelerate climate action by working together with our partners, governments and the private sector. Together, we can create a fairer and more equal net-zero world with green jobs and more sustainable growth.

We believe that climate actions and investments from businesses in line with 1.5°C provide governments with the necessary backing to implement more ambitious climate targets, plans and actions. These government targets, policies and plans in turn provide clarity, predictability and a level playing field that will encourage more businesses to take or increase climate action and make investments in line with 1.5°C.

It is important that the actions taken are based on scientific evidence showing a positive impact on people and planet. Businesses are most efficient when operating in a global market with harmonised standards and legislation.

See more on our [climate change advocacy](#).

Collaborations in FY22 include:

- Our CEO Jesper Brodin is co-chair of the WEF Alliance of CEO Climate Leaders.
- Our Climate Leader Karol Gobczynski is a member of the Net-Zero Science Based Targets initiative Experts Advisory Group, as well as a member of the RE100 Advisory Committee.
- We joined the steering group of the Asia Clean Energy Coalition (ACEC) in 2022.



- We partner with a number of other retailers (H&M Group, Kingfisher plc, Walmart and Best-Buy) on the Race to Zero Breakthroughs: Retail Campaign. This aims to create and accelerate a movement in the retail industry to drive climate action.
- We are a member of the UK Net Zero Roadmap for Retail developed by the British Retail Consortium.
- We have endorsed the Marrakech Partnership for Global Climate Action Pathway for the retail sector.
- We are members of RE100 (which we co-founded in 2014) and EV100 (which we co-founded in 2017).

- We participate in the We Mean Business Coalition, a global coalition working to take action on climate change.
- We are a C40 partner, a network of nearly 100 of the world's leading cities committed to take bold climate action. The focus is on three projects: zero emissions, clean construction and reinventing cities.

Together with our partners, we have supported the following advocacy initiatives in FY22:

- Ingka Group was proud to be a partner at COP26 (see case study).
- Inter IKEA Group and Ingka Group signed the We Mean Business Coalition open letter to G20 Leaders urging them to go all in to keep the Paris Agreement's 1.5°C goal within reach.

- Ingka Group signed the COP26 declaration on accelerating the transition to 100% zero emission cars and vans.
- Ingka Group signed the EV100 letter to key EU legislators calling for increased ambition in transport-related legislation.
- Ingka Group signed an open letter on the EU proposal for a Corporate Sustainability

Reporting Directive. Addressed to EU institutions, the letter supports mandatory reporting on carbon emissions and transition plans for more than 50,000 companies.



### 'Assembling our Future': Ingka presents message of optimism at COP26

Ingka Group was proud to be a Partner of COP26, the United Nations Climate Change Conference held in Glasgow in November 2021, which brought together world leaders to negotiate agreements for a net-zero future. During the two weeks, we held 45 meetings with key leaders and decision makers and participated in 41 speaking opportunities to show how we as a business are committed to reducing our greenhouse gas emissions in line with climate science.

At the New York Times Climate Hub in Glasgow, we hosted the third edition of our ONE HOME, ONE PLANET event, bringing together businesses and civil society organisations to promote collaboration and inspire climate action.

We also joined forces with London based creative studio Superflux to create an exhibition 'Assembling our Future'. This showcased and brought to life examples of climate action across our business, from minimising food waste through use of AI to how IKEA provides solutions to reduce energy use at home. As governments met to negotiate climate goals and actions, we wanted to demonstrate that many of the climate solutions needed already exist. To engage our co-workers, we also created an educational booklet, an 'Assembly Guide for a Better Future', to help inspire our co-workers to take action on climate change.

After the event, we also worked with partners and the local council to find new homes for the furniture we donated for the conference. We donated 5,000 individual items to 58 charities including those that support children, asylum seekers and people experiencing homelessness.

[Read more online](#)

## Climate risks and net-zero opportunities

At Ingka Group, we assess our climate-related risks and net-zero opportunities, in line with the methodology developed by the Taskforce on Climate-related Financial Disclosure (TCFD).

Understanding the impact of climate change on our business and the costs of mitigating actions and capturing net-zero transition opportunities is of the utmost importance to us.

Our first TCFD disclosure was published in FY19 and this was updated in FY21. A further update is planned. Read more about climate risk and net-zero opportunities [here](#).

We have also set up a Taskforce on “Building Resilience” to improve our understanding of external factors that may impact our business. Climate change is one of four key focus areas for the Taskforce. We have created multiple climate scenarios looking into different aspects to increase the climate resilience of Ingka Group.

### Our approach to managing climate-related risks and net-zero transition opportunities

- ▶ **Governance** We have integrated climate-related matters into our governance (see [page 99](#)). Our Climate Taskforce coordinates the integration of climate-related matters at a strategic and operational level.
- ▶ **Strategy** As the largest IKEA retailer, we contribute to the IKEA climate positive commitment. We assess climate-related risks and decarbonisation opportunities and use the findings to influence strategies and short- and medium-term business planning (see above).
- ▶ **Risk management** Climate-related risks are integrated into the Ingka Group risk management framework (see [page 101](#)).
- ▶ **Metrics and targets** We've set ambitious science-based targets to reduce our scope 1 and 2 emissions in absolute terms and to reduce relative emissions from our indirect (scope 3) travel and transport footprint. IKEA has set science-based targets to reduce emissions in absolute terms for the IKEA product range. We regularly track climate change metrics. See [Progress against targets \(see page 63\)](#).





## 2. Becoming a circular business

Today, across the world, resources are being used at an unsustainable rate, faster than they can be renewed. Yet many valuable resources are wasted, or used just once before being discarded.

One of the key ways this can be addressed is through a circular economy – where resources are continually reused, regenerated and recycled in a sustainable way.

### Our approach

Ingka Group are contributing to the IKEA commitment to become a circular business by 2030 (see box). This will impact the whole business including day-to-day operations and the products and services offered to customers.

At Ingka Group, over half of our climate footprint comes from raw materials, production, waste in our operations, and product end of life, so becoming a circular business and reducing waste will help us reach our ambitious climate goals (see page 65). More efficient use of resources can also reduce costs for our business and enable customers to save money.

### Our contribution to a circular IKEA

The IKEA ambition is to become a circular business by 2030. At Ingka Group we are contributing by:

- **Providing services that enable circular behaviour and exploring circular resource flows.**
- **Switching to renewable, recycled and/or recyclable materials in our operations.**
- **Reducing waste and water use.**

This section of our report covers our progress on sustainable materials, waste and water. The Better homes section covers our progress on products and services for circular living (see page 23). The Ingka Investments section covers investments in circular services (see page 95).

Inter IKEA Group is responsible for integrating circular design principles into the IKEA range, including using more renewable and recycled materials in products, and designing products to be repurposed, repaired, reused and recycled. See further details in the [IKEA Sustainability Report FY22](#).

## 2.1 Buildings and operations

We prioritise actions to prevent, reduce, reuse and recycle waste – landfill is always the last resort. Some waste is incinerated for energy recovery.

Most of the waste we produce comes from our IKEA Retail operations, and the majority of it is packaging material. The rest includes product waste from damaged products, food waste from our restaurants and cafés and a small amount of other waste.

We have a Zero Waste Working Group to help us improve performance on waste (including operational waste, product waste and food waste) and drive circular resource flows. This brings together co-workers from our IKEA Retail and Ingka Centres operations, and our sustainability, facility management, procurement and product recovery functions. Monthly progress is tracked for each country. We also calculate the greenhouse gas

emissions associated with our waste for our climate footprint.

### Operational waste

We aim to reduce our operational waste and strive for 100% recycling of waste generated in our operations by 2030.

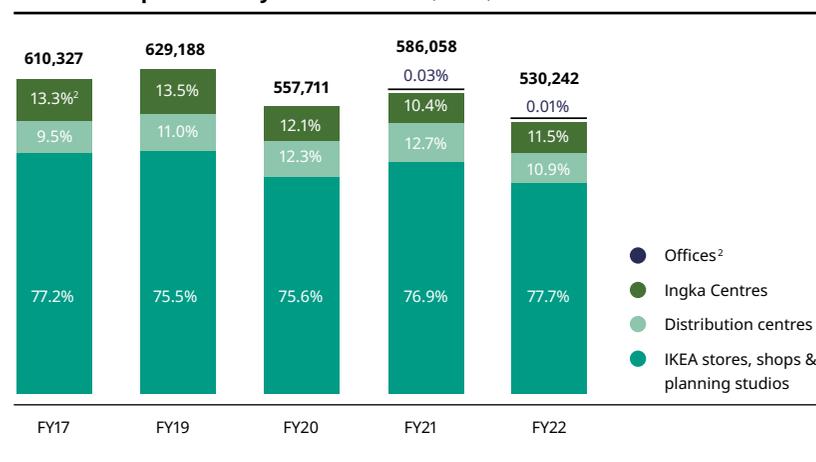
Our waste reduction initiatives have helped to drive down total waste by 9.5% in FY22 compared with FY21. Since FY17, we have cut total waste generated by 13.1%<sup>1</sup> (see chart on total waste).

In FY22, we recycled 75.7% of waste (75.0% in FY21). The recycling rate varies across our

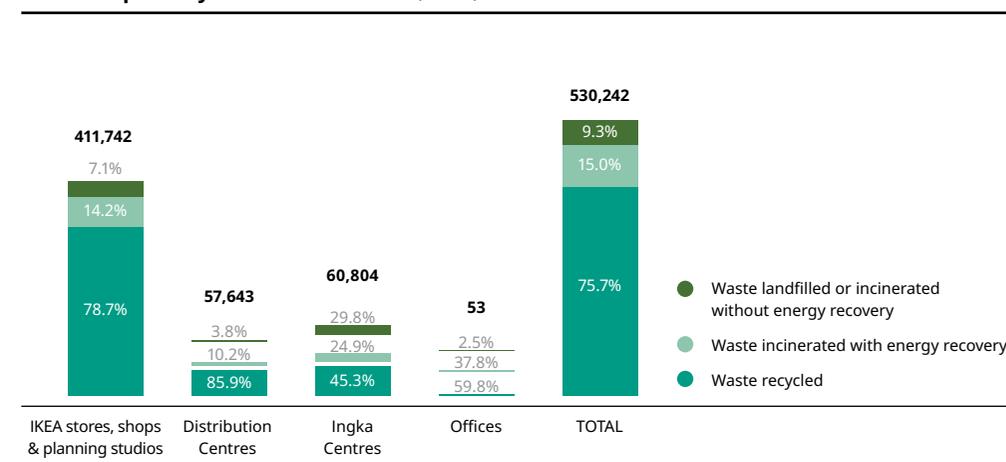
business units (see chart on waste disposal by business unit), being highest at our Distribution Centres and lower at Ingka Centres. During FY22, the recycling rate increased at Ingka Centres (from 38.6% in FY21 to 45.3% in FY22), but remained stable at IKEA Retail and slightly decreased at our Distribution Centres. This resulted in an overall 0.7% increase in recycling.

We are committed to developing our plans to both reduce waste and increase our recycling rates in line with our 2030 target. In particular, at Ingka Centres meeting places, we need to find ways to encourage consumers to segregate waste for recycling and focus on increasing the recycling rate in countries where there is a lack of recycling infrastructure.

Total waste produced by business unit<sup>1</sup> (tonnes)



Waste disposal by business unit FY22 (tonnes)



<sup>1</sup> We measure progress from FY17 since data for FY16 included estimates. <sup>2</sup> Data for offices was collected for the first time in FY21.

## Construction waste

We also generate waste from construction of new stores, Ingka Centres, and other building projects. We collected Group-wide data on construction waste for the first time in FY22, which provides a baseline for future reporting. We have also included emissions from construction waste within our scope 3 climate impact (category 5). We will work to further enhance our data collection methodology and will include data on the different waste treatment methods in future reporting.

## Product waste

Some of our products are returned by customers, discontinued or damaged in transit before they reach our stores or on the way to customers' homes. We recover as many of these products as possible to give them a second life and stop them being wasted. In FY22, we gave 42.6 million products a second life, with 32.5 million sold via our As-is areas and more than 10 million repacked and sold in other areas (see page 23 for further details).

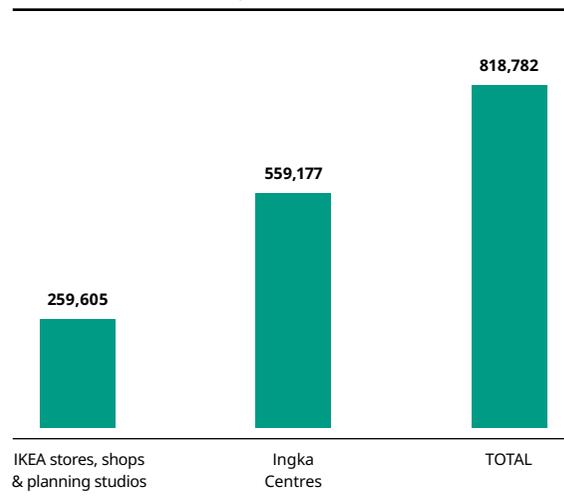
We are also investing in services to support the circular economy. For example, Ingka Investments has invested in Dutch based mattress recycling business RetourMatras. In Europe, consumers dispose of an estimated 40 million mattresses every year, most of them ending up in landfills or incinerated. We want to make sure these resources don't go to waste. RetourMatras recycles almost 1 million mattresses per year in the Netherlands. In FY22, RetourMatras invested in UK based mattress recycler The Furniture Recycling Group, enabling

them to grow their dismantling capacity to 1.5 million mattresses in the UK.

## Food waste

We serve meals to over 600 million customers each year through our restaurants, cafés and bistros and we've made reduction of food waste a priority. We achieved our goal of a 50% reduction by 31 December 2021 (see progress against targets on page 64) and reduced food waste by 57.8% by the end of FY22 (from FY17). The reduction in food waste from FY17 is equivalent to the food used in 20 million meals and 36,000 tonnes of CO<sub>2</sub>e avoided.

Construction waste by business unit FY22 (tonnes)



We have driven down food waste through use of innovative technology. More than 20,000 IKEA food co-workers have been trained to use a hi-tech food waste scale and analytics solution, developed by Winnow Solutions. This uses artificial intelligence (AI) to recognise and track what has been discarded. Daily reports enable our co-workers to identify sources of waste and make substantial savings. Ingka Investments has a minority investment in Winnow and we had installed the system in 392 stores by the end of FY22, up from 364 stores in FY21.

We are also working with Too Good To Go to make surplus food from IKEA food outlets available via the Too Good To Go app. Customers



reserve and collect a 'Magic Bag' of surplus food at a discounted price, saving it from going to waste. In FY22, we worked with Too Good To Go across 11 countries (Austria, Belgium, Denmark, France, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland and the UK), helping to prevent more than 126,700 meals from being wasted. These types of partnerships can also support customers struggling during the cost of living crisis.

We are committed to further reducing food waste and to also support customers to reduce food waste.

## Water use

We aim to use water efficiently in our business and are integrating water-saving technologies into the design of new sites. Our water efficiency measures apply to all our buildings, and we integrate additional measures at our locations in water stressed areas.

Water use increased by 6.8% in FY22 compared to FY21 due to visitor numbers increasing after Covid closures ending. We are working to step up our efforts to minimise water use which has also increased by 1.1% compared to our FY16 baseline.

Examples of water saving initiatives include rainwater harvesting and wastewater recycling. For example, the IKEA DongBusan store has installed a rainwater recycling facility, which reduced mains water consumption by 15% in FY22. The IKEA stores in Shanghai Beicai and

Tianjin have put in place wastewater recycling systems that help to conserve water.

## Partnering with suppliers

Beyond the home furnishing products designed and supplied by Inter IKEA Group, we buy goods and services from thousands of other suppliers, including for construction, delivery, and IT. We aim for all materials purchased for use in our business (including plastics and paper and wood) to be renewable, recyclable, and/or recycled by 2030.

We have policies in place that state all wood and paper purchased for use by our customers (including the IKEA pencil, buying guide and e-commerce packaging) must come from either recycled or Forest Stewardship Council® (FSC®) certified sources. During FY22 we have continued to monitor compliance and take actions on identified gaps.

We aim to extend our sustainable sourcing programme across all wood and paper we purchase by the end of 2025. We have also phased out almost all single-use plastic items in our restaurants, bistros and cafés.

We have worked with Inter IKEA Group to achieve a circular solution for old co-worker uniforms across the EU. Following the introduction of a new style uniform in FY21, we implemented a collection system for any old uniforms, with the aim of recycling the fabric into new IKEA products. We collected around 350 tonnes of fabric by the end of FY22 and this has been sent to Inter IKEA Group suppliers for recycling into new IKEA products, including curtains and cushion covers. We will continue the programme in FY23.

We have worked with a supplier in the US to reduce e-commerce packaging, replacing standard parcel boxes with packaging tailored to each individual product. This has substantially reduced the volume of packaging materials used and reduced both packaging and transport costs since more parcels can now be delivered per vehicle. We plan to implement this solution across the US during FY23 and are exploring similar opportunities in other markets.

See page 110 for details of our IWAY supplier code of conduct and monitoring programme.

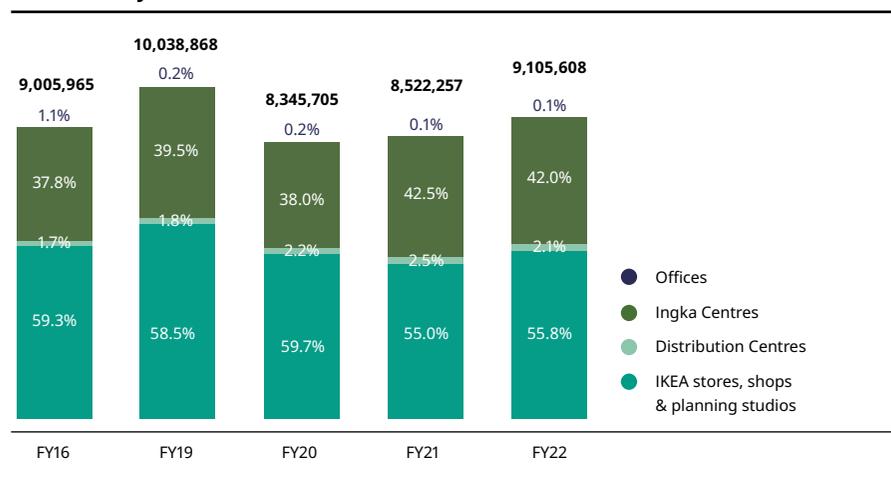
## Advocacy and working in partnership with others

Ingka Group seek to collaborate with stakeholders, including policy makers, to promote the transition to a circular economy. In 2022 the European Commission continued

to accelerate action on the Circular Economy Action Plan. We fully support the ambitions laid out in the EU Green Deal and Circular Economy Action Plan and have actively participated in the policy dialogue on how to enable a true circular economy. For example:

- We provided inputs to the EU public consultation on the revision of the **Waste Framework Directive**. We advocated for harmonising extended producer responsibility schemes across Europe and revising the definitions of waste and recycling to support a more circular economy.
- We engaged on the revision of the **Waste Shipment Regulation**, advocating for breaking down administrative barriers when shipping waste to recycling facilities within EU borders in order to create a true single market for recycled raw materials.
- Together with our trade associations we have advocated for harmonising packaging sorting symbols across the EU within the **Packaging and Packaging Waste Regulation**.
- We have supported the work of **Corporate Leaders Group Europe (CLG)** to develop a case studies and policy recommendations on the Digital Product Passport.
- We engage with partners such as the **World Economic Forum CEO Action Group for the European Green Deal** and **World Business Council for Sustainable Development** calling for creating a common framework of circularity indicators and definitions.

