

IKEA Australia Sustainability Report 2023



Acknowledgement of Country

IKEA acknowledges the Traditional Custodians of the land on which we live and work. We pay our respects to Elders past and present.

Inter IKEA Group, Ingka Group, IKEA, and IKEA Australia

IKEA is a franchise business, with many groups of companies working together under one IKEA brand.

About Inter IKEA Group: Inter IKEA Holding B.V. is the holding company of the Inter IKEA Group, which includes Range, Supply and Retail Concept, supported by enabling functions. These businesses work together with franchisees and suppliers to co-create an even better IKEA offer and franchise system. Inter IKEA Group aims to provide the best possible conditions for implementing and operating the IKEA Concept. Read more on www.inter.ikea.com/en

About Ingka Group: With IKEA retail operations on 31 markets, Ingka Group is the largest IKEA retailer and represents about 90% of IKEA retail sales. It is a strategic partner to develop and innovate the IKEA business and help define common IKEA strategies. Ingka Group owns and operates IKEA sales channels under franchise agreements with Inter IKEA Systems B.V. It has three business areas: IKEA Retail, Ingka Investments, and Ingka Centres. Read more on www.ingka.com.

About IKEA: IKEA offers well-designed, functional, and affordable, high-quality home furnishing, produced with care for people and the environment. There are several companies with different owners, working under the IKEA. Brand, all sharing the same vision: to create a better everyday life for the many people. IKEA was founded in Sweden in 1943.

About IKEA Australia: IKEA Pty Limited, ACN 006 270 757 (IKEA Australia) is a company incorporated in Australia. Our registered office is in New South Wales. References in this document to “we”, “us”, “our” or IKEA Australia are references to IKEA Australia and the entities we own or control. The ultimate parent company of IKEA Australia is INGKA Holding B.V., a company registered in the Netherlands. IKEA Australia is part of the INGKA Group of companies and operates IKEA stores under franchise with Inter IKEA Systems B.V.. The worldwide IKEA franchisor is Inter IKEA Systems B.V. which is owned by Inter IKEA Holding B.V.. We refer to Inter IKEA Holding B.V. and all its subsidiaries including IKEA of Sweden AB, IKEA Marketing & Communications AB, IKEA Supply AG, and IKEA Food Supply AG as the Inter IKEA Group.

This report covers the IKEA FY23 financial year 1 September 2022 – 31 August 2023



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The IKEA Commitment to People and Planet

IKEA strives to meet the needs of the many people today within the boundaries of the planet and without compromising the needs of future generations. The company ambition is to inspire and enable as many people as possible to live healthy and sustainable lives, and to make doing so easy, attractive, and affordable.

By 2030, IKEA is committed to becoming climate positive by reducing more greenhouse gas emissions than the value chain emits while growing the business. The main priority to achieve this is to drastically reduce GHG emissions in absolute terms across the entire value chain. IKEA is using more renewable and recycled materials, eliminating waste in retail operations, changing the way products are designed and what services are offered to prolong the life of products.

The following core focus areas help us fulfil our ambition to be People & Planet Positive:

- **Healthy and Sustainable Living**
- **Circular and Climate Positive**
- **Fair & Inclusive**

This report provides insights on the journey for IKEA Australia and progress in each focus area. It celebrates sustainability achievements from the previous 12 months as we work towards our long-term goals.



Mirja Viinanen, CEO and Chief Sustainability Officer, IKEA Australia

The IKEA vision is to create a better everyday life for the many people.

Yes, it is about our product range and our affordable prices. But it's also about so much more. We're open about the fact that being a good business helps us do good business. It's about giving everyone, everywhere the chance to enjoy a better life at home, while never compromising on product quality or our commitment to People and Planet.

There's a growing awareness of the impact our way of life has on the planet; it shapes the way people value the things they own, what they care about, and how they make buying decisions. No one wants to be wasteful, but people struggle with how to maintain, repair, and eventually pass on things they believe still have value. At the same time, many can't afford what they need for everyday living.