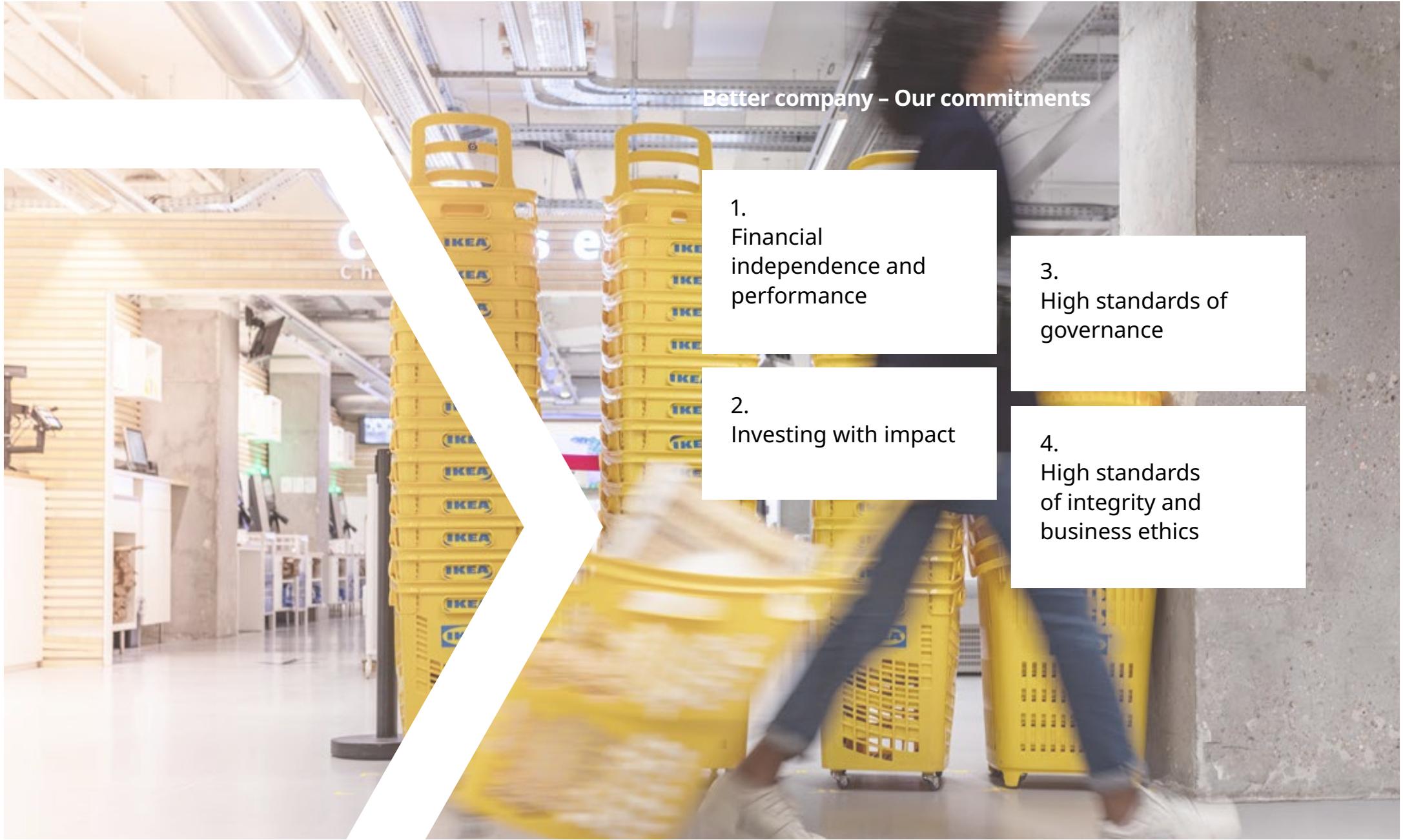
Water use by business unit (m³)



# Better company



We do business with a humanistic outlook, guided by our vision and values but always adapting to a changing world. We structure our business to ensure financial resilience, reinvesting the majority of our net income to help us grow and innovate, and the remaining part as dividends to Stichting INGKA Foundation to achieve its charitable purpose.



## Better company – Our commitments

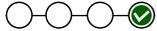
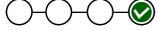
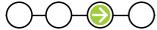
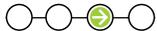
1.  
Financial  
independence and  
performance

2.  
Investing with impact

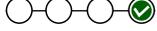
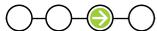
3.  
High standards of  
governance

4.  
High standards  
of integrity and  
business ethics

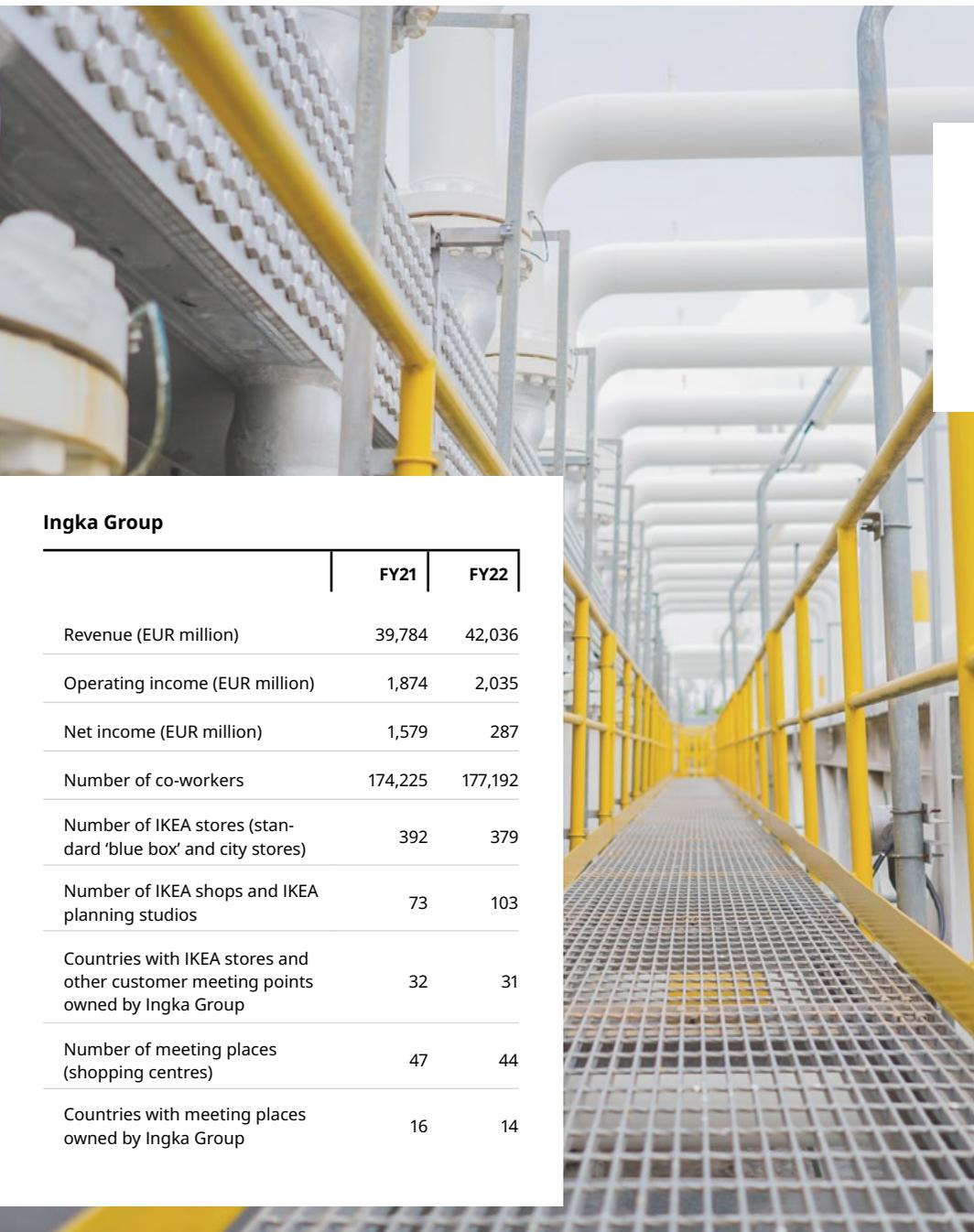


OUR TARGETS	PROGRESS IN FY22	PERFORMANCE SUMMARY
<b>Financial Independence and performance</b>		
<p>Make a positive economic contribution through our business activities, including the jobs we create, our procurement, the taxes we pay and through our community investment.</p>	 [ ACHIEVED ]	<p>Total Ingka Group operating income was EUR 2.0 billion and net income EUR 0.3 billion. In FY22, Ingka Group corporate income tax amounted to EUR 0.5 billion. In FY22, our total tax bill, including other taxes such as property and environmental taxes, amounted to approximately EUR 1 billion (FY21 1.1 billion). In FY22 85% of net income was reinvested in the company to ensure that we make IKEA more affordable, accessible, and sustainable. The other 15% is paid as dividend to Stichting INGKA Foundation to support charitable activities of the IKEA Foundation.</p>
<b>Investing with impact</b>		
<p>Ingka Investments does not make or hold direct investments in fossil fuel or nuclear power businesses.</p>	 [ ACHIEVED ]	<p>In FY22 we did not directly invest in businesses that explore for, extract, process, refine, or transport fossil fuels or nuclear power, or any utilities businesses that use these fuels.</p>
<p>Accelerate investments by Ingka Investments into renewable energy to EUR 6.5 billion by 2030.</p>	 [ ON TRACK ]	<p>Since 2009 Ingka Investments has invested EUR 2.5 billion in renewable energy and additional EUR 0.6 billion investments have been secured.</p>
<p>Develop an ESG screening methodology for investments in financial markets to be launched in FY22.</p>	 [ ON TRACK ]	<p>We developed the methodology during FY21 and we are now implementing it. We continue to strictly exclude investment in certain sectors (e.g. fossil fuel) and are using the positive ESG screening criteria to help us invest with impact including in specific solutions to tackle climate change, unsustainable consumption and inequality.</p>
<b>High standards of governance</b>		
<p>Achieve gender balance across our governing bodies and senior leadership (boards and committees) by FY22.</p>	 [ NOT ON TRACK ]	<p>At the end of FY22, women made up 38% of our Group Management (including our Management Board), 39% of board members for our three Ingka businesses and 49% of committee members. There were no women on our Management Board (2 members). The percentage of women in Group Management reduced from 50% in FY21. This is due to one female member leaving the business who was replaced by two co-managers who are both men. At country level, women made up 47% of permanent board members. We will keep working towards achieving and maintaining 50/50 representation for boards and committees. Our boards and committees are small in size and individual changes can have a large impact on total figures creating significant variations from year to year. All figures are correct as of September 1st 2022.</p>



OUR TARGETS	PROGRESS IN FY22	PERFORMANCE SUMMARY
<b>High standards of integrity and business ethics</b>		
<p>All new co-workers complete training on our Code of Conduct within a month of joining and existing co-workers complete refresher training once every two years.</p>	 [ NOT ON TRACK ]	<p>In FY22, over 98,300 co-workers completed our Code of Conduct training (including induction training for new joiners and refresher training), up from 93,000 in FY21. We are working to improve the way we record training data to enable us to monitor and drive progress against our target.</p>
<p>All co-workers in sensitive roles complete face-to face training on our anti-bribery and corruption framework.</p>	 [ ACHIEVED ]	<p>Our anti-bribery and corruption procedures require in-depth training for any co-workers in sensitive roles (such as procurement and real estate)*. We also have an e-learning programme on anti-bribery and corruption, which includes annual refresher training.</p>
<p>We aim for 100% of contracted suppliers to achieve IWAY compliance each year.</p>	 [ ON TRACK ]	<p>All of our contracted suppliers (representing over 75% of our spend) had signed the IWAY Compliance Commitment and were assigned a risk level by the end of FY22. IWAY Compliance also requires risk mitigation for high- and critical-risk suppliers. One of the key ways we mitigate risk for high- and critical-risk suppliers is by auditing suppliers to check compliance with the IWAY supplier code of conduct. We aim to audit all new suppliers rated as high- or critical-risk. We track total number of IWAY Reviews for high- and critical-risk-suppliers and are working on better visibility of our data to improve the way we monitor IWAY performance as part of continuous supplier management.</p>

\* Our in-depth training on anti-bribery and corruption is delivered face-to-face (either in person or online).



# 1. Financial independence and performance

## Ingka Group

	FY21	FY22
Revenue (EUR million)	39,784	42,036
Operating income (EUR million)	1,874	2,035
Net income (EUR million)	1,579	287
Number of co-workers	174,225	177,192
Number of IKEA stores (standard 'blue box' and city stores)	392	379
Number of IKEA shops and IKEA planning studios	73	103
Countries with IKEA stores and other customer meeting points owned by Ingka Group	32	31
Number of meeting places (shopping centres)	47	44
Countries with meeting places owned by Ingka Group	16	14

Our structure, together with a financial approach based on 79 years of earning money before we spend it, allows us to be financially independent. We think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet.

remaining 15% of the net income is paid as a dividend to the Stichting INGKA Foundation to achieve its charitable purpose. Nobody is entitled to the assets of the Stichting INGKA Foundation and no dividend from Ingka Group flows to any individuals.

Ingka Group pays taxes in all countries in which we operate. We view this as an important part of our wider economic and social contribution to society. We pay taxes in accordance with laws and regulations wherever we are present, as a retailer or in any other role.

## Our approach

Ingka Group is owned by a Dutch foundation, Stichting INGKA Foundation, with a charitable purpose that is achieved by making funds available to IKEA Foundation.

We invest 85% of our net income back into our business. This allows us to be more affordable, accessible and people and planet positive. The

 [More about Stichting INGKA Foundation](#)

 [More about our ownership structure](#)

## Ingka Group financial performance FY22

Financial year 2022 was difficult for many people and businesses. Amid rising inflation and the increasing cost of energy and raw materials, we invested substantially, and continued to make every effort, to minimise price increases.

The pandemic had less impact than the previous year but still affected our business, with store closures in some countries, supply disruptions and changes to stock availability. As a consequence of the war in Ukraine, we stopped our IKEA retail operations in Russia. The war in Ukraine is a human tragedy that continues to affect people and communities. Read more about our response on page 59.

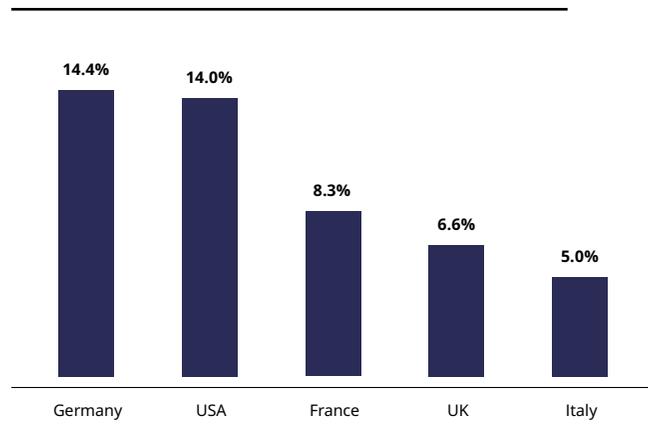
Despite a challenging environment, Ingka Group's revenues increased, and the operating income and normalised tax rate were stable. Total Ingka Group revenue for FY22 amounted to EUR 42.0 billion and increased by 5.7% compared to FY21. Operating income remained stable at EUR 2.0 billion.

Ingka Group's net income reduced substantially to EUR 0.3 billion (FY21: EUR 1.6 billion), mainly due to developments in our financial market investments (FMI). This was not connected with normal day-to-day retail operations. During the year, rising interest rates meant lower bond values in our FMI, in line with the world's financial markets. The net income was also impacted by the effects of scaling down operations in Russia. Income before tax amounted to EUR 0.8 billion (FY21: EUR 2.2 billion).

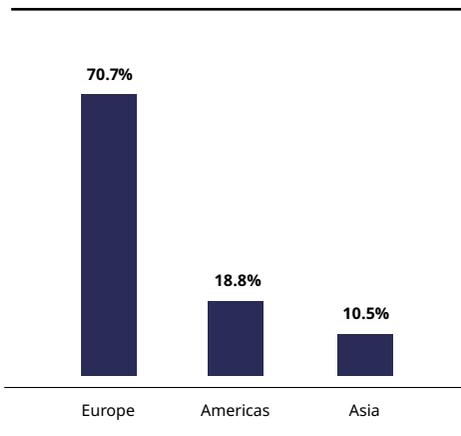
The effective tax rate of 65.6% (FY21: 29.3%) corresponded to an amount of EUR 0.5 billion corporate income taxes (FY21: EUR 0.7 billion). Without the impacts in our FMI portfolio, which increased our effective tax rate, the normalised tax rate was stable in the 25-30% band.

We continued to invest in our business transformation, our stores, distribution and customer fulfilment networks, the digital customer experience and shopping centres, and continued our sustainability investments in renewable energy and forestry, amounting to a capital expenditure of EUR 2.1 billion plus acquisitions of EUR 0.5 billion. Total assets amounted to EUR 57.8 billion (FY21: EUR 55.1 billion). We further strengthened our equity position to EUR 47.6 billion at year-end (FY21: EUR 45.2 billion). The total cash flow for 2022 is EUR 0.2 billion negative (FY21: EUR 1.2 billion positive). Cash flow from operating activities was EUR 2.8 billion (FY21: EUR 4.3 billion).

FY22 – Top selling countries for IKEA Retail



FY22 – IKEA Retail sales per region



**IKEA Retail recognised solid sales of EUR 39.5 billion for FY22 (FY21: EUR 37.4 billion) despite unprecedented challenges caused by the tragic war in Ukraine, supply disruptions and the pandemic's continued impact.**

## Tax in FY22

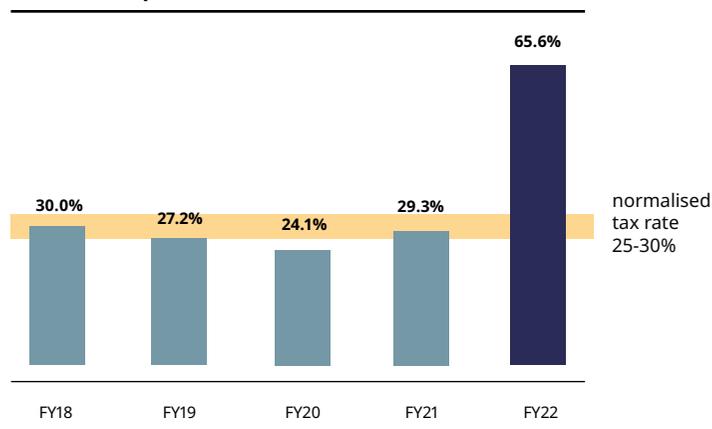
We have communicated our strong commitment to manage our taxes in a responsible and transparent way, contributing to society in every country where we operate.

This year Ingka Group have published our global tax principles on Ingka.com and became a signatory to the B Team Responsible Tax Principles. This year, we are also publishing the Ingka Group Tax report, including country-by-country tax data.

Corporate income taxes amounted to 0.5 billion in FY22 (FY21: EUR 0.7 billion). In FY22, our total tax bill, including other taxes and duties such as property taxes, environmental taxes and customs duties, amounted to approximately EUR 1.0 billion (FY21: EUR 1.1 billion).

Over the past five years (FY18–FY22), corporate income tax and other taxes and duties amounted to approximately EUR 5.3 billion. In addition, we collected substantial tax amounts on behalf of governments, such as value added tax and employee taxes. Over these five years, we have also created tens of thousands of jobs, directly in our IKEA stores and warehouses, and indirectly with our external suppliers, which in turn generate taxable income.

**Effective corporate tax rate (ETR) FY18-FY22\***



\* During FY22 rising interest rates meant lower bond values in our financial market investments (FMI), in line with the world's financial markets. This increased our effective tax rate. Without the impacts in our FMI portfolio, the normalised tax rate was stable in the 25-30% band.

## Ingka Group Tax Principles

Ingka Group's approach to tax is anchored in the following Tax Principles.

- Tax is a core part of our corporate responsibility and governance and fully integrated in our governance structure.
- We are fully committed to comply with relevant tax laws and regulations in all the jurisdictions in which we operate and where the value is created.
- We conduct intragroup transactions on an arm's length basis and are fully committed to comply with obligations under transfer pricing rules in the jurisdictions where we operate, and under global transfer pricing principles.
- We recognise the importance of respecting both the letter and the spirit of the law and will always act accordingly.
- We will only use business structures and carry out transactions with a commercial or economic purpose. Whilst tax is considered in significant business decisions, we do not carry out operations where saving tax is the main benefit we expect.
- We do not have tax-initiated operations in tax havens.
- Where tax incentives are offered by government authorities, we ensure that, in case of use of such incentives, this is done in a transparent way and consistent with statutory and regulatory frameworks.
- We continuously develop and maintain cooperative long-term relationships with tax authorities, based on mutual respect, trust, transparency and, where possible, dialogues upfront.
- We are fully committed to be transparent about our approach to tax and the taxes we pay.

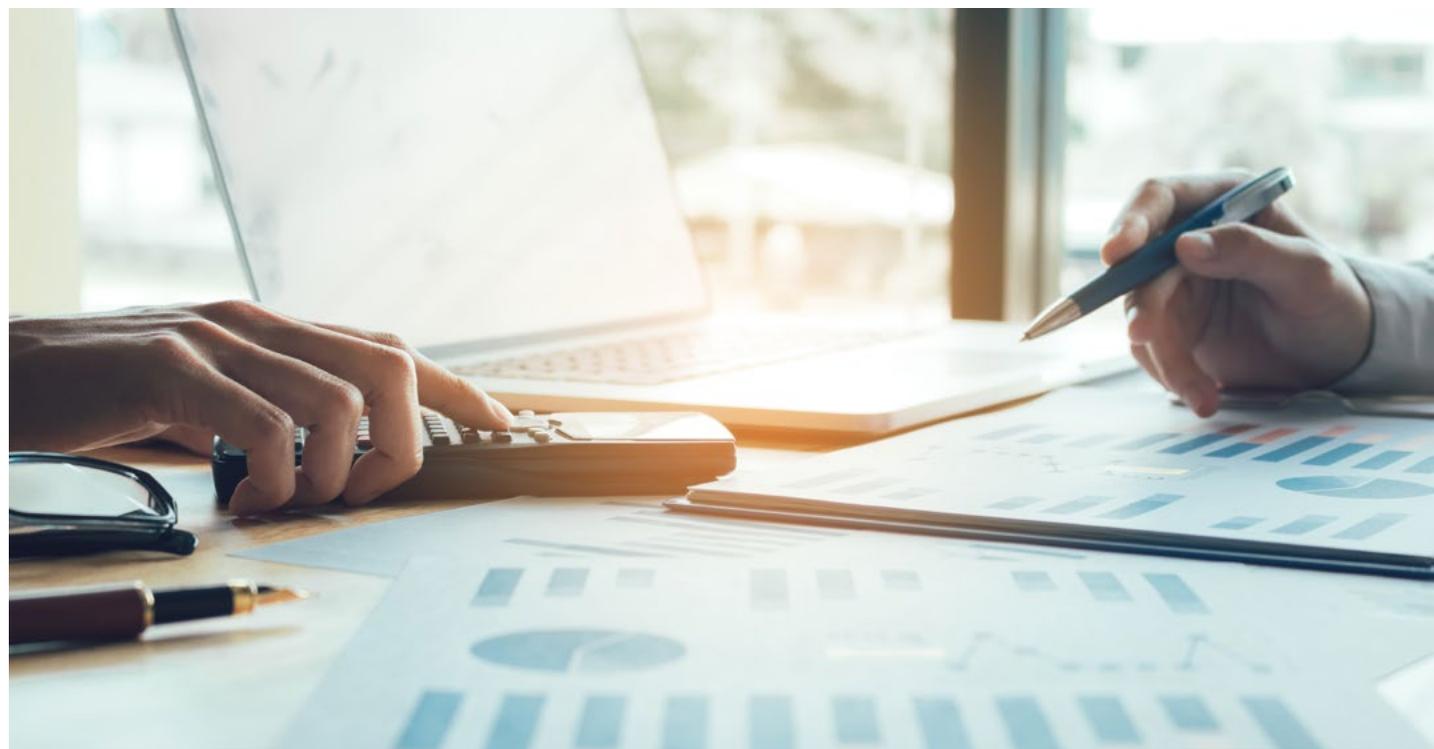
## Outlook for FY23

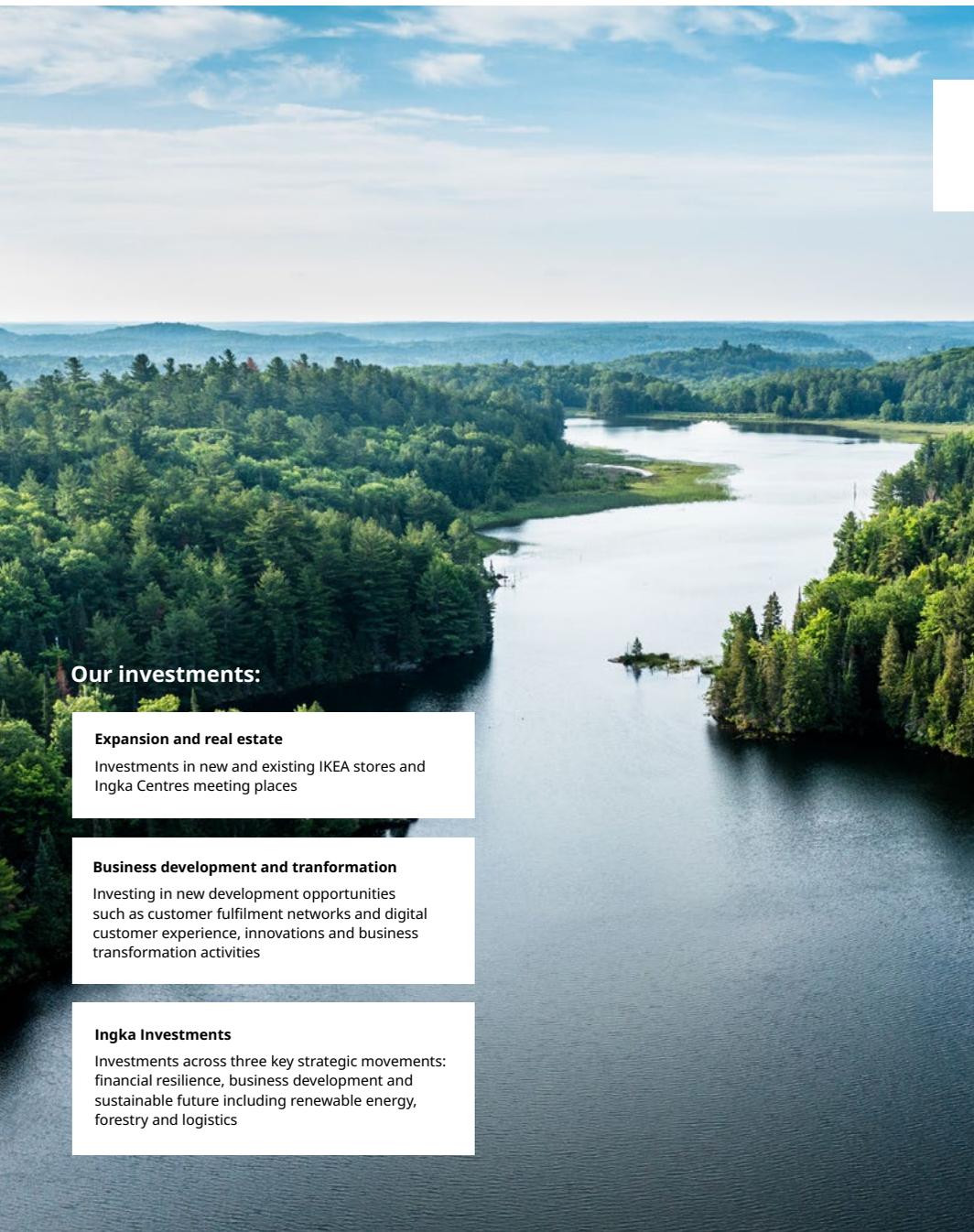
Heading into the new year, we know certain challenges are coming with us, yet we see the opportunity to lead, grow and fulfil the dreams of the many people.

We are worried about the climate crisis, the unstable geopolitical environment, the energy crisis, retail disruption and the impact all of this will have on Ingka Group. We are also concerned about macro-economic development with consumer confidence at its lowest level in many countries and a visible drop in purchase intent as wallets get thinner due to inflation.

But we have better conditions starting financial year 2023 than we had starting 2022. We see many opportunities and choose to be optimistic.

With our strong vision and values, we will build on our strengths and work even harder towards our vision to create a better everyday life for the many people. We will continue to steer our business on holistic performance across our value creation areas of Better homes, Better lives, a Better planet, and a Better company.





## 2. Investing with impact

### Our investments:

#### Expansion and real estate

Investments in new and existing IKEA stores and Ingka Centres meeting places

#### Business development and transformation

Investing in new development opportunities such as customer fulfilment networks and digital customer experience, innovations and business transformation activities

#### Ingka Investments

Investments across three key strategic movements: financial resilience, business development and sustainable future including renewable energy, forestry and logistics

Investments allow us to retain and increase the value of our assets and better meet and exceed customer expectations, while having a positive impact on people, our planet and society.

As Ingka Group, 85% of our net income is reinvested in the company to make us more affordable, accessible and sustainable\*. We invest in the growth and transformation of our business and in new development opportunities based on our strategic priorities. In FY22 our capital expenditure amounted to EUR 2.1 billion plus acquisitions of EUR 0.5 billion including investment in our stores, distribution and customer fulfilment networks, the digital customer experience and shopping centres.

Ingka Investments, the investment arm of Ingka Group, strengthens long-term growth and business development, secures our financial resilience and supports sustainability goals by making responsible investments in people and businesses. It manages assets worth EUR 26 billion. As a financial investor we think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet.

### Our approach

Our Investment Policy for Ingka Group states that all investments should have a positive impact on both people and the planet. It makes Environmental, Social, Governance (ESG) factors an integral part of the screening and due diligence process.

Our investment decisions are made with a long-term perspective, always in line with our values and Code of Conduct.

We aim to establish metrics and KPIs to understand the environmental and social impacts of our investments but this remains challenging due to a lack of quality and comparable data.

 [Ingka Investments](#)

\* The other 15% goes to INGKA Stichting Foundation to support the charitable activities of the IKEA Foundation.

## Ingka Investments

Ingka Investments makes investments to secure the financial independence and longevity of Ingka Group and our ability to invest in our retail business and sustainability goals, in good and in bad times.

Our investments range from stocks and bonds on the financial markets to wind- and solar parks and forestland. They are organised in six portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Forestland Investments and Financial Markets Investments.

We balance our investment activities across three strategic movements:

- **Financial resilience** – safeguard, strengthen and prioritise the liquidity of Ingka Group for the long term.
- **Business development** – support creating the IKEA of the future by investing in prime

location real estate and innovative companies that can help our retail business develop new capabilities, services and revenue streams.

- **Sustainable future** – invest in assets that support IKEA to become a more sustainable business and enable real carbon footprint reductions for Ingka Group, our customers and beyond our business.

### Investment approach

Our financial strength allows us to be purpose driven in our investment decisions. We take a long-term perspective, which enables us to accept lower or even no returns in the short and

middle term. We ensure that we have the option to exit from an investment within a reasonable time frame, if it turns out to not be in line with our values. Balancing risk and return, we aim to have a positive impact on people, planet and society at all times.

We can have most influence in ensuring a positive impact for society and the environment where we acquire or have a majority shareholding investment. With minority shareholding investments we aim to play a positive role by actively engaging with the companies we invest in, sharing our know how and promoting a more sustainable direction. In addition, we have started to develop a quantitative model for investing with impact, drawing on our



sustainability expertise as well as external databases, to establish clear criteria that our investment teams can use to evaluate investment opportunities. We are exploring how best to establish metrics and KPIs that will enable us to track and communicate the environmental and social impact of our investments and improve the availability and quality of comparable data.

## A renewable energy future

For over a decade Ingka Investments has been investing in renewable energy generation. This supports our goal to be climate positive and to contribute to the transition to a net-zero society.

Since 2009, we have invested or committed to invest EUR 3.1 billion and our total installed renewable energy power is more than 2.3

gigawatt, equivalent to the annual consumption of over 1.25 million European households. In 2020 we reached our goal to generate more renewable energy than the energy we consume across all Ingka Group operations. We are now prioritising further renewable energy production with a focus on Australia, India, Italy, Japan, New Zealand and South Korea to help us achieve our next goal to consume 100% renewable electricity in all countries where we operate by 2025.

In FY22, we progressed towards our investment goal of EUR 6.5 billion in renewable energy by 2030, by investing and committing a record EUR 860 million in renewable energy projects. Construction has started on some projects and most are expected to be finalised by 2025. Projects include:

- Increased shareholding in Veja Mate wind park, Germany's third largest offshore wind farm
- Acquiring a 49% stake in three offshore wind projects in Sweden with the potential to reach a total installed capacity of 9,000 MW – equivalent to more than 25% of the electricity consumed in Sweden in 2021
- Nine solar PV park projects to be developed and built across Germany and Spain with a total investment worth EUR 340 million
- A ready-to-build wind farm and solar park in north-western Poland, bringing our total to seven wind farms in the country
- In-house development of renewable energy projects such as a utility-scale battery storage system.

## Investing in forests

Since 2014, we have bought forests in several countries as part of our financial strategy to invest in resources which have a positive impact on people and planet. We have a long-term view and invest significantly in the development of our forests for future generations: through reforestation (regenerating degraded or



deforested areas through planting or naturally) and afforestation (planting new forests). Our approach is managed by a team of 143 forest professionals and audited by the Forest Stewardship Council (FSC®).

For all these investments, we apply a responsible forest management approach – protecting the forest and its biodiversity for today and future generations. We ensure that we plant more trees than we harvest. In FY22, we planted 8.36 million seedlings (FY21: 5.86 million), over 40% more than the previous year.

In FY22, we acquired 14,300 hectares of land in New Zealand which significantly expands our afforestation investment. We have planted

seedlings on over 1,000 hectares so far and aim for our investment to create long-term employment, support biodiversity, and store carbon.

Further adding to our afforestation efforts, we acquired 1,321 hectares of land in Florida, the US near the Apalachicola River. This project will support increased biodiversity, help ensure sustainable timber production from responsibly managed forests, and recover land damaged by Hurricane Michael in 2018. At least 650,000 new trees will be planted in the first rotation of a 40-year cycle.

In addition, we invested EUR 43 million in existing forestland in the US and Romania. At the end of FY22 we owned approx. 270,000



hectares of forest in Europe (Estonia, Latvia, Lithuania, Romania), the US and New Zealand. We afforested 2,641 hectares of land and reforested an additional 1,968 hectares.

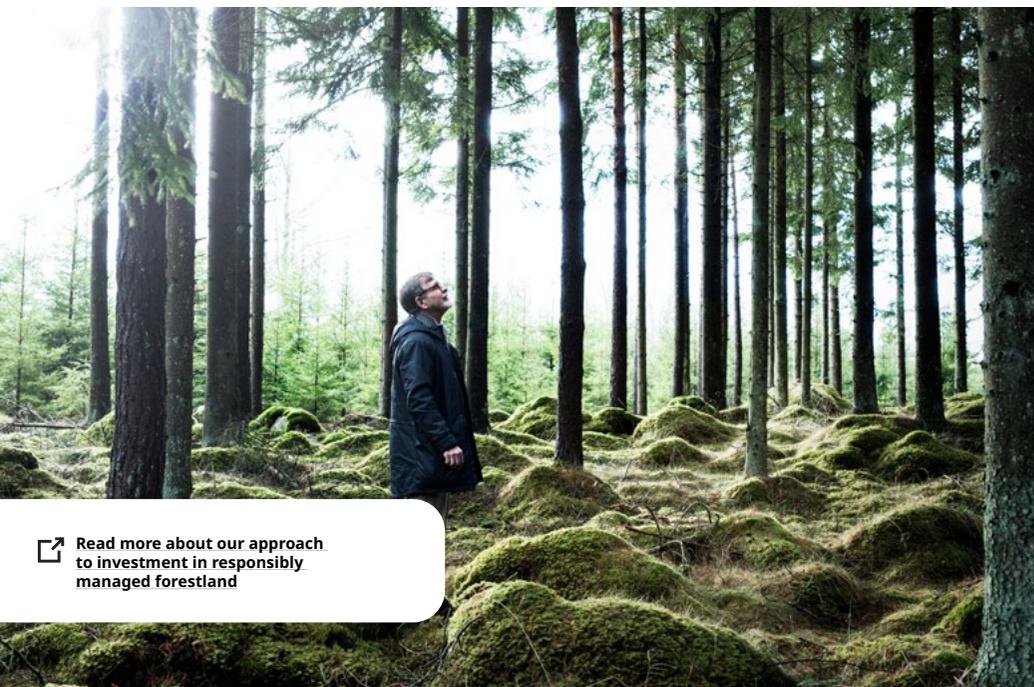
## Logistics and fulfilment

We are investing in innovative logistics and fulfilment businesses that will strengthen the IKEA retail business and help to achieve our goal of zero-emission home deliveries.

In FY22, this included a minority investment in GoBolt, a Canadian technology-enabled logistics and home delivery provider. GoBolt (“Bolt”) manages everything from small items to heavy and hard-to-handle fulfilment deliveries with a

technology driven and sustainable approach to logistics. It is building a fully electric fleet and aims to make deliveries carbon negative.

We also made a minority investment in Urb-it, a Swedish sustainable logistics platform that provides last-mile deliveries across Europe. Urb-it makes deliveries exclusively on foot, bike or with its e-cargo-bike fleet, supporting efforts to reduce air pollution, noise pollution and congestion in urban areas.



[Read more about our approach to investment in responsibly managed forestland](#)

## Towards a circular economy

We invest in innovative companies that can help us become a circular business.

These investments focus on companies that can offer: new solutions for products at the end of their life; and circular business models and solutions that reduce the costs of circularity or can help us reduce our carbon footprint.

In FY22 we increased our ownership in Next Generation Holding, one of the leading

manufacturers and developers of technologies and recycling solutions for transforming plastic waste into new materials. In addition, our significant investment in Dutch mattress recycling company RetourMatras, has enabled it to open its fourth facility.



[Read more in Better planet - circular section](#)



## Investments to benefit customers, communities and the planet

In FY22 we invested in physical assets and innovative companies that leverage technology to improve the customer journey as well as those that support our ambition to create a more sustainable future.

**Climate technology:** In FY22, we made a financial minority investment in Swedish based company Doconomy, who are a leading player in climate technology. Their technology enables banks, brands and consumers to measure, understand and reduce their environmental impact and includes a financial transaction tool, which customers can use to track the environmental footprint of each purchase they make and set themselves an individual carbon budget.

[Read more online](#)

**Affordable insurance:** We also invested in UK insurance start-up, Urban Jungle. The business uses technology to provide fairer and more affordable home insurance to renters and homeowners, including by offering its customers 100% online services with no need to call, and through its use of AI and Machine Learning to catch fraud.

[Read more online](#)

**Real estate:** We acquired significant city-centre real estate at London's Oxford Street, which supports our focus on bringing IKEA closer to customers through new IKEA store formats in city locations. An IKEA store opening is planned for October 2023.

[Read more online](#)

**Social housing:** We committed EUR 100 million of financing in Ireland as part of a unique initiative for the construction of social housing units across the greater Dublin region.

[Read more online](#)



## 3. High standards of governance

Our governance structures and processes make sure that Ingka Group remains a well-managed, successful company, and that we deliver on our strategic ambitions and goals.

As a purpose-led business, and to achieve our vision to create a better everyday life for the many people, we are embedding sustainability into our governance, ensuring environmental and social factors are considered in our business decision making.

### Our approach

Ingka Group operates three businesses: IKEA Retail which is our core business, Ingka Centres and Ingka Investments. Ingka Holding B.V. is the parent company of Ingka Group. The role and members of our Supervisory Board, Management Board and Group Management are described on pages 97 and 98.

We are updating our sustainability strategy and we made further improvements to our governance structures to embed sustainability. This included increasing our focus and requirements for integrating sustainability factors in investment decision making and reporting.

We believe that a diverse leadership population supports effective governance and have made it a priority to achieve gender balance in our boards and committees. Read more about our overall approach to gender balance on page 51.

- [Our ownership structure](#)
- [Our role as an IKEA franchisee](#)
- [Our Supervisory Board and Group Management](#)

## Ingka Group Board of Supervisory Directors

The **Supervisory Board** of Ingka Holding B.V. is responsible for supervising, monitoring and advising the work of the Management Board.

Based on recommendations from the Management Board, the Supervisory Board approves, among other things, the strategic plan, the main directions and the budget of Ingka Group. The Supervisory Board is always guided by the interests of Ingka Group and to ensure the continuity of our business.