We see both a responsibility and an opportunity to make it easier and more affordable for people to make more sustainable choices whenever, however and wherever they interact with us.

We're incredibly proud of the progress we made over the last year, including the sale of over 640,000 products through our As-is department. Pre-loved products from the Buy-back service, products previously on display, discontinued, returned items and products with minor cosmetic damage all found a new home with our customers.

Another highlight was the commissioning of one of largest commercial microgrids in Australia, hosted by IKEA Adelaide. This project supports the goal of 100% renewable energy consumption by the Adelaide store by 2025 and generating clean energy for the Adelaide community.

As a humanistic and values-driven company, we actively champion inclusion through policies that recognise, respect and support the differences in each co-worker's life and family. In 2023 we secured a new retail Enterprise Agreement, with a range of industry-leading policies and benefits designed to better enable meaningful careers in the retail sector for our co-workers. This includes introducing fixed rosters that provide store co-workers with both flexibility and predictability, so they can plan to meet any personal commitments well in advance, as well as paid parental leave from the first day of employment.

While there is a way to go to reaching our big goals for People and Planet, we remain committed to achieving them while ensuring our customers never have to choose between value and their values when shopping with us.

Renea Robson, Sustainability Manager, IKEA Australia

Living a more sustainable life at home is important to most Australians, confirmed in recent research we conducted for this report¹. We also know that saving money is a motivating factor for people to make more sustainable choices in the home, along with concern for climate change and future generations.

In the ongoing cost-of-living crisis, we are dedicated to showing Australians how they can make better choices that are easy and affordable, while lightening their load on our shared home – the planet.

Here at IKEA Australia, the focus for our sustainability agenda is our product range, our retail operations, and delivering broader societal impact, to help create a fairer and more equal society. In FY23, actions on this agenda included:

- 1. Inspiring and enabling our customers to live a healthy and more sustainable life through providing affordable, sustainable products and solutions.** We have clear communication on our products throughout all stores to highlight these elements, as well as dedicated Sustainable Living Shops in all 10 of our stores where customers can find products specifically designed to help them reduce energy and water use, reduce waste and prolong the life of their products – while hopefully saving money at the same time.
- 2. A focus on transitioning to 100% renewable electricity to reduce our CO2 emissions.** We are on track to meet our target of 100% renewable electricity for all retail operations by 2025. We're also on the way to achieving our 100% zero emissions delivery service by 2025. We have almost doubled the number of deliveries and services completed via electric vehicles in FY23, including via e-tuk tuks in an Australian-first trial for parcel deliveries.

- 3. Achieving zero waste by 2030 and ensuring all our operational waste is reused or recycled, while utilising circular solutions in our business and providing circular services to our customers.** Our stores and distribution centre have been working hard to eliminate operational waste through re-use, increasing recycling rates and decreasing waste to landfill. For customers, our 'Buy-back' service ensures pre-loved IKEA furniture can go to a new home, while our free spare parts offer supports our customers to prolong the life of their IKEA products.

- 4. Empowering our co-workers, customers and local communities to transform neighbourhoods around IKEA customer meeting points into fairer and more inclusive places to live.** We are now providing refugees and asylum seekers from all backgrounds with ongoing, secure employment opportunities with IKEA through our Refugee Workforce Inclusion approach, evolving our three-year pilot program into a permanent pillar of recruitment. We are also advancing our reconciliation journey with First Nations people, building and nurturing relationships in many of our stores with Traditional Owners, guided by our values, our vision, and our Reconciliation Action Plan.

Having worked in IKEA stores for many years, I have seen firsthand the commitment to these actions from our co-workers, suppliers and partners across the business.

For IKEA, it's always about doing more with less. This mindset is what will help us deliver our ambitious goals for People and Planet and inspire others to act too. While there is still much work to be done, we remain motivated by building better into everything we do, step by step.

¹ Conducted online September 2023 by Decibel Research with a nationally representative sample of 1,000 Australians, aged 18 years+. Commissioned by IKEA Australia. Data weighted by age, gender and region to reflect latest ABS population estimates.