As per 31 August 2022, the Supervisory Board of Ingka Holding B.V. consists of eight members. From top left to bottom right:

**Lars-Johan Jarnheimer** (Chairman of Ingka Group Supervisory Board, also chairs the Remuneration Committee), **Tore Bertilsson** (also chairs the Audit Committee), **Lone Fønss Schrøder** (also member of the Audit Committee), **Luisa Delgado** (also member of the Remuneration Committee), **Ian Worling** (also member of the TaskRabbit board), **Peter Kamprad**, **Mark Newton-Jones** and **Jonas Kamprad**.



## Ingka Group Board of Managing Directors and Ingka Group Management

The Board of Directors (Management Board) is the ultimate decision-making body and is responsible for the formal conduct and the strategic, structural and financial approvals, as well as critical risks, for Ingka Group.



The Ingka Group **Management Board** has two members: Jesper Brodin, President and Chief Executive Officer, and Juvencio Maeztu, Chief Financial Officer and Deputy Chief Executive Officer. Kurt-Jörgen Olsson, General Counsel, is Permanent Invitee, Organiser and Corporate Secretary to the Management Board.

**Group Management** focuses on the strategic direction and performance of Ingka Group, and

is the strategic leadership team for Ingka Group. Group Management takes part in the decision making in relation to strategies, business transformation, leadership and performance.

Ingka Group Management, from left: **Wim Blaauw** Co-chief Digital Officer, **Karen Pflug** Chief Sustainability Officer, **Tony Sandelius** Strategy, Development & Innovation Manager, **Belen Frau** Global Communication Manager,

**Tolga Öncü** Retail Operations Manager, **Cindy Andersen** Managing Director, Ingka Centres, **Juvencio Maeztu** Deputy CEO (Deputy Chairperson) and Chief Financial Officer, **Kurt-Jörgen Olsson** General Counsel, **Karina Gilpin** CEO Assistant, **Peter van der Poel** Managing Director, Ingka Investments, **Ulrika Biesèr** Group People & Culture Manager, **Parag Parekh** Co-chief Digital Officer, **Jesper Brodin** President and CEO (Chairperson).

## Our policies, rules and standpoints

Our Ingka Policies and Rules help us to steer our business as a purpose led company. They reflect our values and ethical standpoints, enabling us to remain a trusted brand and to act in the best interests of our business, co-workers, people and planet. Our policies make it clear to co-workers what we stand for and are designed to be easy to apply in their everyday work. We regularly review and update our key policies and following the latest update in FY21, we launched a series of short films for co-workers featuring our senior leaders to help bring our standpoints to life.

We surveyed our group function managers, country managers and country chief financial officers in FY22 to review their understanding of our policies and assess the compliance processes in place at the local level. There was a high response rate to the survey and the results showed good levels of awareness and commitment to our policies. The survey also identified opportunities for improvement in relation to communication of our policies.

### Value creation goals

To support our performance culture and to help steer our business towards our vision of a better everyday life for the many people, we are establishing goals for each Ingka Group business and unit, and for Ingka Group as a whole. These goals are structured under the same four 'better' movements contained in this report, ensuring a connection between our internal performance management and our external reporting. These 'value creation' goals help us measure performance both financially and in terms of how we add value to co-workers, customers, society and the planet. They are intended to

help us assess whether we are succeeding as a purpose-led business. You can read some of these goals in the performance tables throughout this report.

### Sustainability governance

Key roles and responsibilities for sustainability include:

- Our sustainability strategy is formally decided by the **Management Board**, considering advice from the **Supervisory Board**, who have a broad range of competencies including ESG.
- **The Sustainability Committee of the Management Board**, chaired by the CFO

and Deputy CEO of Ingka Group, defines and follows up on the overarching priorities, principles and frameworks for sustainability within Ingka Group. The committee meets twice a year and reviews sustainability performance, including climate-related issues, in every meeting.

- **Our Chief Sustainability Officer (CSO)** is a member of our Group Management, with a remit to secure our focus on sustainability as a key topic for the Group. She manages the **Group sustainability function** with responsibility for the execution of our People and Planet Positive Strategy across Ingka Group. The CSO organises and is the deputy chairperson of the Sustainability Committee.



- The **Group Sustainability Management Team (GS MT)** is responsible for the development of sustainability policy, strategy and governance communication and oversees our sustainability performance.
- The Ingka cross-functional **Sustainability Management Team (SMT)** includes managers from Group Sustainability, the Sustainability Managers for IKEA Retail and Ingka Centres, the sustainability manager for Innovation and Development along with business partners from Group Communication, Group Business Steering and Group People & Culture. Managers from the Procurement and Business Risk & Compliance functions attend relevant meetings. SMT ensures a cross-functional alignment on our sustainability agenda across Ingka Group.



- Our **Country Retail Managers** are also the Chief Sustainability Officer (CSO) for their country. This is designed to help embed sustainability into our core business and broaden ownership of our sustainability strategy. Country CSOs are accountable for delivering our goals at the country level, and sustainability is integrated into their development programme and performance review process. They are supported by Sustainability Managers in each country.

We have also taken steps to integrate sustainability into our financial decision-making, risk management and reporting. This includes establishing an ESG Reporting Forum (environmental, social, governance) governed by Group Finance to coordinate our ESG disclosures and ensure they reflect our commitments and priorities. The Forum brings together key group functions such as Sustainability, Risk, Business Steering, People & Culture, Finance, Communications, Legal & Governance and Public Affairs and core business representatives to analyse trends, global developments and risks, stakeholder expectations, current and new ESG legislation, and mandatory and voluntary disclosures.

We have integrated climate-related matters into our governance. Read more about our approach to climate change governance in our response to the Task Force on Climate-Related Financial Disclosures on page 101.

## Collaborating with Inter IKEA Group

Ingka Group participates in the IKEA Strategic Sustainability Council, an Inter IKEA Group governance body that focuses on the IKEA brand's role in society, the IKEA People and Planet Positive Strategy and ambitions across the franchise system. The group also oversees compliance with sustainability requirements in IWAY. Ingka Group collaborates with Inter IKEA Group on many aspects of the IKEA People and Planet Positive Strategy such as inspiring customers to live healthier and more sustainable lives and the IKEA climate positive commitment.

## Our sustainability strategy

The Ingka Group sustainability strategy sets out the sustainability direction up to 2030 for our three businesses: IKEA Retail, Ingka Centres and Ingka Investments. It is one of five key strategies for Ingka Group alongside People & Culture, Finance, Real Estate and Digital. Our sustainability strategy shows how we will contribute to achieving the overall IKEA People & Planet Positive strategy, which is developed by Inter IKEA Group and covers the whole of the IKEA franchise system.

We are updating our sustainability strategy to further strengthen its ambition in key areas and developing detailed roadmaps for each of our businesses and functions that will set out how we will achieve our sustainability commitments.



**"Sustainability has been at the heart of our business for many years, and I would like to thank our passionate and dedicated co-workers for the fantastic work so far. Today, tackling the interconnected challenges of climate crisis, rising inequality, unsustainable consumption and biodiversity loss is more critical than ever. Leaders across business and government must act with urgency and impact, taking a systems-thinking, collaborative and inclusive approach. The good news is that many of the solutions we need already exist and we have scientific evidence to guide our efforts. At Ingka, we care deeply about having a positive impact on the world around us. We are keeping the long-term challenges front of mind, while implementing the short-term actions needed to deliver results, now. We will play our part in creating a better future for our customers, our business, our communities, and the planet we call home."**

**Karen Pflug**  
Chief Sustainability Officer

## Risk management

Ingka Group applies a holistic and enterprise-wide approach to manage risk, with risks being identified, assessed and managed across the business on an ongoing basis, and relevant functions being responsible for monitoring progress and putting mitigation plans in place. This allows us to successfully meet objectives with fewer unexpected surprises, empower risk-informed decision-making and enable stronger company resilience. By effectively managing our risks and maximising our opportunities in a controlled and compliant way, we enable better business performance and protect the IKEA brand.

### Risk assessment process

We assess risks for Ingka Group from a quantitative financial impact and qualitative impact perspective across five different areas: Brand & Reputation; Financial; Legal & Regulatory; Operations; and Health, Safety & People. This is balanced with an assessment of the likelihood of a risk event materialising. The impact and likelihood together make up the overall risk level, which supports prioritisation of risk responses.

### Risk response, reporting and follow-up

Management teams across the business are provided with risk insights to align on the most pressing risks, risk owners are identified, and response plans are developed to address

the risks. In cases where different units face the same risks, response plans are aligned at Group level to secure efficiency and overall effectiveness. A follow-up on these response plans is conducted each tertial.

Strategic risks and the progress of their response plans are reported regularly to the Management Board and Audit Committee.

### Key risks and related mitigating actions

We have been working on the following key risks and associated mitigating actions:

#### Geopolitics, pandemics, supply disruptions and resource scarcity

FY22 brought geopolitical risks into the forefront of corporate and policy decision making for the world. We stopped our IKEA retail operations in Ukraine and Russia, while supporting our co-workers in both countries. We extended support to impacted communities and people through partnerships with UNHCR, Red Cross and other local NGOs. The impacts on our business of the war-induced energy crisis are being dealt with through multiple workstreams including supporting our consumers with energy saving products and renewable energy services and reducing usage in our own operations.

Combined with geopolitical tensions, lockdowns induced by the pandemic and resource scarcities resulted in significant product

availability challenges across our markets. Ingka Group is taking actions to mitigate the more immediate impact of these events, while also building a stronger overall approach to organisational resilience.

#### Financial and regulatory, including inflation and recession

Existing inflationary pressures and recession fears have been magnified by the war in Ukraine and its impact on energy and supply chains. This will have a longer-term impact on the cost of living and ultimately consumer spending power and confidence. Our mitigation strategy is to prioritise actions that bring timely and measurable benefits to the business. We are also exposed to fluctuations in foreign currency and changes in interest rates. At Ingka Group, we maintain strong policies ensuring our overall financial resilience, and we continue to diversify our investment portfolio and hedge against market fluctuations.

#### Retail transformation, commercial relevance and meeting changing customer expectations

The retail industry is undergoing a rapid transformation towards online business and customer experience, which has accelerated since the pandemic. To ensure that we adapt to changing customer behaviours and expectations, and prepare for the future, we have launched multiple strategic initiatives to further develop our digital capabilities and bring a true omnichannel experience to our customers.



### Cybersecurity and data privacy

As we mature as an omnichannel retailer, the number of digital interactions with our customers and our dependency on online sales channels will only increase. At the same time, we are conscious of the ever-increasing sophistication of cyber threats, which are further fuelled by geopolitical tensions. As a result,

cybersecurity and data privacy risks will remain an area of high focus. In response, we are working to minimise these risks when developing our digital solutions and maintaining a robust approach to continuously protect our systems, assets and data.

### Talent

Our business depends on the talent and efforts of highly-skilled co-workers across all functions and markets to drive sustainable growth and business performance as well as deliver on our strategy. Co-worker engagement and motivation, preparedness for new demands and external forces such as geopolitical factors, pandemics, and changes in societal behaviours can all impact talent attraction and retention. Many initiatives are underway to strengthen our engagement with potential and current talent, develop our co-workers and ways of working, and secure business-driven competence.

### Wellbeing of our people

People are our greatest assets, and we place great importance on ensuring their wellbeing. As a business, we are constantly exposed to health and safety risks, which have recently been amplified by the pandemic, the war in Ukraine, and rapid changes in the retail industry and to ways of working. We are mitigating these risks through a rigorous organisational health and safety approach aimed at both protecting and supporting our co-workers in these challenging times.

### Climate change

Climate change is set to impact our stores, supply chains, co-workers and customers in the coming years. We are working to better understand the potential implications of natural hazards and extreme weather events on our operations and minimise the impact. Further, we are committed to taking action against climate change, as outlined in our sustainability strategy and our ambition to become climate positive by 2030.

## Sustainability risks

Social, environmental and ethical risks are integrated into the Ingka Group Risk Management Framework (see page 101 for a description of the process). Risks are identified, assessed and managed across the business, and relevant functions are responsible for monitoring progress and putting mitigation plans in place. We assess risks on an ongoing basis, and also conduct an annual strategic sustainability risk review, led by the Sustainability Management Team.

The key sustainability risks identified in FY22 include: climate change disrupting our supply chain and business operations and impacting co-workers and customers; and social and environmental risks in our supply chain. The challenges of climate change, nature loss, unsustainable consumption and inequality are all inter-related. We need to understand these connections and complexities, and take a holistic and systems-based approach – designing our risk management, policies and actions to always have a positive impact on people, planet and business. See more information on these risks and how we mitigate them under the chapters Better planet and Better lives.

## Reporting non-financial information

We disclose our approach to managing non-financial risks in line with the EU Non-Financial Reporting Directive requirements.

More information is found throughout our report, including in the following sections:

- Environmental risks – see Better planet page 78
- Social and employee risks – see Better lives page 47 and IWAY pages 110-111
- Human rights and children's rights risks – see Respecting human rights pages 41-44, Work-life pages 46-50, Inclusive company pages 51-53 and Better neighbourhoods pages 56-60
- Anti-corruption, anti-bribery and business ethics risks – see High standards of integrity and business ethics pages 108-109, IWAY pages 110-111 and Living our values everyday page 46.

We engage with others on reporting standards. For example, in FY22 we participated in the International Sustainability Standard Board's Exposure Draft consultation to encourage the adoption of an international baseline for sustainability reporting. We advocated for a greater focus on human and social reporting to ensure that a just transition and respect for human rights remain as relevant as environmental and governance considerations. We also welcomed the work of the EU towards long-lasting, fit-for-purpose and comprehensive sustainability reporting standards. We responded to the public consultation on the European Sustainability Reporting Standards, calling for simplicity, interoperability and high ambition levels informed by double materiality. We called upon our trade associations to support EU efforts in that direction.

Our response to the EU consultation is available here.



## Stakeholder engagement

Our key stakeholders include our co-workers, customers, and people in the communities where we operate. Stakeholder engagement helps us to develop our approach to sustainability issues and challenge us to be our best. You can read about co-worker feedback on page 48 and customer research on page 33. Our Neighbourhood Framework was developed through extensive stakeholder engagement, see page 56.

We also partner and engage with NGOs, academics, opinion leaders, decision-makers, and peers to address sustainability challenges and promote positive change.

Our collaborations and memberships include:

### Sustainable and responsible business

We're a member of the UN Global Compact, we work with the World Economic Forum, the B Team, Organisation for Economic Co-operation and Development (OECD) and The Conference Board, and we're a member of the World Business Council for Sustainable Development (WBCSD).

### Human rights, diversity and inclusion

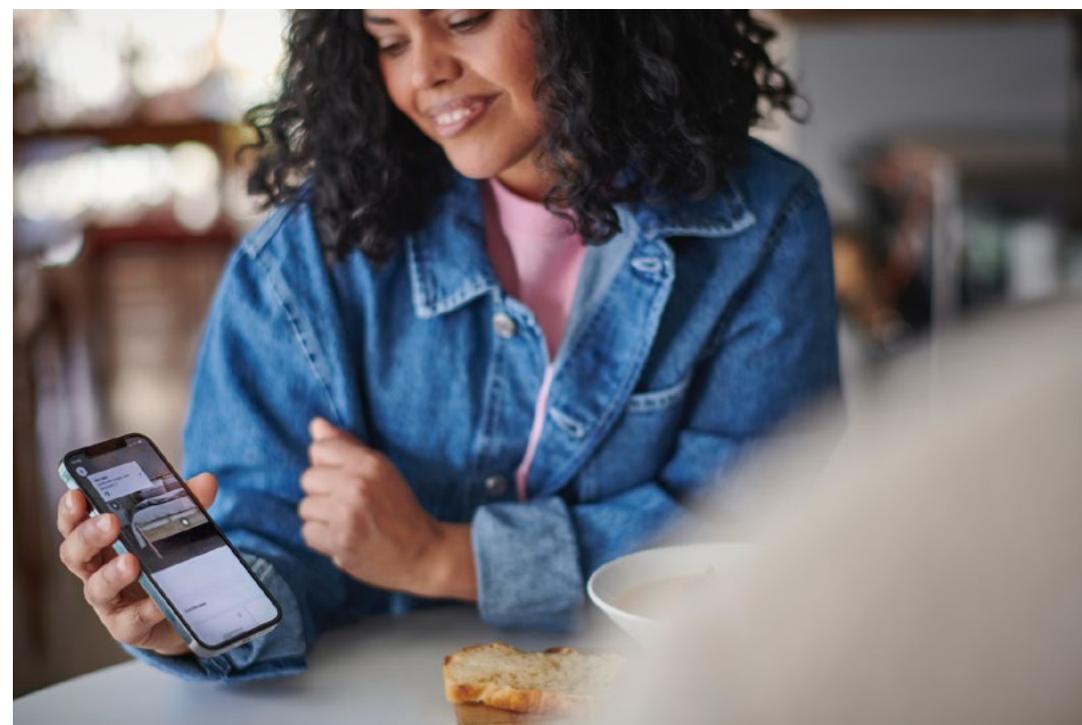
Business Disability Forum, Business Network on Civic Freedoms and Human Rights Defenders, Equal Pay International Coalition (EPIC), the B Team, Global Deal for Decent Work and Inclusive Growth, Catalyst, Real Play Coalition, Business for Inclusive Growth Platform, Open for Business, Workplace Pride, Stonewall, UNHCR, UNICEF and World Economic Forum Refugee Employment and Employability Initiative and Global Future Council on Human Rights (co-chair).

### Climate change and energy

World Economic Forum CEO Climate Leader Alliance (co-chair), We Mean Business Coalition (WMB), Climate Group (RE100, EV100), World Business Council for Sustainable Development, Business Ambition for 1.5C pledge, C40, Solar Power Europe, RE-Source European Platform for corporate renewable energy sourcing, Corporate Leaders Group (CLG), Net-Zero Science Based Targets Experts Advisory Group, Asia Clean Energy Coalition (ACEC), Race to Zero Breakthroughs: Retail Campaign, Marrakech Partnership for Global Climate Action, and UK Net Zero Roadmap for Retail.

### Retail growth & digital

World Federation of Advertisers (WFA), Global Alliance for Responsible Media (GARM), EuroCommerce, Ecommerce Europe, Big Data Value Association (BDVA).



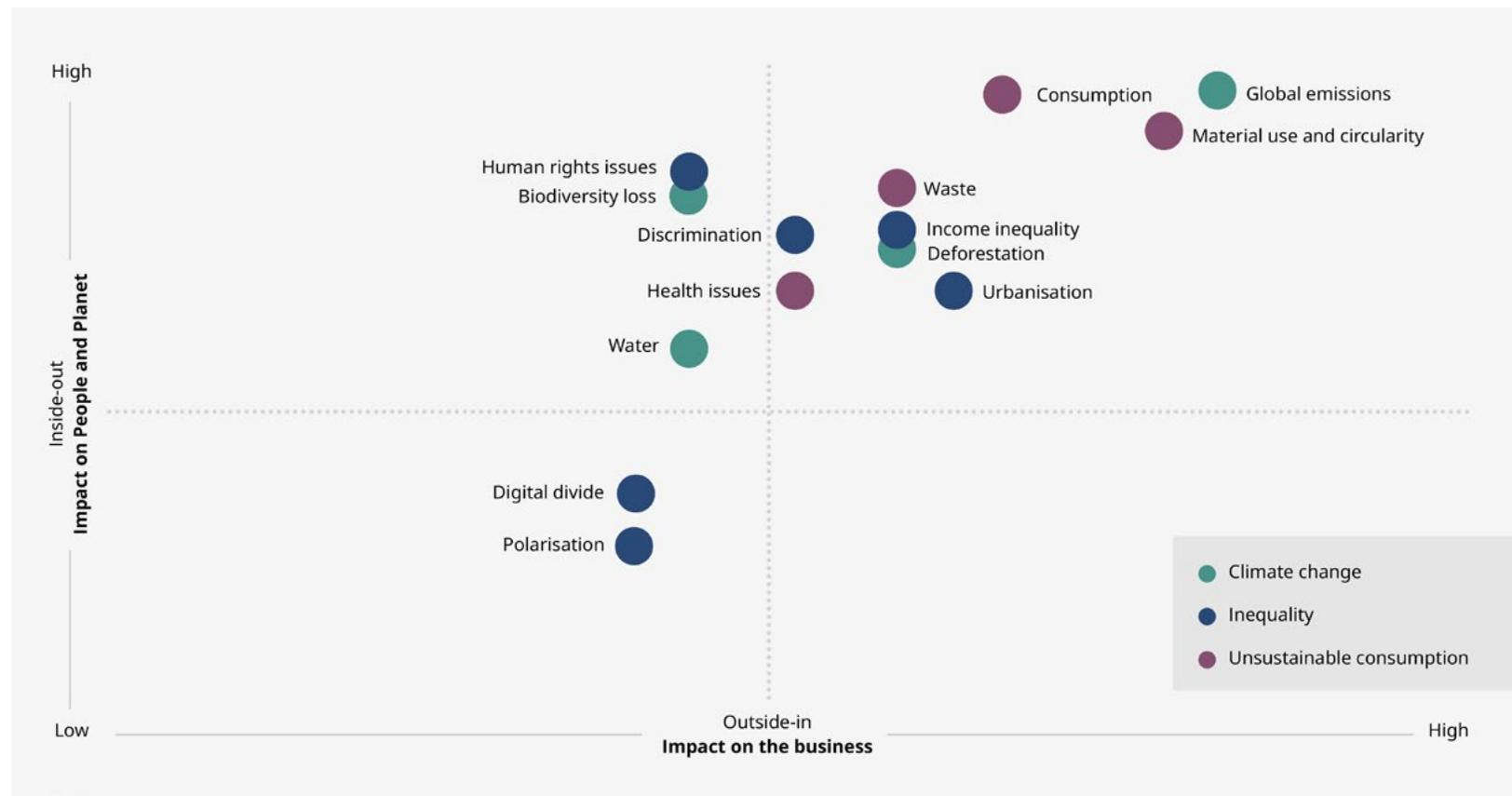
# Identifying our material sustainability issues

Our approach to sustainability is informed by our own research, a deep understanding of the needs of our customers and consultation with our key stakeholders. We also conduct a formal materiality assessment to help us identify the sustainability issues of most importance to the business, to our stakeholders and the planet.