2023 Australian Research

IKEA commissioned an independent study of 1000+ Australians with deciBel Research, revealing some surprising findings.

An overwhelming 4 in 5 (80%) Aussies said living a more sustainable life at home is important to them.



2 in 3 (68%) would **decrease energy usage** to live more sustainably.



2 in 3 (66%) would **save water** to live more sustainably.



2 in 3 (67%) would **reduce food waste** to live more sustainably.

2 in 3 (69%) Aussies are motivated to live a more sustainable life at home because it saves them money



2 in 5 (44%) say it provides a sense of satisfaction



2 in 5 (41%) say it's because they're concerned about climate change



2 in 5 (42%) say it's because it benefits future generations



3 in 4 (77%) of Aussies believe living a more sustainable life helps save them money.

In the past year



2 in 5 (44%) Aussies have left a piece of furniture on the kerb for council landfill collection



1 in 4 (28%) Aussies have rescued furniture off the kerb avoiding landfill



1 in 3 (35%) Aussies have bought or sold pre-loved home furnishings



1 in 3 (32%) Aussies have bought a product or service because of its environmental or social benefit

In 2023, GlobeScan conducted online research with over 1000 nationally representative Australians. This is part of a bigger piece of research with almost 34,000 participants globally. The findings indicated:



3 in 4 (72%) Aussies agree that each individual can help address climate change



3 in 4 (75%) Aussies agree that each individual can help reduce inequality

Healthy and Sustainable Living

We know our customers want to live in a way that's better for the planet, as well as being better for their own body and mind. But they don't often know where to start, or think it's too hard or expensive – that's where we come in. IKEA products and solutions make healthy and sustainable living more simple, accessible, and affordable.

Democratic Design is a method used to develop products that are more sustainable, beautiful, functional, and high quality, at the lowest price possible – good design that's accessible to the many people. More than 9,500 products ranging from furniture to home furnishing accessories, have been assessed for their circular capabilities.²

² Transforming into a circular business — IKEA Global

Our Range

Sustainable Living Shop

In late 2022 and early 2023, we implemented the Sustainable Living Shop in all IKEA stores across Australia. The dedicated space in each store offers customers products, solutions, services, tips, and advice that supports easy changes in everyday life. The shop is designed so sustainability and affordability go hand-in-hand, inspiring and encouraging households to:

- Use less energy
- Use less water
- Create less waste
- Re-use IKEA products
- Love IKEA products longer