Our most recent materiality assessment update was conducted in FY21 by an external consultancy and has informed the update to our sustainability strategy. As in our previous assessment, we used a 'double materiality' approach which considers both the impacts of sustainability issues on our business (outside-in) and the impacts of our business on people and the planet (inside-out).

Key aspects of the process included:

- **Research:** To ensure that we address the right issues in our materiality assessment, we started off with a research phase including: a benchmark analysis, internal and stakeholder interviews, and comparison with frameworks such as the UN Sustainable Development Goals.



- Materiality
- Stakeholder engagement

- **Issues list:** The research findings were discussed at a series of internal workshops to identify a long list of issues, which were reduced to a shortlist and categorised into 14 high level topics, based on the research and workshop findings. The 14 topics were grouped according to the three challenges addressed in the IKEA People & Planet Positive strategy: Climate change, Inequality and Unsustainable consumption.
- **Internal perspective:** A wide group of internal stakeholders from IKEA Retail, Ingka Centres and Ingka Investments participated in a series of workshops. They were asked to assess the shortlisted topics according to their impact on our business.
- **External perspective:** We reached out to our network of stakeholders and invited a set of “critical friends” to rank the shortlisted topics and give their view on where they see that Ingka Group has, and can have, the greatest impact.

The findings show that both internal and external stakeholders rank global emissions, consumption and materials use and circularity highly. The shortlist also included more topics related to inequality than our previous assessment, reflecting the growing focus on these topics in wider society over the past few years.

The materiality assessment focused on topics that are within the operational control of Ingka Group, and did not consider the impact of the full IKEA upstream supply chain. This means that issues like deforestation, biodiversity and water use did not score as highly in the assessment.

The materiality assessment confirmed that we are addressing our most material issues through our strategies and plans. It also showed that there are high expectations – both internally and externally – for Ingka Group to use its size and reach to drive positive change in the areas where we have most influence.

We undertook further analysis in FY22 as part of the updates we made to our sustainability strategy, see page 100. This included looking at the challenges and opportunities associated with the transition towards just and regenerative business approaches.

### Going forward

In FY23 we will update our materiality assessment, closely linked with our risk management processes. This will create a greater connection between the risks that we assess and manage as being material to our business, and the issues that are most material to our stakeholders.



## Our engagement with the UN Global Compact

We are a signatory to the United Nations Global Compact, a set of ten principles in the areas of human rights, labour, environment and anti-corruption. The table to the right shows where in this report you can find our progress on each principle.

UNGC PRINCIPLES		LOCATION IN FY22 REPORTING
<b>Human Rights</b>		
Principle 1	Businesses should support and respect the protection of internationally-proclaimed human rights.	Respecting human rights, pages 41 to 44
Principle 2	Make sure they are not complicit in human rights abuses.	Respecting human rights, pages 41 to 44; Protecting workers' rights in a changing world, page 44; IWAY – our supplier code of conduct, pages 110 to 111
<b>Labour</b>		
Principle 3	Businesses should uphold the right to freedom of association and the effective recognition of the right to collective bargaining.	Our Employment Standards and Building strong social relations, page xx Respecting human rights, pages 41 to 44; IWAY – our supplier code of conduct, pages 110 to 111
Principle 4	The elimination of all forms of forced and compulsory labour.	Respecting human rights, pages 41 to 44; Respecting and supporting children's rights, page 43; Protecting workers' rights in a changing world, page 44; IWAY – our supplier code of conduct, pages 110 to 111
Principle 5	The effective abolition of child labour.	Respecting and supporting children's rights, page 43; Protecting workers' rights in a changing world, page 44; IWAY – our supplier code of conduct, pages 110 to 111
Principle 6	Eliminate discrimination in respect of employment and occupation.	Inclusion, pages 51 to 53; Women's Empowerment Principles, page 119
<b>Environment</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	Better planet, pages 61 to 82
Principle 8	Undertake initiatives to promote greater environmental responsibility.	Healthy and sustainable living, pages 21 to 27; Better planet, pages 61 to 82
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies.	Healthy and sustainable living, pages 21 to 27; Better planet, pages 61 to 82
<b>Anti-corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	High standards of integrity and business ethics, pages 108 to 112



## 4. High standards of integrity and business ethics

At Ingka Group, we are led by our values, our strong IKEA culture and our vision to create a better everyday life for the many people.

### Our approach

We want to run our business honestly and with integrity, meeting high ethical standards in our interactions with each other, our customers, visitors, suppliers and the world around us.

This section of our report covers:

- Business ethics including our Code of Conduct, procedures for raising concerns and whistleblowing, and internal controls on anti-bribery and corruption
- How we work with suppliers to uphold our standards, including IWAY – our supplier Code of Conduct
- Digital trust including data privacy, cyber-security, digital ethics, and responsible AI.

**98,300**

co-workers completed our Code of Conduct training

nearly

**300,000**

data protection e-learning trainings completed

**256**

IWAY reviews of Ingka Group suppliers

**Digital ethics**

new policy created

## Business ethics

### Code of Conduct

Our Code of Conduct, policies and rules set out our position and requirements for how we do business. All new co-workers are required to complete training on our Code of Conduct within a month of joining the company. We provide refresher training for co-workers once every two years.

In FY22, more than 98,300 co-workers completed our Code of Conduct training (including induction training for new joiners and refresher training), up from 93,000 in FY21.

### Raising concerns and investigating misconduct

We promote an open culture of trust, fairness and honest communication. If our co-workers have a concern at work, we encourage them to raise this with the person involved in the first instance, where this is appropriate, or with their line manager, local Business Risk and Compliance manager or People & Culture representative. We also operate a confidential whistleblowing hotline, Trust line, for reporting serious work-related misconduct and breaches of the law in a work-related context. The Trust line platform is provided by a third party. It is available in all countries where we are present, except for Austria and the US. In the US, we provide a similar service called iSpeak. In several EU countries, the Trust line is also available for third parties, including suppliers, to report workplace related misconduct connected to Ingka Group or breaches of relevant EU laws and regulations. In addition, we request all our suppliers, via IWAY,

to put a grievance mechanism in place, which enables workers to raise complaints or concerns without fear of retaliation. To read more about supplier grievance mechanisms see page 42.

Concerns reported via Trust line are evaluated by Trust line managers within Ingka Group, and where an investigation is required, this is carried out by a designated manager within our People & Culture or Business Risk & Compliance functions.

In FY22 there were 318 concerns raised via Trust line (FY21: 219). The majority of the concerns related to potential breaches of our Code of Conduct and were raised by retail co-workers. We take every case of potential unethical behaviour and policy breaches seriously. We investigate and respond quickly and carefully, following our investigation procedure to ensure confidentiality, consistency and accountability.

### Anti-bribery and corruption

Ingka Group is committed to doing business in an honest way, and we have zero tolerance for bribery or corruption in any form. Corruption is not only illegal but can harm our customers and co-workers as well as Ingka Group's reputation.

Our Anti-Bribery and Corruption Framework incorporates policies, governance and key internal controls to mitigate the risk of bribery and corruption, and is regularly reviewed and updated based on risk assessments. The last review was during FY22. Anti-bribery and corruption is integrated into our business ethics programmes and our values. It is an important

part of our Code of Conduct training for all co-workers. In addition, we aim for all co-workers in sensitive roles (such as procurement or real estate) to complete more detailed training on our anti-bribery and corruption framework which is delivered face-to-face and online. In FY23 we continue the work on anti-bribery and corruption and we continue with trainings. We investigate any reports relating to bribery and corruption and ensure that appropriate mitigating actions are taken.



## IWAY – our supplier code of conduct

### Our IWAY commitment

We work with thousands of suppliers to help run our business – from companies providing construction, security and cleaning services, to home delivery providers and product assembly businesses. We choose to work with suppliers and service providers who share our values, uphold our standards and seek to have a positive impact on societies and communities.

Our suppliers must comply with IWAY – the supplier code of conduct developed by IKEA (IWAY stands for the 'IKEA Way' for responsibly procuring products, services, materials and components). Suppliers are also required to ensure their own suppliers understand and meet the IWAY requirements. This is one of the key ways we seek to mitigate human rights risks across our supply chain (see page 44 for more on our approach to human rights).

Our Global IWAY Forum oversees the development and implementation of IWAY and we have Country IWAY Forums, with members from our procurement, business risk and compliance, and distribution teams. Our IWAY Calibration Group, which reports to the Global IWAY Forum, is responsible for ensuring a consistent approach is taken to implementation and verification of IWAY compliance across Ingka Group. In FY22, over 2,000 co-workers completed e-learning training on IWAY.

We require all contracted suppliers to sign the IWAY Compliance Commitment. By the end of FY22, 100% of contracted suppliers (representing over 75% of our total procurement spend) had signed the Commitment.

The IKEA Sustainability Report FY22 includes details of IWAY compliance in the home furnishing supply chain.

### Our audit approach

We are committed to mitigating risk for Ingka Group suppliers that we identify as high- or critical-risk. One of the key ways we mitigate risk for high- and critical-risk suppliers is by conducting audits to assess compliance with the IWAY code. We also aim to mitigate risk through supplier training and by integrating IWAY into discussions with suppliers.

All suppliers are evaluated and given a risk rating of critical, high, medium or low. We use internal and external data to assess risks, based on the suppliers' location and industry, and the individual characteristics of the business they run.

During the tender process for selecting new suppliers, we carry out an IWAY Initial Assessment for potential new suppliers (that have been rated high or critical risk) to check they comply with mandatory requirements (our 'IWAY Must' criteria). We do not proceed to work with any suppliers that fail to meet these standards. Once we start working with a supplier, we carry out a full IWAY Review within 9 months of the first service or product delivery. We continue to monitor the risk level of suppliers we work with on an ongoing basis and may carry out further IWAY reviews based on risk and performance.

Our suppliers are responsible for communicating IWAY requirements to their own suppliers and

ensuring high-risk sub suppliers comply with our 'IWAY Musts'. We support suppliers with this through our training and ongoing dialogue.

In the past, we have focused on IWAY compliance for our IKEA Retail suppliers. We are now extending our IWAY compliance programme to cover our Ingka Centres suppliers. We have started to incorporate IWAY requirements into contract clauses for Ingka Centres suppliers and to carry out risk ratings. In FY22, 82% of key suppliers within our Ingka Centres supply chain completed our IWAY e-learning.

We also started two pilot projects in FY22 focused on how we can encourage suppliers to progress in line with our IWAY Advanced and Excellent requirements. We worked with a Facility services supplier based in China and a home delivery supplier based in Australia to agree specific Advanced and Excellent requirements they would aim for over a short time-span (3 months).

## IWAY Audit Results FY22

We completed 256 IWAY reviews of Ingka Group suppliers in FY22 (338 IWAY reviews in FY21). In previous years, we completed more audits because we included a higher number of lower risk suppliers. In FY22, our approach has been to prioritise audits for higher risk suppliers.

In FY22, 319 contracted suppliers were rated as high- or critical-risk and 193 of these (61%) had an IWAY review.

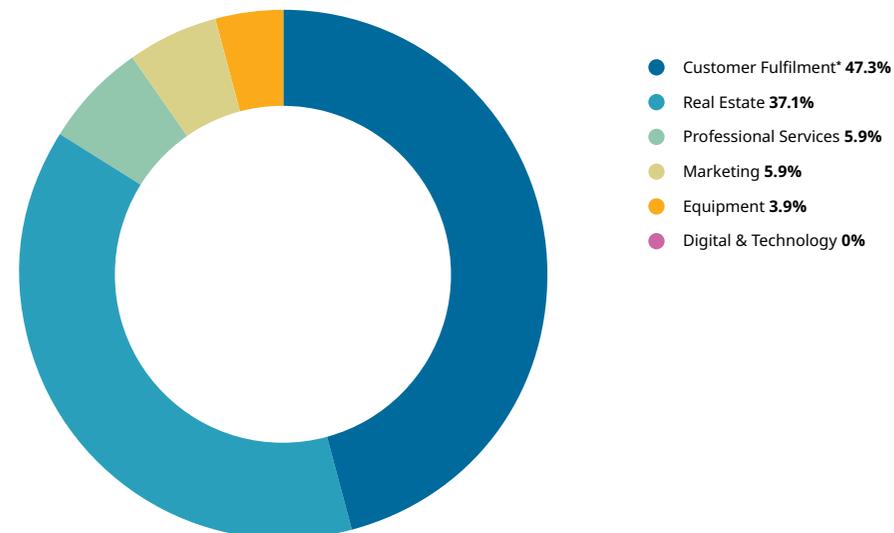
Most of our IWAY reviews are conducted by our own audit team, but we also commission some external audits to help provide an independent perspective. In FY22, 6% of the reviews (15 of 256) were conducted by an external auditor. In addition, 4% of the reviews (10 of 256) were unannounced to help provide a more accurate picture of supplier performance than reviews which are scheduled in advance.

We found major non-compliances (i.e. failure to comply with our IWAY Must criteria) during 25% of IWAY reviews in FY22 (63 of 256), which is consistent with performance last year (23% in FY21). The largest number of major non-compliance issues were related to working hours, followed by minimum wages, accident insurance and business ethics. The suppliers with the highest number of major non-compliances were in Poland, France, Russia, China and Italy. Any major non-compliances must be addressed and closed out within 14 days of the audit. [See page 41](#) for further details of how we are protecting workers' rights and examples of how we have responded to human rights issues in our supply chain.

In FY22, we also conducted 168 IWAY Initial Assessments to check compliance at potential new suppliers during the tender process (202 in FY21). Of these, we found that 31% (52 of 168 potential suppliers) did not meet our IWAY Must criteria and therefore we did not proceed with these suppliers.

## IWAY reviews of Ingka Group Suppliers FY22

(% of reviews)



256

IWAY reviews of Ingka Group suppliers carried out in FY22

\* Customer Fulfilment covers logistics, home deliveries, warehousing and services including installation.

## Digital trust

As the pace of technological change continues to accelerate and digital solutions become more integrated into our lives, we are committed to: protecting customers' data; managing and reducing cybersecurity risks; and using data, algorithms and artificial intelligence (AI) responsibly to benefit the many people and our planet. We are also contributing to global standards for building and maintaining digital trust.

To strengthen our focus and provide better support to our customers and co-workers, we have combined our cybersecurity and data privacy co-workers into one team and expanded our digital ethics and responsible AI team.

### Data privacy

Our Group rules on data privacy define the standards and controls we have in place to protect customer and co-worker data. Our network of experienced and dedicated cybersecurity and data privacy experts works to embed data privacy into our daily operations, business processes and digital products.

In FY22, co-workers completed nearly 300,000 e-learning trainings relating to data protection. This included approximately 150,000 co-workers who completed annual mandatory training on Handling and Sharing Information and around 130,000 co-workers who completed training on Data Privacy. More than 8,700 managers and co-workers who handle lots of personal data completed training on Securing Co-worker Data.

We have also updated our risk management processes relating to cybersecurity and data privacy risks, and began using a new tool to ensure country-specific data privacy requirements are incorporated into our digital products. We also worked with suppliers to address risks related to new International Data Transfer legislation.

### Cybersecurity

Our approach to cybersecurity is consistent with international standards, including ISO 27001:2013 and the NIST Cybersecurity Framework.

We have a central expert team dedicated to maintaining effective security mechanisms across our business and a wide network of resources embedded locally to ensure that our approach is complete and effective. The Audit Committee, Group Management and Supervisory Board receive periodic updates on our cybersecurity approach and performance. We conduct regular testing of our cybersecurity defences using independent external experts to help ensure we are well prepared to respond to any incidents. Internal and external auditors continually review our IT programmes and security processes.

Cyber-attacks, ransomware and other cybersecurity threats are a growing risk for all businesses. To help reduce the likelihood that these risks would impact us, we have developed special awareness campaigns for our co-workers and have made substantial improvements to our infrastructure.

## Digital ethics

We aim to be a leader in digital ethics by promoting the trustworthy use of data and algorithms. Building on our previous work, we have launched a new commitment to Digital ethics stating that we will use data and algorithms, including AI, in a responsible and beneficial way for the many people and our planet.

In June 2022 we introduced a new Ingka Group Policy on Digital Ethics & Responsible AI. The policy is aligned with international standards, including the European Commission's Ethics Guidelines for Trustworthy AI (2019), the OECD Recommendation on AI (2019) and UNESCO's Recommendation on the Ethics of AI (2021). The policy provides a blueprint for how we as a company will ensure that our algorithmic systems go beyond legal compliance, are trustworthy and align with our Ingka Group values. We have begun to build an interdisciplinary team of data, algorithm and digital ethics specialists to implement our policy and ensure we are prepared to meet the demands of an ever-evolving digital landscape.

Outside Ingka Group, we are contributing to new global standards for digital trust. We have been nominated to co-chair the OECD AI expert group on Trustworthy AI Implementation, have become a member of the Business at OECD Committee on Digital Economy Policy and are part of the World Economic Forum Steering Committee on Digital Trust. We are proud to be leading the way in raising the bar for what customers should expect and what companies can achieve in this digital age.

Our data **FY22**

## Better homes data

### Visitation and sales

	FY17	FY18	FY19	FY20	FY21	FY22
Number of visits to IKEA.com	-	2.4 billion	2.6 billion	3.6 billion	4.6 billion	3.8 billion
Number of IKEA App downloads	-	-	0.5 million	9.4 million	23.9 million	20.3 million
Number of visits to Ingka meeting places (Centres)	-	475 million	480 million	370 million	372 million	370 million
Visitation offline	-	838 million	839 million	706 million	657 million	680 million
% online sales growth	-	-	48.0%	60.0%	75.0%	-13.0%
% sales increase (IKEA Retail)	3.5%	1.9%	5.6%	-4.1%	6.3%	5.6%
Online conversion	-	-	-	0.8%	1.3%	1.3%

- (dash) means no data available

### Our units

	FY19	FY20	FY21	FY22
Total number of stores (including IKEA stores, IKEA small stores, IKEA planning studios, IKEA shops and IKEA pick-up points)	414	436	465	482
Total number of countries	30	30	32	31
Fulfilment and Replenishment units* (Distribution Centres, Customer Distribution Centres and Central Parcel Units)	-	-	93	82

\* We changed the way we report this data and now report number of locations rather than number of units (some locations include multiple units). During the year we closed four customer distribution centres and opened two parcel units.



## Better lives data

### Employee turnover

	FY17	FY18	FY19	FY20	FY21	FY22
% employee turnover	-	-	-	25.4%	25.8%	31.1%
% voluntary turnover	-	-	-	15.1%	17.0%	23.1%
% involuntary turnover				10.3%	8.8%	8.0%
Total average number of co-workers	-	-	-	-	174,225	177,192
Total number of leavers	-	-	-	42,027	44,747	54,893

### New hires

	FY17	FY18	FY19	FY20	FY21	FY22
Total number of new hires	-	-	-	-	45,954	46,431
Net increase in jobs created	-	-	-	-	4.8%	1.7%

**Health & safety data<sup>1</sup>**

	FY17	FY18	FY19	FY20	FY21	FY22
Lost time accident frequency rate (the number of lost time accidents with more than one day of lost time per million hours worked)	-	-	9.26	12.27	12.93	17.16
OH&S trainings - number of trainings completed	-	-	-	-	29,100	47,619

**Learning programmes**

	FY21	FY22
Number of training hours (million hours)	2.4	2.8
Co-worker satisfaction with learning programmes (out of 5)	4.6	4.7
Number of co-workers upskilled through targeted upskilling programmes	-	2,790

	FY21	FY22
Co-workers who feel empowered to create best customer experience	79.6%	79.9%
Co-workers who feel they have good opportunities to develop their competences	72.8%	74.3%

**Ishare results (our co-worker survey)<sup>2</sup>**

	FY17	FY18	FY19	FY20	FY21	FY22
Engagement Index - % of co-workers who feel engaged	-	-	78.10%	80.10%	79.80%	81.0%
Values Index - % of co-workers who believe we live our values	-	-	78.20%	79.60%	79.80%	80.2%
Great place to work - % of co-workers who believe Ingka/IKEA is a great place to work	-	-	81.10%	82.50%	83.40%	81.6%
% co-workers who feel supported to live a healthy lifestyle	-	-	53.80%	60.60%	57.90%	67.0%
% co-workers who feel that they actively contribute to taking care of people and planet	-	-	79.60%	81.30%	79.80%	83.3%

<sup>1</sup> We have a minor restatement of 0.3% for LTAR because of incompleteness of FY21 data that we discovered in FY22. Training data is for our Introduction to Safety and Security training and 7 simple steps to manage your work health and safety (for managers). <sup>2</sup> Data is the latest available i-share scores at the end of each financial year.

**Inclusion index**

	FY17	FY18	FY19	FY20	FY21	FY22
% employees that feel included	-	-	78.5%	80.3%	80.0%	81.2%
% employees that feel they can be themselves	-	-	82.0%	82.7%	82.3%	86.1%

**Gender balance**

(% of women)

	FY17	FY18	FY19	FY20	FY21	FY22
All leaders (Management)	49.2%	49.4%	49.7%	49.5%	49.8%	49.8%
All co-workers	53.8%	55.2%	54.6%	54.7%	55.3%	54.3%
Group Management (including our Management Board)	-	30.0%	30.0%	30.0%	50.0%	38.0%
Supervisory Board	-	37.5%	37.5%	25.0%	25.0%	25.0%
Business Boards (the boards of IKEA Retail, Ingka Investments and Ingka Centres)	-	-	-	-	44.0%	37.0%
Country Boards (registered members only)	-	-	-	-	48.0%	46.9%
Country Boards (registered members and permanent invitees)	-	-	-	-	49.0%	44.8%

**Gender-equal pay\***

	FY17	FY18	FY19	FY20	FY21	FY22
% co-worker population in scope for our Gender-equal Pay assessment*	-	-	-	-	100.00%	100.00%
% co-workers belonging to identical groups with gaps that cannot be explained by performance, competence or a country's legal requirements	-	-	-	8.04%	5.04%	4.84%
% of co-workers belonging to identical groups where financial investment is needed to close a pay gap	-	-	-	2.00%	1.60%	1.02%
% of recruiters that have completed Gender-equal Pay training	-	-	-	-	68.00%	67.0%
% of managers who have completed the Gender-equal Pay training	-	-	-	-	50.00%	51.0%

\* The assessment covers all Ingka Group part-time or full-time co-workers with temporary and permanent contracts. It excludes the following groups: seasonal co-workers, co-workers with non-comparable salary setting (for example due to being on assignment), co-workers of Ingka Holding B.V. (holding company) and acquired companies, co-workers not receiving a salary during the assessment period (for example because they joined the business in the month prior to the assessment date) and co-workers for whom we don't have information on gender.

	FY18	FY19	FY20	FY21	FY22
Number of refugees supported	n.d.	n.d.	45	802	918
Number of countries with refugee programmes	11	9	3	22	22
Number of countries with products or services from social businesses	14	16	18	15	13
Number of social businesses reached	58	32	39	39	30
Number of people supported through social impact initiatives in their local neighbourhoods	-	-	750,000	1,032,268*	417,475

## Women's Empowerment Principles

Ingka Group want to be transparent about our progress on gender equality and to encourage other businesses to act. That's why we've signed the Women's Empowerment Principles developed by UN Women and the UN Global Compact (UNGC). The table summarises our approach to each of its seven principles:

**Establish high-level corporate leadership for gender equality**

Our gender equality framework follows a systematic approach all the way from establishing the mindset for gender equality, to creating an inclusive work environment. We have an Equality, Diversity & Inclusion (ED&I) Leader in most countries to co-create local initiatives with the global ED&I team. Our goal is to achieve gender balance across our business. Our CEO is active in our efforts to promote gender equality.

**Implement enterprise development, supply chain and marketing practices that empower women**

Our IWAY Standard defines the requirement for our suppliers to respect human rights. We encourage suppliers to achieve gender balance and to close the gender pay gap. We've built partnerships with social entrepreneurs and social businesses in 13 countries that support women and others facing inequality or poverty.

**Treat all women and men fairly at work – respect and support human rights and non-discrimination**

Our Policy on Human Rights and Equality states that co-workers must be treated fairly and provided with equal opportunities regardless of any dimension of their identity including gender. Our Code of Conduct and our Standard on Equality ensure that our workplace is free of discrimination, harassment and hostility.

**Promote equality through community initiatives and advocacy**

We collaborate with NGOs and governmental agencies to advocate for a more equal society including Catalyst, the B Team and EPIC. Our EU countries have signed their national Diversity Charter. We partner with local organisations connected to women's rights.

**Ensure the health, safety and wellbeing of all female and male workers**

Our health, wellbeing and occupational safety systems reduce workplace safety risks and help co-workers to improve their health, and to manage a healthy work-life balance. We launched our global Health and Wellbeing Framework during FY22; and track the impact of our programmes including through our co-worker engagement survey.

**Measure and publicly report on progress towards achieving gender equality**

We report progress through our Report. This includes data on gender balance and gender-equal pay. We also report and share our progress and challenges through our many partnerships relating to gender equality.

**Promote education, training and professional development for women**

We invest in training and competence development, so every co-worker has the skills to deliver on our business goals today and in the future. We make sure that our leadership programmes and succession pipeline are gender balanced.

# ○ Better planet data

## About our data

### Environmental data

We are committed to being transparent about our climate footprint and environmental impact. We aim to ensure all information and data is relevant, consistent, accurate and complete, and that it provides an objective picture of the operations of Ingka Group. Any estimates or exclusions are stated in the report.

We calculate our energy and climate footprint in accordance with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, including emissions arising from our operations (scope 1 and 2) and across our value chain (scope 3). Our data is consolidated using the GHG Protocol operational control approach. For scope 3 emissions, we follow the GHG Protocol scope 3 Standard and measure and report our impact across the 15 scope 3 categories that are applicable to our business (see page 125).

Our climate data and progress against targets are subject to an independent review process by external auditors, KPMG (see pages 144 and 145). The scope of our external assurance in FY22 covers all our scope 1 and 2 greenhouse gas emissions, and scope 3 emissions within our operational control (including all data reported under the scope 3 categories 2, 3, 5, 6, 7, 8, 9, 13 and part of the data reported under category 1 – the emissions arising from products and

services purchased by Ingka Group Procurement for our operations). The majority of our scope 3 emissions are from home furnishing products and food purchased from Inter IKEA Group (scope 3 categories 1, 4, 11 and 12) and are not included in the assurance scope. Data included in the external assurance scope is marked with an asterisk in this document.

We measure and report progress against our FY16 baseline year for all environment indicators except waste. For waste data, we use a FY17 baseline since data for FY16 was based on estimates.

Most data is collected from primary sources and entered into reporting systems. Energy-related information is usually obtained from real-time meters at each site, from invoices or from service providers. The primary unit used in energy reporting is kilowatt-hours (kWh). Where estimates are used, we explain these in the report, and we work to improve our data collection systems year on year.

### Greenhouse gas emission factors

We use emission factors from publicly available sources such as DEFRA, the UK Department for Environment, Food & Rural Affairs (2022), IEA, International Energy Agency (2019) and the EXIO Database (2016-2019), and from local district heating suppliers. Factors from publicly available databases are integrated into our reporting system and are regularly updated. The

global warming potentials (GWPs) used in the calculation of CO<sub>2</sub>e are based on the IPCC Fifth Assessment Report (AR5) over a 100-year period.

Scope 2 emissions are calculated in accordance with the Greenhouse Gas Protocol scope 2 Guidance. Our climate target is based on our market-based scope 2 emissions, which take into account the purchase of renewable electricity certificates. We also measure and report data for our location-based emissions, which are based on average electricity grid emissions factors for each country.

### Improving data quality and measurement methodologies

We regularly review and update our data collection methodologies and work to improve data accuracy. We restate data for previous years where changes in our methodology has a material impact on our reported data. Details of changes to our climate data methodology are provided in the table.

In FY22 we made a number of changes to our methodology for calculating emissions. One of the key changes is that we updated our definition of operational control, which forms the basis of our emissions calculations, in line with the Greenhouse Gas Protocol. As a result, we have increased the boundaries of our scope 1 and 2 data to include energy used by tenants across our operations, including Ingka Centres, where we have operational control. These emissions

were previously allocated to scope 3. This has increased our scope 1 and 2 climate footprint by 181,102 tonnes of CO<sub>2</sub>e in our FY16 baseline year. This change recognises the influence and hence the responsibility that we have over the emissions that originate from tenants, but are within our control.

Although we report total energy consumption and energy efficiency initiatives, we do not yet report energy efficiency relative to floor space. This is due to inconsistencies in the way that gross building area is calculated in some countries. We aim to improve our data collection systems in this area.

We share lessons learned on data collection and emissions models with peer companies to support collective corporate efforts to track and improve impacts.

**Detail of data restatements for greenhouse gas emissions - FY22 compared to FY16-FY21**

EMISSIONS SCOPE	GREENHOUSE GAS PROTOCOL CATEGORY	AFFECTED DATA	EXPLANATION OF CHANGE
Scope 1	Direct emissions from fuels and refrigerants used on-site	All scope 1 data	We updated our definition of operational control and have therefore re-calculated our scope 1 and 2 emissions accordingly. Key changes include:
Scope 2	Indirect emissions from electricity, district heating and district cooling	All scope 2 data	<ul style="list-style-type: none"> <li>We have included energy used by tenants (where we have operational control of the energy) in our scope 1 &amp; 2 emissions (previously allocated to scope 3).</li> <li>We have moved energy used in leased assets that is outside our direct control (3<sup>rd</sup> party service provider is responsible for the energy contract) to our scope 3 emissions (previously allocated to scope 1 &amp; 2), see category 8 below.</li> </ul> <p>Historic data has been adjusted accordingly.</p>
Scope 3	Category 1 - Purchased goods	IKEA products & food  Purchased goods and services for own operations	<p>Data provided by Inter IKEA Group. See <a href="#">Inter IKEA Sustainability Report FY22</a> for details.</p> <p>We have expanded the scope of data reported for purchased goods and services for our own operations. In previous years we calculated only emissions for purchased equipment. In FY22 we have included all purchased goods, as well as warehousing services from external service providers. Next year we plan to further extend the scope to cover all other services.</p> <p>The emissions from goods and services purchased for own operations are calculated using a spend-based approach. Historic years have been restated accordingly.</p>
Scope 3	Category 2 - Capital goods		No restatements.
Scope 3	Category 3 - Fuel and energy-related activities (not included in scope 1 and 2)	Well to tank and transmission and distribution losses of fuel and energy.	We have changed the scope to include the emissions related to fuel and energy use in our direct operational control (see changes in scope 1 and 2 for more details). Historic data has been adjusted accordingly.
Scope 3	Category 4 - Upstream transportation	Goods transport from supplier to Ingka	Data provided by Inter IKEA Group. See <a href="#">Inter IKEA Sustainability Report FY22</a> for details.
Scope 3	Category 5 - Waste from own operations	Construction waste	We have increased the scope of our waste data to include construction waste. We have not restated data for previous years due to a lack of data availability.
Scope 3	Category 6 - Business travel	Business travel	We have changed the emission factor used from tank to wheel to well to wheel, which covers the total life cycle emissions. Historic data has been adjusted accordingly.

**Detail of data restatements for greenhouse gas emissions - FY22 compared to FY16-FY21 (continued)**

EMISSIONS SCOPE	GREENHOUSE GAS PROTOCOL CATEGORY	AFFECTED DATA	EXPLANATION OF CHANGE
Scope 3	Category 7 – Employee commuting	Employee commuting	As above - we have changed our emission factor from tank to wheel to well to wheel. Historic data has been adjusted accordingly.
Scope 3	Category 8 – Upstream leased assets	Sites that are operated by Ingka, but where the building is under the operational control of a 3 <sup>rd</sup> party service provider.	We have re-allocated all emissions from upstream leased assets that are outside our direct operational control in our scope 3 data (previously allocated to scope 1 & 2). Historic data has been adjusted accordingly.
Scope 3	Category 9 - Downstream transportation and distribution	Customer travel  Home delivery	We have changed the emission factor used from tank to wheel to well to wheel. Historic data has been adjusted accordingly.  We have updated our methodology for calculating distance travelled for home deliveries. We now simulate routes and estimate total km based on the most likely route. Historic data has been adjusted accordingly.
Scope 3	Category 11 - Use of sold products	Products' use at home	Data provided by Inter IKEA Group. See Inter IKEA Sustainability Report FY22 for details.
Scope 3	Category 12 - End of life treatment of sold products	Treatment of products	Data provided by Inter IKEA Group. See Inter IKEA Sustainability Report FY22 for details.
Scope 3	Category 13 – Downstream leased assets	Emissions from tenants outside our direct operational control.	We have re-allocated emissions from tenants in downstream leased assets that are in our direct operational control in our scope 1 & 2 data (previously allocated to scope 3). Emissions reported in category 13 now only include emissions from tenants outside our operational control. Historic data has been adjusted accordingly.

## Climate footprint across our value chain FY16-FY22

(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Materials	10,909,890	11,088,761	11,922,712	11,758,936	10,626,286	12,221,541	11,961,824
Food ingredients	778,780	811,260	877,895	800,993	647,342	627,699	715,715
Production	2,590,593	2,674,403	2,658,873	2,613,199	2,365,286	1,916,797	1,759,710
Product transport	1,250,506	1,241,891	1,298,775	1,223,609	1,053,113	1,185,039	1,126,013
Goods and services used in our operations	493,637	474,927	483,782	417,666	476,487	457,438	410,010
Retail & Ingka Centres operations	912,472	944,413	994,262	943,547	829,966	850,316	674,997
Customer travel & home deliveries	3,479,449	3,423,877	3,578,953	3,800,469	3,020,983	2,781,216	2,764,769
Product use at home	5,771,726	5,325,857	5,163,187	4,569,751	4,020,250	3,868,542	3,017,053
Product end of life	1,554,902	1,541,637	1,569,361	1,559,291	1,436,761	1,572,834	1,422,178
Other emissions	184,306	195,148	260,198	295,976	143,678	186,113	286,529
<b>TOTAL</b>	<b>27,926,261</b>	<b>27,722,174</b>	<b>28,807,998</b>	<b>27,983,437</b>	<b>24,620,152</b>	<b>25,667,535</b>	<b>24,138,798</b>

## Climate footprint - our operations (scope 1 and 2)

(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
IKEA stores, shops & planning studios	278,537	276,901	308,235	285,298	269,639	256,499	165,340*
Distribution Centres	24,144	29,204	31,110	27,966	32,003	26,720	26,916*
Ingka Centres	369,564	362,171	358,238	358,172	299,295	306,472	260,487*
Offices	292	918	314	4	5	3	0*
Off-site wind & solar <sup>1</sup>	-	428	558	295	552	1,397	2,271*
<b>TOTAL</b>	<b>672,537</b>	<b>669,622</b>	<b>698,456</b>	<b>671,735</b>	<b>601,493</b>	<b>591,091</b>	<b>455,014</b>

<sup>1</sup> We are working to secure 100% renewable electricity for electricity required to operate the wind turbines. \* Data included in the external assurance scope.

**Biogenic emissions (scope 1 and 2)**(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Diesel bio-fuel blend (On-site use)	-	24	3	8	11	13	6
Biogas (On-site use)	-	3,717	5,233	5,065	5,041	5,335	8,107
Biomass, wood based (On-site use)	11,109	7,825	6,052	6,410	5,685	5,819	7,042
<b>TOTAL</b>	<b>11,109</b>	<b>11,566</b>	<b>11,288</b>	<b>11,483</b>	<b>10,737</b>	<b>11,167</b>	<b>15,155</b>

**Emissions from consumed electricity (location and market based) scope 2**

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Consumed electricity (MWh)	2,444,528	2,410,631	2,458,123	2,456,023	2,208,693	2,362,841	2,401,098
Location-based emissions (tonnes CO <sub>2</sub> e)	879,325	871,366	891,543	842,887	743,240	824,562	838,417*
Market-based emissions (tonnes CO <sub>2</sub> e)	485,072	459,020	470,440	460,562	406,481	373,540	263,208*
Footprint reduction due to use of renewable electricity (%)	-44.84%	-47.32%	-47.23%	-45.36%	-45.31%	-54.70%	-68.61%

\* Data included in the external assurance scope.

**Scope 3 emissions by Greenhouse Gas Protocol category<sup>1</sup>**(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1. Purchased goods and services (including goods and services for own operations) <sup>2</sup>	14,772,901	15,049,350	15,943,262	15,590,794	14,115,401	15,223,474	14,847,260
2. Capital goods	184,306	195,148	260,197	295,978	143,678	186,113	286,530*
3. Fuel-and-energy-related activities (not included in scope 1 or 2)	172,760	174,955	175,154	163,531	139,907	188,951	156,325*
4. Upstream transportation and distribution	1,250,506	1,241,891	1,298,775	1,223,609	1,053,113	1,185,039	1,126,013
5. Waste <sup>3</sup>	47,939	71,897	92,950	78,666	46,176	41,803	39,326
6. Business travel	94,744	85,563	87,508	65,307	32,529	9,737	18,434*
7. Employee commuting	118,612	127,604	129,543	135,221	103,002	141,723	128,974*
8. Upstream leased assets <sup>4</sup>	5,661	10,134	9,826	9,975	12,628	12,190	4,718*
9. Downstream transportation and distribution	3,266,093	3,210,710	3,361,902	3,599,940	2,885,452	2,629,756	2,617,361*
11. Use of sold products	5,771,726	5,325,857	5,163,187	4,569,751	4,020,250	3,868,542	3,017,053
12. End of life treatment of sold products	1,554,902	1,541,637	1,569,361	1,559,291	1,436,761	1,572,834	1,422,178
13. Downstream leased assets	13,574	17,806	17,877	19,639	29,762	16,282	19,612*
<b>TOTAL</b>	<b>27,253,724</b>	<b>27,052,552</b>	<b>28,109,542</b>	<b>27,311,702</b>	<b>24,018,659</b>	<b>25,076,444</b>	<b>23,683,784</b>

<sup>1</sup> Previous years' data has been restated for categories 1, 3, 5, 6, 7, 8, 9 & 10 due to changes in our data methodology (see page 120). We do not report data for categories 10 (processing of sold products) and 14 (franchisees) since they are not applicable. We do not report data for scope 15 (investments) due to lack of data. Work is ongoing to include emissions from this category in the future. <sup>2</sup> The emissions from purchased goods and services are calculated using a spend-based approach. <sup>3</sup> Construction waste data has been included for the first time in FY22.