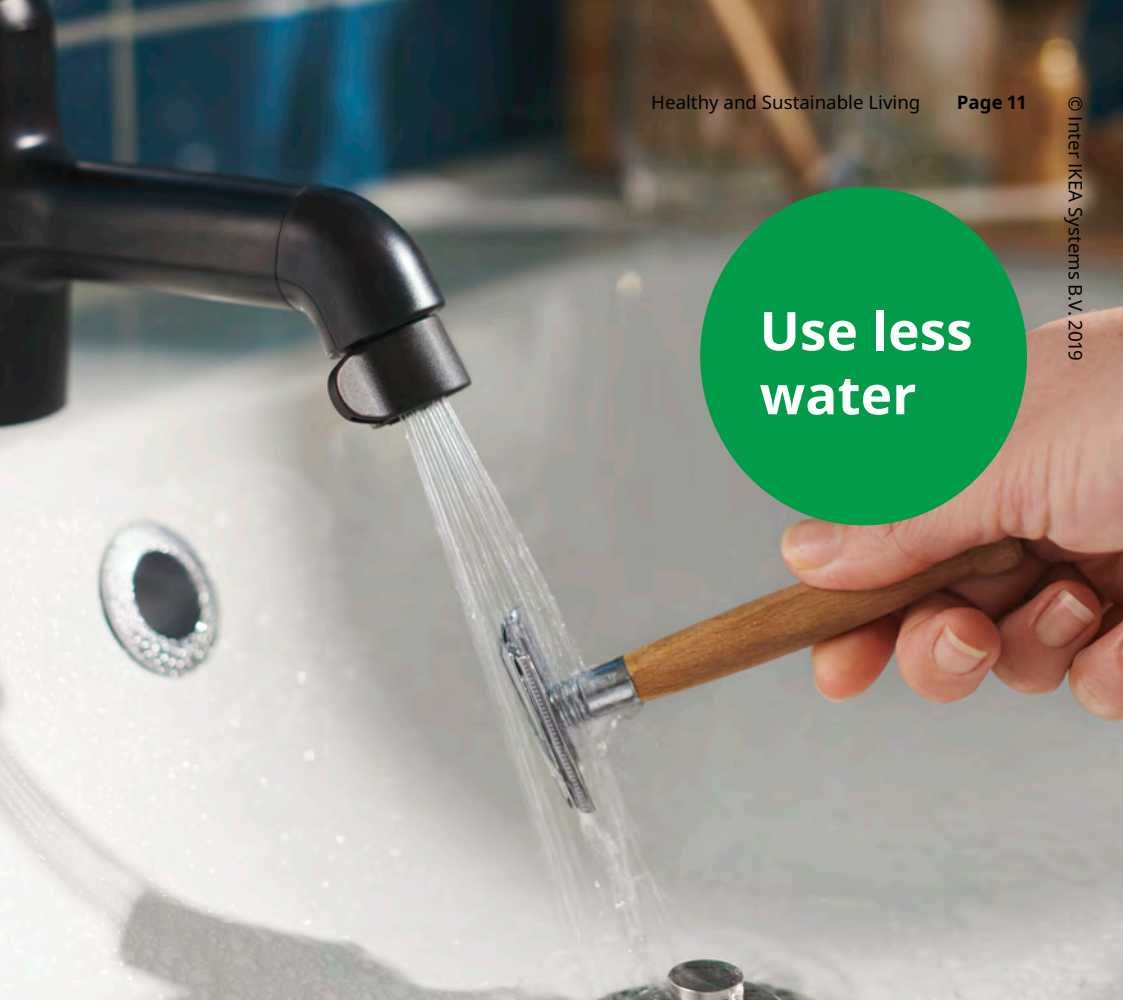


Product Inspiration

Use less energy: These products have functions that enable people to be more energy efficient. The **SOLHETTA LED light bulb** lasts 25,000 hours and are 35% more energy efficient on average than previous IKEA LED bulbs. This bulb only needs to be replaced every 20 years on average (when used for three hours a day), meaning customers can save on both electricity consumption and bulb replacement. From \$3 for a pack of 2.



Use less energy



Use less water

Use less water: The products in this range have functions that enable people to reduce water use. For example, every time you brush your teeth or wash your hands, you can help with something essential – saving water. That's why all our taps have an aerator that saves water while keeping the water stream just right. The **SALJEN mixer tap** is just \$39.



Create less waste



Create less waste: These products have functions that enable people to reduce and sort waste, prolong the life of food, or establish an at-home waste management system. For example, **IKEA 365+ containers** are designed to make it easier than ever to see and find food stored in the fridge or pantry, with the aim to reduce overbuying and help with meal planning. The snap and lock lid can prevent leakage and frost damage so you can best store leftovers and avoid any food wastage. From \$3.

Re-use IKEA products: These products have functions that enable people to reduce their reliance on single-use and disposable items. For example, if you're a frequent user of alkaline batteries, over time you can save money, reduce waste, and lower your environmental impact by switching to **LADDA rechargeable batteries**. They can be used repeatedly and are best in products with high energy consumption, like portable speakers, toys, torches, or cameras. From \$8 for a pack of 4.



**Re-use
IKEA
products**



**Love IKEA
products
longer**

Love IKEA products longer; These products have functions that extend the life of IKEA products, such as spare parts, and care and repair products. This range also includes products that allow for adapting or upgrading throughout their life cycle and products that enable personalisation, which can increase personal attachment to the item. **FIXA floor protectors** keep your floors beautiful longer with these durable, self-adhesive anti-scratch pads. Designed for optimal fit on your furniture. \$1.50 for a pack of 20.



TABBERAS Collection

Every year, IKEA releases a series of limited-edition collections. In 2023, IKEA released TABBERAS; a collection based on preserving and conserving food.

The TABBERAS collection helps Australians take small actions in their kitchens - like making sure leftovers do not go to waste, with products which make storing, conserving, and preserving easy.

The range features products on how to get the very most out of food at home, with many items under \$10, such as the baking mould tray at \$6. This product can withstand both extreme hot or cold temperatures and is optimal for baking or freezing batch cooking.



Our Food

The Future of Food is Plant Based

A plant-based diet can reduce damage to the environment made by food production through emissions, water, and land use.³ Without meat and dairy consumption, global farmland use could be reduced by more than 75% whilst still feeding the world.

We have an opportunity to make plant-based food more accessible and affordable for the many people and inspire our customers to make more plant-based choices.

Over the last seven years, we have helped introduce plant-based

eating to Australian households by offering plant-based versions of our most iconic food items, such as the HUVUDROLL Vegetable balls \$8 for 500g. These items are available at our Swedish Food Market located after the checkouts, and include:

Apr 2015
Vegetable balls



Feb 2018
Veggie dog



Oct 2020
Plant balls



Jan 2021
Vegan Strawberry soft serve



Feb 2022
Plant mince



³ [Vegan diet massively cuts environmental damage, study shows](#)

Plant Based Evolution of the Iconic IKEA hot dog

Available in IKEA Swedish restaurants across Australia in early 2024, the plant-based hot dog will be the latest addition to the IKEA family of plant-based products. It will be on sale at an affordable price to inspire more customers to choose plant-based options which have less environmental impact.

By the end of 2024, 50% of dishes in our restaurants, cafes and bistros will be plant-based – a year ahead of our goal. With better range and supply efficiencies, we are securing lower prices on plant-based dishes that have a meat equivalent to make these even more affordable and attractive for customers.

Did you know?

In 2023, almost 100,000 take-home HUVUDROLL plant balls were purchased from IKEA Swedish Food Markets across Australia by our customers to cook at home.

Food Waste

At IKEA Australia, much of our food waste comes from our production areas, the serving line and coffee grounds. We're determined to reduce it. We have introduced the Food Waste Watcher initiative which uses AI cameras and a scale connected to the food disposal areas to allow IKEA co-workers to track and manage food wastage.

Since Waste Watchers began in March 2021, we have seen a **15% reduction in food waste across all IKEA Australia stores.**

Giving to the Community

Our role in society enables us to contribute positively to the local community and maintain a workplace where co-workers can feel proud and involved.

During 2023 we partnered with Oz Harvest and Food Bank, donating almost \$50,000 to help feed those most in need. This not only helps minimise waste but creates positive social impact through addressing local community needs and challenges.

Did you know?

In 2023 our IKEA Adelaide store donated **almost 5,000 meatballs** to Food Bank!



Circular and Climate positive

We have a responsibility to lessen the environmental impact of our business operations and act on the global climate crisis. We also have an opportunity to offer products and services which bring the idea of 'circularity' into people's homes and lives, through our product design and service initiatives.

What is a circular economy?

Living on a planet with finite resources, we can no longer continue our current way of doing things which is to 'take, make, waste'. We must shift to a circular system where just like in nature, nothing is wasted - energy and resources are cycled in a continuous loop.