<sup>4</sup> Emissions for leased sites are for the first time included in scope 3, due to our new definition of operational control (see data methodology on page 120). \* The scope of our external assurance for scope 3 data covers the greenhouse gas emissions within Ingka Group's operational control (including all data reported under the scope 3 categories 2, 3, 5, 6, 7, 8, 9, 13 and part of the data reported under category 1 - the emissions arising from products and services purchased by Ingka Group Procurement for our operations). These account for 15.4% of our total scope 3 emissions.

**Energy use**

(GWh)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Energy use	3,195	3,278	3,349	3,323	3,013	3,297	3,251

**Energy use by source**

(GWh)

	FY22
Renewable electricity purchased	1,636
Brown energy	1,331
Renewable electricity generated on-site	146
Renewable district heating and cooling	82
Renewable fuels (on-site)	56

**Energy use by business unit FY22**

	Total energy consumption (MWh)	Renewable energy (MWh)	Non-renewable energy use (MWh)	Share of renewable energy used as % of total consumption
IKEA stores, shops & planning studios	1,817,133	1,385,176	431,958	76.2%
Distribution Centres	257,440	158,944	98,496	61.7%
Ingka Centres	1,147,176	357,407	789,769	31.2%
Offices	16,128	16,127	1	100.0%
Off-site wind & solar	12,729	6,375	6,355 <sup>1</sup>	50.1%
<b>TOTAL</b>	<b>3,250,606</b>	<b>1,924,029</b>	<b>1,326,579</b>	<b>59.2%</b>

<sup>1</sup> We are working to secure 100% renewable electricity for electricity required to operate the wind turbines.

### Renewable electricity in our operations

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Total electricity (GWh)	2,445	2,411	2,458	2,456	2,209	2,363	2,401
Renewable electricity (GWh)	1,320	1,331	1,380	1,408	1,300	1,633	1,782
Share of total electricity from renewable electricity	54.0%	55.2%	56.1%	57.3%	58.8%	69.1%	74.2%
Share of electricity consumption generated on-site	-	-	-	-	-	5.4%	6.1%
Share of electricity consumption generated by Ingka Investments	-	-	-	-	-	35.5%	35.9%
Number of countries with 100% renewable electricity	-	-	-	-	-	23	26

### Renewable energy generation by type

(GWh)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Electricity from wind	304	2,399	2,559	2,972	3,586	3,692	3,968
Electricity from photovoltaic	120	128	156	169	366	477	604
Heat from renewable sources	31	41	43	44	41	43	61
<b>TOTAL</b>	<b>455</b>	<b>2,568</b>	<b>2,758</b>	<b>3,185</b>	<b>3,993</b>	<b>4,212</b>	<b>4,633</b>

### Ingka Investments

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Share of electricity used in our operations coming from our off-site and on-site investments in wind and solar	-	-	-	-	-	40.9%	41.9%

### Electricity generated from Ingka Group wind power and solar by country FY22<sup>1</sup>

COUNTRY	MWh	%
United States	1,149,813	25.1%
Finland	524,631	11.5%
Canada	485,953	10.6%
Poland	453,773	9.9%
Germany	429,931	9.4%
Romania	416,585	9.1%
Sweden	404,776	8.9%
Portugal	157,036	3.4%
France	153,624	3.4%
Lithuania	146,950	3.2%
Other	248,769	5.5%
<b>TOTAL</b>	<b>4,571,841</b>	<b>100%</b>

<sup>1</sup> This covers off-site electricity generated from Ingka Group investments and electricity generated on our sites.

**Total greenhouse gas emissions from transport<sup>1</sup>**(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Home deliveries <sup>2</sup>	245,912	277,092	357,544	633,613	523,855	390,292	403,810*
Customer travel <sup>3</sup>	3,020,181	2,933,618	3,004,358	2,966,328	2,361,597	2,239,464	2,213,551*
Co-worker travel <sup>3</sup>	213,356	213,167	217,051	200,528	135,532	151,460	147,408*
<b>TOTAL</b>	<b>3,479,449</b>	<b>3,423,877</b>	<b>3,578,953</b>	<b>3,800,469</b>	<b>3,020,984</b>	<b>2,781,216</b>	<b>2,764,769</b>

**Relative greenhouse gas emissions from transport**(tonnes CO<sub>2</sub>e per trip)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Home deliveries, customer travel & co-worker travel	0.0054	0.0051	0.0051	0.0053	0.0053	0.0050	0.0045

**Home deliveries made by zero emission vehicles**

	FY18	FY19	FY20	FY21	FY22
Share of home deliveries made by electric or zero emission vehicles	2.3%	4.8%	9.6%	11.0%	12.3%

<sup>1</sup> Data for previous years has been recalculated since we have changed the emission factor from tank to wheel to well to wheel and we have also used a new calculation method for customer deliveries (see footnote 2). <sup>2</sup> Greenhouse gas emissions for customer deliveries are calculated from the distance travelled by different category of vehicle (diesel and electric). The data covers last-mile delivery by transport service providers to customer homes (excluding small parcel deliveries). We use a digital tool to simulate routes and estimate total km based on the most likely route. Greenhouse gas emissions for previous years have also been updated based on this methodology. <sup>3</sup> Greenhouse gas emissions for co-worker and customer travel is calculated from the number of co-workers and customers and assumptions on the mode of transport and distance travelled (collected via our customer survey in each country). \* Data included in the external assurance scope.

**Greenhouse gas emissions from products and food (scope 3)<sup>1</sup>**

(tonnes CO<sub>2</sub>e)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Products and food	22,856,397	22,683,809	23,490,803	22,525,778	20,149,038	21,392,452	20,002,492

<sup>1</sup> The data covers scope 3 emissions arising from Ingka Group sales (89% of total IKEA sales), including supply chain emissions from the sourcing of raw materials, manufacturing, and transport of products as well as the use and disposal of IKEA products and food by our customers.

### Climate footprint by country

(tonnes CO<sub>2</sub>e)

Function/ Country	Total scope 1, 2 & 3	Scope 1	Scope 2	Total scope 3	1. Purchased goods and services (incl. own operations)	2. Capital goods	3. Fuel- and energy- related activities	4. Upstream transportation and distribution	5. Construction waste	5. Waste generated in operations	6. Business travel	7. Employee commuting	8. Upstream leased assets	9. Down- stream trans- portation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Down- stream leased assets
All	24,138,798	166,574	288,440	23,683,784	14,847,259	286,530	156,325	1,126,013	7,217	32,109	18,434	128,974	4,718	2,617,361	3,017,053	1,422,178	19,612
All	22,749,406	86,991	78,350	22,584,066	14,847,259	109,864	55,744	1,126,013	6,661	21,090	16,938	119,284	2,656	1,839,327	3,017,053	1,422,178	-
All	138,942	20,114	6,801	112,027	-	91,018	7,841	-	-	2,136	1,186	8,029	1,817	-	-	-	-
All	706	-	0	705	-	-	15	-	-	2	149	295	245	-	-	-	-
All	1,229,382	59,469	201,018	968,895	-	68,756	91,831	-	556	8,882	133	1,090	-	778,034	-	-	19,612
All	20,362	-	2,271	18,091	-	16,892	895	-	-	-	28	276	-	-	-	-	-
Australia	606,216	996	19,754	585,466	390,871	59	6,444	29,659	-	1,354	423	1,307	-	38,421	79,469	37,460	-
Australia	2,586	68	1,783	735	-	-	576	-	-	33	31	95	-	-	-	-	-
Austria	438,032	586	597	436,849	292,900	325	467	22,225	-	157	119	1,010	-	32,026	59,550	28,071	-
Austria	28,383	40	-	28,343	-	28,189	36	-	-	36	9	74	-	-	-	-	-
Belgium	595,853	2,868	-	592,985	400,587	133	514	30,396	-	214	125	1,172	-	40,008	81,444	38,391	-
Belgium	1 112	849	-	263	-	-	127	-	-	41	9	86	-	-	-	-	-
Canada	1,044,139	6,262	-	1,037,877	690,495	2,988	1,527	52,394	94	2,695	464	2,250	-	78,410	140,386	66,175	-
Canada	3,749	2,865	-	884	-	-	580	-	-	106	34	165	-	-	-	-	-
Canada	79	-	51	28	-	-	19	-	-	-	1	7	-	-	-	-	-
China	956,372	10,338	895	945,139	587,265	35,416	5,030	44,561	148	863	2,694	8,895	155	84,433	119,398	56,282	-

### Climate footprint by country (continued)

(tonnes CO<sub>2</sub>e)

Function/ Country	Total scope 1, 2 & 3	Scope 1	Scope 2	Total scope 3	1. Purchased goods and services (incl. own operations)	2. Capital goods	3. Fuel- and energy- related activities	4. Upstream transportation and distribution	5. Construction waste	5. Waste generated in operations	6. Business travel	7. Employee commuting	8. Upstream leased assets	9. Down- stream trans- portation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Down- stream leased assets
China	13,630	40	-	13,590	-	10,864	-	-	-	74	199	656	1,797	-	-	-	-
China	152,829	4,920	26,035	121,873	-	-	13,726	-	551	3,276	29	96	-	103,330	-	-	865
Croatia	138,645	50	-	138,595	44,980	70,832	54	3,413	-	30	42	267	-	5,520	9,145	4,311	-
Croatia	4,123	-	-	4,123	-	271	45	-	-	2	0	3	-	3,801	-	-	-
Czech Republic	283,735	778	1,230	281,728	181,528	-	527	13,774	-	204	130	2,194	382	28,686	36,907	17,397	-
Czech Republic	26,087	272	3,350	22,466	-	84	614	-	-	161	1	22	-	21,584	-	-	-
Denmark	387,248	417	427	386,403	258,214	-	259	19,593	-	146	122	886	-	29,939	52,498	24,746	-
Denmark	388	-	-	388	-	278	3	-	-	13	9	65	20	-	-	-	-
Finland	220,955	341	-	220,614	141,022	-	113	10,701	-	92	123	1,251	-	25,125	28,671	13,515	-
Finland	10,118	-	-	10,118	-	303	94	-	-	9	1	13	-	9,698	-	-	-
Finland	9	-	-	9	-	2	3	-	-	-	0	4	-	-	-	-	-
France	1,934,642	5,782	402	1,928,459	1,290,205	-	779	97,900	36	671	615	5,094	-	147,196	262,313	123,649	-
France	2,033	977	210	846	-	-	320	-	-	104	46	377	-	-	-	-	-
France	12,291	21	-	12,270	-	-	16	-	-	6	7	55	-	12,186	-	-	-
France	11,539	-	23	11,516	-	11,492	5	-	-	-	2	17	-	-	-	-	-
Germany	3,286,763	14,474	2,473	3,269,815	2,196,160	-	5,299	166,643	6,356	1,296	407	7,097	-	229,580	446,504	210,473	-

### Climate footprint by country (continued)

(tonnes CO<sub>2</sub>e)

Function/ Country	Total scope 1, 2 & 3	Scope 1	Scope 2	Total scope 3	1. Purchased goods and services (incl. own operations)	2. Capital goods	3. Fuel- and energy- related activities	4. Upstream transportation and distribution	5. Construction waste	5. Waste generated in operations	6. Business travel	7. Employee commuting	8. Upstream leased assets	9. Down- stream trans- portation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Down- stream leased assets
Germany	6,948	4,942	-	2,005	-	-	1,224	-	-	226	30	525	-	-	-	-	-
Germany	37,576	93	-	37,483	-	28,188	30	-	-	2	4	77	-	9,182	-	-	-
Germany	2,126	-	537	1,589	-	1,446	119	-	-	-	1	23	-	-	-	-	-
Hungary	204,118	458	451	203,209	132,569	-	320	10,059	-	140	36	634	-	19,793	26,953	12,705	-
India	121,332	1,507	11,603	108,222	62,979	-	5,395	4,779	14	195	1,864	250	767	13,139	12,804	6,036	-
India	18,269	57	1,202	17,010	-	16,262	566	-	-	20	143	19	-	-	-	-	-
India	323	-	-	323	-	-	-	-	-	-	69	9	245	-	-	-	-
India	51	-	-	51	-	27	-	-	-	-	21	3	-	-	-	-	-
Ireland	122,412	20	-	122,393	83,654	-	112	6,348	-	42	9	197	-	7,005	17,008	8,017	-
Ireland	1	-	-	1	-	-	0	-	-	-	0	1	-	-	-	-	-
Italy	1,144,224	6,716	-	1,137,507	752,257	56	1,664	57,081	-	831	563	4,000	-	96,020	152,942	72,094	-
Italy	1,021	449	-	573	-	-	148	-	-	88	41	295	-	-	-	-	-
Italy	36,233	625	-	35,608	-	357	330	-	-	31	6	43	-	31,479	-	-	3,361
Japan	398,748	837	-	397,911	260,199	-	755	19,744	-	262	192	2,054	-	36,867	52,901	24,937	-
Japan	197	1	-	196	-	-	28	-	-	5	14	150	-	-	-	-	-
Lithuania	43	-	35	7	-	-	7	-	-	-	0	-	-	-	-	-	-

### Climate footprint by country (continued)

(tonnes CO<sub>2</sub>e)

Function/ Country	Total scope 1, 2 & 3	Scope 1	Scope 2	Total scope 3	1. Purchased goods and services (incl. own operations)	2. Capital goods	3. Fuel- and energy- related activities	4. Upstream transportation and distribution	5. Construction waste	5. Waste generated in operations	6. Business travel	7. Employee commuting	8. Upstream leased assets	9. Down- stream trans- portation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Down- stream leased assets
● Netherlands	888,326	2,262	644	885,420	594,620	-	758	45,119	-	264	873	1,946	-	63,961	120,893	56,986	-
● Netherlands	946	569	-	377	-	-	112	-	-	56	65	144	-	-	-	-	-
● Netherlands	42	-	-	42	-	11	-	-	-	-	10	21	-	-	-	-	-
● Netherlands	36	-	-	36	-	27	-	-	-	-	3	6	-	-	-	-	-
● Norway	464,081	3	43	464,035	312,294	-	124	23,697	-	143	102	982	-	33,271	63,493	29,929	-
● Poland	722,025	2,222	458	719,345	458,735	-	1,616	34,808	-	649	231	6,383	-	79,694	93,266	43,964	-
● Poland	1,666	718	-	947	-	5	368	-	-	86	17	472	-	-	-	-	-
● Poland	75,918	3,072	452	72,394	-	-	2,550	-	-	251	3	69	-	69,521	-	-	-
● Poland	309	-	-	309	-	233	55	-	-	-	1	21	-	-	-	-	-
● Portugal	325,615	719	-	324,895	213,560	-	385	16,205	-	141	150	2,619	-	27,949	43,419	20,467	-
● Portugal	54,848	15	-	54,833	-	-	207	-	-	49	2	27	-	46,749	-	-	7,800
● Portugal	187	-	-	187	-	174	4	-	-	-	0	8	-	-	-	-	-
● Romania	129,698	197	-	129,501	81,312	-	299	6,170	-	198	100	297	-	16,802	16,532	7,793	-
● Romania	503	-	313	190	-	-	189	-	-	-	0	1	-	-	-	-	-
● Russia	674,978	7,546	17,454	649,978	390,375	20	7,638	29,621	-	1,989	179	38,285	1,234	63,857	79,368	37,412	-
● Russia	11,373	2,973	3,294	5,105	-	-	2,005	-	-	254	13	2,833	-	-	-	-	-

### Climate footprint by country (continued)

(tonnes CO<sub>2</sub>e)

Function/ Country	Total scope 1, 2 & 3	Scope 1	Scope 2	Total scope 3	1. Purchased goods and services (incl. own operations)	2. Capital goods	3. Fuel- and energy- related activities	4. Upstream transportation and distribution	5. Construction waste	5. Waste generated in operations	6. Business travel	7. Employee commuting	8. Upstream leased assets	9. Down- stream trans- portation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Down- stream leased assets
● Russia	624,170	48,599	170,566	405,005	-	544	73,343	-	-	4,679	2	417	-	325,428	-	-	592
● Russia	1,119	-	714	405	-	-	279	-	-	-	1	125	-	-	-	-	-
● Serbia	49,429	117	-	49,312	32,176	-	323	2,441	-	85	242	138	-	4,281	6,542	3,084	-
● Serbia	190	-	-	190	-	-	143	-	-	44	2	1	-	-	-	-	-
● Slovakia	77,023	5	-	77,018	49,593	23	29	3,763	-	32	12	2,129	-	6,601	10,083	4,753	-
● Slovakia	52,505	1,556	-	50,949	-	35,416	312	-	-	154	0	22	-	15,045	-	-	-
● Slovenia	40,957	48	48	40,860	26,732	11	30	2,028	-	15	14	94	-	3,940	5,435	2,562	-
● South Korea	282,383	1,515	20,495	260,373	163,807	-	5,688	12,430	-	178	292	867	14	28,094	33,304	15,699	-
● South Korea	85	-	-	85	-	-	-	-	-	-	21	63	-	-	-	-	-
● Spain	1,091,499	4,077	-	1,087,422	703,858	-	1,423	53,408	-	957	1,164	6,677	-	109,376	143,102	67,456	-
● Spain	813	45	-	768	-	5	139	-	-	46	86	492	-	-	-	-	-
● Spain	56,909	163	-	56,746	-	332	101	-	-	178	13	72	-	49,167	-	-	6,884
● Sweden	1,023,183	387	609	1,022,186	663,546	-	484	50,349	12	328	2,159	7,676	-	99,133	134,906	63,592	-
● Sweden	2,078	572	312	1,195	-	-	357	-	-	85	164	589	-	-	-	-	-
● Sweden	382	-	0	382	-	-	15	-	-	2	80	286	-	-	-	-	-
● Sweden	74,223	17	614	73,592	-	3,176	287	-	-	38	24	87	-	69,882	-	-	99

### Climate footprint by country (continued)

(tonnes CO<sub>2</sub>e)

Function/ Country	Total scope 1, 2 & 3	Scope 1	Scope 2	Total scope 3	1. Purchased goods and services (incl. own operations)	2. Capital goods	3. Fuel- and energy- related activities	4. Upstream transportation and distribution	5. Construction waste	5. Waste generated in operations	6. Business travel	7. Employee commuting	8. Upstream leased assets	9. Down- stream trans- portation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Down- stream leased assets
Sweden	34	-	-	34	-	-	1	-	-	-	7	26	-	-	-	-	-
Switzerland	608,162	509	137	607,515	418,611	-	148	31,764	-	185	64	1,188	-	30,329	85,108	40,118	-
Switzerland	150	19	-	131	-	-	14	-	-	23	6	88	-	-	-	-	-
Switzerland	3,893	116	-	3,776	-	47	25	-	-	1	1	13	-	3,676	-	-	13
Ukraine	8,056	2	-	8,054	7,685	-	-	-	-	6	15	-	105	243	-	-	-
United Kingdom	1,497,926	5,457	630	1,491,840	971,876	-	2,115	73,745	0	535	693	4,489	-	147,652	197,593	93,141	-
United Kingdom	37,617	1,427	-	36,190	-	35,416	309	-	-	82	51	332	-	-	-	-	-
United Kingdom	71	-	-	71	-	-	10	-	5	0	8	49	-	-	-	-	-
United Kingdom	2,850	-	66	2,784	-	2,753	14	-	-	-	2	15	-	-	-	-	-
United States	2,982,632	9,495	-	2,973,137	1,992,592	-	5,425	151,196	-	6,193	2,719	6,956	-	211,975	405,117	190,964	-
United States	5,898	3,502	-	2,396	-	-	931	-	-	757	199	509	-	-	-	-	-
United States	7,305	-	-	7,305	-	-	-	-	-	-	-	-	-	7,305	-	-	-
United States	1,526	-	531	995	-	764	200	-	-	-	9	22	-	-	-	-	-

**Total waste produced**

(tonnes)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
IKEA stores, shops & planning studios	436,607	470,914	502,310	474,947	421,697	450,724	411,742
Distribution centres	50,207	58,259	63,335	69,195	68,685	74,321	57,643
Ingka Centres	81,618	81,154	91,237	85,046	67,329	60,866	60,804
Offices <sup>1</sup>	-	-	-	-	-	147	53
<b>TOTAL</b>	<b>568,432</b>	<b>610,327</b>	<b>656,882</b>	<b>629,188</b>	<b>557,711</b>	<b>586,058</b>	<b>530,242</b>

**Water use by business unit**

(m<sup>3</sup>)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
IKEA stores, shops & planning studios	5,338,527	4,909,978	5,985,750	5,873,309	4,980,920	4,683,651	5,085,115
Distribution centres	156,213	170,300	301,584	183,143	180,050	209,257	189,030
Ingka Centres	3,408,601	3,560,545	3,773,567	3,966,809	3,170,339	3,624,951	3,824,900
Offices	102,624	47,638	31,458	15,608	14,397	4,398	6,564
<b>TOTAL</b>	<b>9,005,965</b>	<b>8,688,461</b>	<b>10,092,359</b>	<b>10,038,868</b>	<b>8,345,705</b>	<b>8,522,257</b>	<b>9,105,608</b>

**Waste disposal by business unit FY22**

(tonnes)

	IKEA stores, shops & planning studios	Distribution Centres	Ingka Centres	Offices	TOTAL
Waste recycled	324,011	49,520	27,567	32	401,130
Waste incinerated with energy recovery	58,491	5,888	15,137	20	79,536
Waste landfilled or incinerated without recovery	29,240	2,236	18,100	1	49,576
Total waste produced	411,742	57,643	60,804	53	530,242

**Construction waste by business unit FY22 <sup>2</sup>**

(tonnes)

	IKEA stores, shops & planning studios	Distribution Centres <sup>3</sup>	Ingka Centres	Offices <sup>3</sup>	TOTAL
Total construction waste produced	259,605	-	559,177	-	818,782

<sup>1</sup> Data for offices was collected for the first time in FY21.

<sup>2</sup> Data for construction waste was collected for the first time in FY22.

<sup>3</sup> Data not collected for distribution centres or offices.



# Better company data

## Consolidated income statement 1 September–31 August

(in millions of Euros)

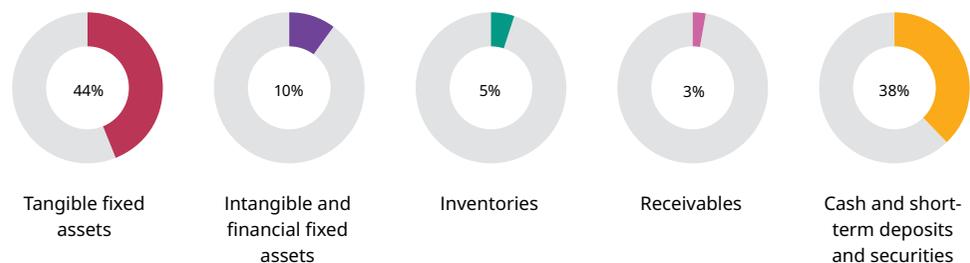
	FY17	FY18	FY19	FY20	FY21	FY22
Revenue	36,295	37,093	39,243	37,368	39,784	42,036
Cost of sales and services	-23,730	-24,947	-26,779	-25,643	-26,909	-28,070
<b>Gross profit</b>	<b>12,565</b>	<b>12,146</b>	<b>12,464</b>	<b>11,725</b>	<b>12,875</b>	<b>13,966</b>
Operating expenses	-9,841	-10,212	-10,642	-10,454	-11,243	-12,271
Other income	307	317	205	160	242	340
<b>Operating income</b>	<b>3,031</b>	<b>2,251</b>	<b>2,027</b>	<b>1,431</b>	<b>1,874</b>	<b>2,035</b>
Total financial income and expense	283	-138	483	141	363	-1,202
<b>Income before minority interests and taxes</b>	<b>3,314</b>	<b>2,113</b>	<b>2,510</b>	<b>1,572</b>	<b>2,237</b>	<b>833</b>
Tax	-825	-634	-682	-378	-655	-546
<b>Income before minority interests</b>	<b>2,489</b>	<b>1,479</b>	<b>1,828</b>	<b>1,194</b>	<b>1,582</b>	<b>287</b>
Minority interests	-16	-11	-11	-5	-3	-
<b>Net income</b>	<b>2,473</b>	<b>1,468</b>	<b>1,817</b>	<b>1,189</b>	<b>1,579</b>	<b>287</b>

### Consolidated balance sheet 31 August – Assets

(in millions of Euros)

	FY17	FY18	FY19	FY20	FY21	FY22
Tangible fixed assets	23,172	23,565	24,451	23,853*	24,633	25,647
Intangible fixed assets	1,717	2,124	2,240	2,217	2,511	3,196
Financial fixed assets	771	846	1,166	1,428	2,186	2,442
<b>Total fixed assets</b>	<b>25,660</b>	<b>26,535</b>	<b>27,857</b>	<b>27,498</b>	<b>29,330</b>	<b>31,285</b>
Inventories	1,924	2,027	2,273	1,979*	1,966	2,700
Receivables	2,327	2,544	2,165	2,361*	1,676	1,963
Securities	21,460	19,697	21,228	19,063	21,215	20,678
Cash & short-term deposits	1,569	1,547	1,366	1,347	907	1,138
<b>Total current assets</b>	<b>27,280</b>	<b>25,815</b>	<b>27,032</b>	<b>24,750</b>	<b>25,764</b>	<b>26,479</b>
<b>Total assets</b>	<b>52,940</b>	<b>52,350</b>	<b>54,889</b>	<b>52,248</b>	<b>55,094</b>	<b>57,764</b>

### FY22 Total assets – EUR 57,764 million

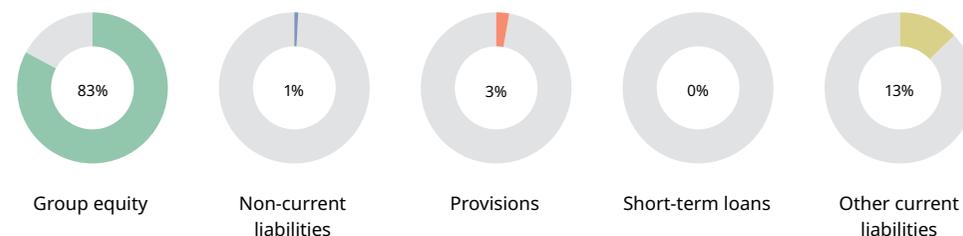


### Consolidated balance sheet 31 August – Equity & liabilities

(in millions of Euros)

	FY17	FY18	FY19	FY20	FY21	FY22
<b>Group equity</b>	<b>39,943</b>	<b>40,822</b>	<b>42,828</b>	<b>43,166</b>	<b>45,233</b>	<b>47,640</b>
Provisions	1,767	1,810	2,275	1,932*	1,851	1,563
Non-current liabilities	1,010	774	529	511	587	767
<b>Total non-current liabilities</b>	<b>2,777</b>	<b>2,584</b>	<b>2,804</b>	<b>2,443</b>	<b>2,438</b>	<b>2,330</b>
Short-term loans	3,709	2,531	2,509	16	54	12
Other current liabilities	6,511	6,413	6,748	6,623	7,369	7,782
<b>Total current liabilities</b>	<b>10,220</b>	<b>8,944</b>	<b>9,257</b>	<b>6,639</b>	<b>7,423</b>	<b>7,794</b>
<b>Total equity and liabilities</b>	<b>52,940</b>	<b>52,350</b>	<b>54,889</b>	<b>52,248</b>	<b>55,094</b>	<b>57,764</b>

### FY22 Total equity and liabilities – EUR 57,764 million



**Ingka Group contracted suppliers - IWAY compliance**

	FY17	FY18	FY19	FY20	FY21	FY22
Ingka Group contracted suppliers <sup>1</sup> (number of)	-	-	-	-	8054	7634
Ingka Group contracted suppliers identified as high or critical-risk (number of)	-	-	-	-	847	319
IWAY reviews of Ingka Group suppliers (number of)	260	314	416	196	338	256
IWAY reviews of high or critical-risk suppliers (number of)	-	-	123	136	226	193
IWAY reviews with major non-compliances identified i.e. failure to comply with "IWAY Musts" (%)	11.0%	12.0%	21.0%	24.0%	23.0%	24.6%
Initial supplier assessments for potential new suppliers (number of)	-	-	46	142	202	168

**IWAY reviews by supplier type FY22**

Category	Number of IWAY Reviews	% of IWAY Reviews	Number of IWAY Reviews with major non-compliances	% IWAY Reviews with major non-compliances
Customer Fulfilment <sup>2</sup>	121	47.3%	36	29.8%
Real Estate	95	37.1%	23	24.2%
Professional Services	15	5.9%	2	13.3%
Marketing	15	5.9%	1	6.7%
Equipment	10	3.9%	1	10.0%
Digital & Technology	0	0%	0	0%
<b>TOTAL</b>	<b>256</b>	<b>100%</b>	<b>63</b>	<b>24.6%</b>

<sup>1</sup> We require all key suppliers to sign a contract with us. Our key suppliers represented over 75% of our procurement spend in FY22 (around 80% in FY21). We aim to monitor IWAY compliance for all suppliers with contracts in place. <sup>2</sup> Customer Fulfilment covers logistics, home deliveries, warehousing and services including installation.

## IWAY reviews by country FY22

Country	Number of IWAY Reviews	% of IWAY Reviews	Number of IWAY Reviews with major non-compliances	% IWAY Reviews with major non-compliances
China	36	14.1%	5	13.9%
Russia	24	9.4%	7	29.2%
United States	24	9.4%	2	8.3%
Poland	20	7.8%	12	60.0%
France	18	7.0%	9	50.0%
Canada	13	5.1%	4	30.8%
Italy	12	4.7%	5	41.7%
India	12	4.7%	3	25.0%
United Kingdom	12	4.7%	3	25.0%
Spain	11	4.3%	3	27.3%
Netherlands	8	3.1%	0	0.0%
Japan	8	3.1%	1	12.5%
Sweden	8	3.1%	0	0.0%
Germany	6	2.3%	2	33.3%

## IWAY reviews by country FY22 (continued)

Country	Number of IWAY Reviews	% of IWAY Reviews	Number of IWAY Reviews with major non-compliances	% IWAY Reviews with major non-compliances
Austria	5	2.0%	0	0.0%
Czech Republic	5	2.0%	2	40.0%
Hungary	5	2.0%	1	20.0%
Denmark	5	2.0%	0	0.0%
Switzerland	4	1.6%	1	25.0%
Portugal	4	1.6%	2	50.0%
Belgium	3	1.2%	0	0.0%
Norway	3	1.2%	1	33.3%
Australia	2	0.8%	0	0.0%
South Korea	2	0.8%	0	0.0%
Ireland	2	0.8%	0	0.0%
Finland	2	0.8%	0	0.0%
Romania	1	0.4%	0	0.0%
Slovenia	1	0.4%	0	0.0%
<b>TOTAL</b>	<b>256</b>	<b>100%</b>	<b>63</b>	<b>24.6%</b>

## Our contribution to the UN Sustainable Development Goals

We support the United Nations Sustainable Development Goals (SDGs) in their ambition to achieve a better world for all. As a global business, we have a role to play in contributing to achieving all the SDGs. Find out how we contribute to each goal in this table, starting with the ones we most significantly contribute to.

SUSTAINABLE DEVELOPMENT GOALS	HOW INGKA GROUP CONTRIBUTES
 <b>3 GOOD HEALTH AND WELL-BEING</b> <b>Ensure healthy lives and promote wellbeing for all at all ages</b>	<p>Inspiring and enabling healthy and sustainable living through our products and communications. Offering healthier food to customers and co-workers. Supporting children's wellbeing by promoting the power of play. Advocating for a healthy future for children through our climate positive initiatives. Health and wellbeing in the workplace, including protecting co-workers and customers during times of crisis.</p> <p>See the Better homes and Better lives sections.</p>
 <b>5 GENDER EQUALITY</b> <b>Achieve gender equality and empower all women and girls</b>	<p>Working to ensure gender equality and gender-equal pay. Partnering with social enterprises that support women and empowering them to develop sustainable incomes. Building skills and experience for women outside the labour market.</p> <p>See the Better lives section.</p>
 <b>7 AFFORDABLE AND CLEAN ENERGY</b> <b>Ensure access to affordable, reliable, sustainable and modern energy for all</b>	<p>Generating more renewable energy than we consume. Investing in wind and solar energy. Making residential solar affordable and accessible for the many people, with IKEA Energy Services.</p> <p>See the Better homes, Better planet and Better company sections.</p>
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b> <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b>	<p>Being an inclusive employer and investing in our co-workers' development. Providing and supporting decent and meaningful work. Improving standards in our supply chain through IWAY, the IKEA supplier code of conduct. Supporting refugees to develop skills for employment. Supporting suppliers and tenants during times of crisis. Partnering with social enterprises to create opportunities for people experiencing poverty and other barriers.</p> <p>See the Better lives and Better company sections.</p>
 <b>10 REDUCED INEQUALITIES</b> <b>Reduce inequality within and among countries</b>	<p>Promoting a fair and inclusive society and respecting human rights. Respecting and supporting children's rights. Supporting fairer lives for young and migrant workers. Supporting refugees to develop skills for employment. Working to ensure gender, racial and LGBT+ equality.</p> <p>See the Better lives section.</p>
 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> <b>Ensure sustainable consumption and production patterns</b>	<p>Trialling products and services that promote circular consumption. Inspiring and enabling customers to shop more sustainably. Striving for zero waste and using resources in a circular way. Responsible sourcing of goods and services that help to run our business. Innovating low-carbon ways to grow and consume food.</p> <p>See the Better homes, Better planet and Better company sections.</p>

SUSTAINABLE DEVELOPMENT GOALS	HOW INGKA GROUP CONTRIBUTES
 <p><b>Take urgent action to combat climate change and its impacts</b></p>	<p>Contributing to the IKEA ambition to become circular and climate positive. Tracking our climate footprint against our science-based targets. Inspiring and enabling more people to live better lives within the limits of the planet.</p> <p>Making residential solar affordable and accessible for the many people. Advocating for a green recovery from the Covid-19 pandemic. Investing in wind and solar power and switching to renewable heating and cooling in our buildings. Tackling emissions from travel and deliveries. Partnering with others to take climate action. Promoting more sustainable food.</p> <p>See the Better homes, Better planet and Better company sections.</p>
 <p><b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</b></p>	<p>Responsible sourcing of goods and services that help to run our business. Investing in responsibly-managed forests.</p> <p>See the Better planet and Better company sections.</p>
 <p><b>Strengthen the means of implementation and revitalise the global partnership for sustainable development</b></p>	<p>Partnering with others to extend our impact beyond our own business, and taking a stand on the issues we believe in.</p> <p>See Advocacy and partnerships section in Better lives and Better planet, and Stakeholder engagement section in Better company.</p>
 <p><b>End poverty in all its forms everywhere</b></p>	<p>Providing and supporting decent and meaningful work in our business and supply chain. Integrating refugees and asylum seekers into our value chain and developing their skills for employment. Partnering with social enterprises to create income opportunities for those facing poverty and other barriers. Partnering to create positive change in local communities. Supporting vulnerable suppliers and tenants during times of crisis.</p> <p>See the Better lives section.</p>
 <p><b>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b></p>	<p>Reducing meat consumption with our plant-based dishes. Responsibly sourcing our food. Reducing food waste in our operations. Adopting lower carbon, circular techniques to grow fresh produce and inspiring customers to do the same.</p> <p>See the Better homes and Better lives sections.</p>
 <p><b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b></p>	<p>Supporting children's right to play. Supporting refugees to develop skills for employment. Offering our co-workers opportunities for training and development. Providing and promoting learning and decent employment opportunities for young persons.</p> <p>See the Better lives section.</p>

SUSTAINABLE DEVELOPMENT GOALS	HOW INGKA GROUP CONTRIBUTES
 <p><b>6</b> CLEAN WATER AND SANITATION</p> <p><b>Ensure availability and sustainable management of water and sanitation for all</b></p>	<p>Managing water resources. Inspiring and enabling customers and co-workers to save water at home.</p> <p>See the Better homes and Better planet sections.</p>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p><b>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</b></p>	<p>Generating more renewable energy than we consume. Investing in wind and solar power. Investing in renewable heating and cooling in our buildings. Trialling urban farming solutions to grow nutritious fresh produce. Tackling emissions from travel and deliveries. Scaling up emission-free home deliveries across all countries. Empowering customers to generate and use their own renewable energy at an affordable price, with clean energy services.</p> <p>See the Better homes, Better planet and Better company sections.</p>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> <p><b>Make cities and human settlements inclusive, safe, resilient and sustainable</b></p>	<p>Contributing to thriving communities. Striving for zero waste and using resources in a circular way.</p> <p>Inspiring and enabling customers to live more sustainably through IKEA products, and promoting circular consumption. Making residential solar affordable and accessible for the many people. Supporting communities during times of crisis. Tackling emissions from travel and deliveries. Investing in urban farming solutions.</p> <p>See the Better homes, Better lives and Better planet sections.</p>
 <p><b>14</b> LIFE BELOW WATER</p> <p><b>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</b></p>	<p>Phasing out single-use plastic from our IKEA restaurants, cafés and bistros. Offering responsibly-sourced fish and seafood.</p> <p>See the Better homes and Better planet sections.</p>
 <p><b>10</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p><b>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b></p>	<p>Respecting human rights. Being an inclusive and people-centred company and employer. Contributing to thriving communities. Ensuring an ethical approach to the way we do business, through our code of conduct.</p> <p>See the Better lives and Better company sections.</p>

# Assurance report of the independent auditor

To: the Board of Managing Directors of Ingka Holding B.V. and its controlled entities

## Our conclusion

We have reviewed the reporting of Scope 1, 2, and 3 carbon emissions covering the greenhouse gas emissions within Ingka Holding B.V.'s operational control (including all data reported under the scope 3 categories 2,3,5,6,7,8,9,13 and part of the data reported under category 1 - the emissions arising from products and services purchased by Ingka Group Procurement for its own operations) and Gender Equal Pay in the 'Annual Summary FY22' (hereafter: the 'information in the report' and 'the Report') of Ingka Holding B.V. and its controlled entities (hereafter: Ingka Group) at Leiden for the year ended 31 August 2022 (hereafter: information in the report). A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the information in the report is not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

## Basis for our conclusion

We performed our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van

historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)) as well as Standard 3410 'Assurance engagements on Greenhouse Gas Statements'. This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of Ingka Group in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics). We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Reporting Criteria

The information in the report needs to be read and understood together with the reporting criteria. Ingka Group is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the information in the report are the Greenhouse Gas Protocol (published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)) and Ingka's internally developed reporting criteria as disclosed in the section 'About our data'.

## Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the Report and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

## Scope of the group review

Ingka Group is the parent company of a group of entities. The sustainability information incorporates the consolidated information of this group of entities to the extent as specified in the chapters 'About our reporting' and 'About our data' in the Report.

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated information.

By performing our review procedures at site level, together with additional review procedures at corporate level, we have been able to obtain

sufficient and appropriate assurance evidence about the group's sustainability information in relation to carbon emissions and Gender Equal Pay to provide a conclusion thereon.

## the Board of Managing Directors' Responsibilities

The Board of Managing Directors is responsible for the preparation of the information in the report in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters. The choices made by The Board of Managing Directors regarding the scope of the Report and the reporting policy are summarized in the chapter 'About our reporting'.

Furthermore, the Board of Managing Directors is responsible for such internal control as it determines is necessary to enable the preparation of the information in the report that is free from material misstatement, whether due to fraud or error. The Board of Managing Directors is, amongst other things, responsible for overseeing Ingka Group's reporting process.

## Auditor's responsibilities

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement.

The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, Dutch Standard 3410, and ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of Ingka Group;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the information in the report. This includes the evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the the Board of Managing Directors;
- Obtaining an understanding of the reporting processes for the information in the report, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the information in the report where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and

appropriate to provide a basis for our conclusion. These procedures included, amongst others:

- Interviewing management and relevant staff at corporate level responsible for the strategy, policy and results;
- Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent, and risk profile of these components are decisive. Based thereon, we selected the components and locations to include in our procedures. Our virtual visits to Germany and the United States were aimed, at a local level, to validate source data and evaluating the internal procedures at a site level.
- Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the information in the report;
- Obtaining assurance information that the information in the report reconciles with underlying records of Ingka Group;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends.

- Evaluating the consistency of the information in the report with the information in the report which is not included in the scope of our review;
- Evaluating the presentation, structure and content of the information in the report;
- Considering whether the information in the report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Board of Managing Directors regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 15 February 2023  
KPMG Accountants N.V.

U.C. van Zessen RA  
Partner



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