A circular economy keeps materials, energy, and water in use for as long as possible. It stops waste being produced in the first place by promoting circular systems of re-use and sharing, or reinvention at the end of life into something new.⁴

⁴Ellen Macarthur Foundation

Circular Economy and Services

IKEA designs products and services that consider the whole life cycle of a product so they can be used for as long as possible. The goal is to become a fully circular business by 2030, which means IKEA products can be used and re-used for many years, right up until they are ready to be repurposed, refurbished, or recycled through:

- Sourcing materials sustainably
- Designing in a way that is mindful of re-assembly for households on the move
- Prolonging the durability of furniture by offering free replacement fittings
- Providing a discounted outlet for spare furniture parts
- Giving customers the option to resell their pre-loved IKEA products back to us so we can re-sell or donate them, in exchange for an IKEA Refund card



Repacking our Products

At IKEA Australia, we lead with a repack first mindset, so if we can repack a product then we will. This is where a product has been sent to the IKEA Store Product Recovery and Quality team because the package is damaged, but the product is in perfect condition.

We repack the product using a repack machine to create a new box or use a shrink wrap machine to fix the packaging. In 2023, we repacked over 230,000 products diverting them from landfill.



As-Is

The As-is section before the checkouts in every IKEA Australia store offers pre-loved products from the Buy-back service, products previously on display, discontinued, returned items and products with minor cosmetic damage. In 2023, over 640,000 products were sold through our As-is department.

We know our customers are just as passionate about giving their furniture a second life as they are about buying pre-loved IKEA products at a great price.

The second-hand market is quickly developing with the Australian circular economy having grown by 44% from 2019 – 2022⁵. After a successful trial in Queensland stores, we launched As-is Online in July 2022. As-is Online allows customers across Australia to browse and reserve secondhand products online and pick up directly from their chosen IKEA store. During FY23, 3,400 As-is products have been sold via As-is online.



Did you know?

Since the Buy Back service was implemented, over 65,000 IKEA products have been diverted from landfill in Australia and given a second life.

Furniture Buy-back Service

IKEA customers have the unique opportunity to return their eligible pre-loved IKEA products to the Buy-back service. In return, customers are offered an IKEA Refund card of up to 50% of the returned product's original value. Products returned through the Buy-back service are resold in our As-is area in store or online or donated to community projects for those in need. In FY23, over 22,500 products were returned through the Buy-back service across our 10 stores. This was enabled by the hard work of our Product Recovery team, who are entirely dedicated to minimising the environmental impact of our operations.



Spare Parts

Ordering spare IKEA parts online is free of charge.

Whether a part is missing, broken, or needed to renew a product, customers can place an order for the parts they need online and enjoy free delivery. For those living closer to our stores, customers can collect these whenever they are shopping with us in-store.

Fact:

32,280 orders for spare parts were made online for IKEA Australia in 2023.





Keep Good Things Going

During the Black Friday sale period, we have in previous years, and continue to, encourage our customers to save more than money through our Buy-back service. During this period, we incentivise customers to bring back their pre-loved IKEA products to receive an extra 50% on an IKEA Refund card through the Buy-back service.

In 2022 over 1,400 products were returned during the Black Friday weekend, diverting products from landfill to have a second life.



Love it Longer

Alongside our services that enable customers to resell and recycle, we also believe helping our customers to love our products longer can help reduce our impact on the environment. We want our customers to be able to love the furniture they already own, and we can help them keep their furniture in great condition.

For many of our product ranges, we sell different components separately. This means customers can purchase a single pillow insert and cover for an existing sofa, extra shelves for a bookcase or new inserts for a storage unit. Our modular and extensive ranges allow for IKEA furniture to evolve with life, rather than requiring our customers to replace with new items.



Mattress Removal and Recycle

We believe in diverting from landfill wherever possible and understand that disposing of bulky and large furniture can be difficult for our customers. That's why we offer the convenience of a mattress recycling service.

We offer a mattress recycling service for our customers in NSW, VIC, WA, SA and ACT. This excludes QLD, where a store drop-off is required. We are currently working with our local partner here to investigate solutions for mattress collection.

For a modest fee, customers can book to have their old mattress collected on the same day as their new mattress delivery. This method allows for a convenient and quick swap for the customer and enables better recycling potential than traditional kerbside collection, which can see mattresses become dirty or damaged.

Over the last 12 months, we have diverted 3,000 mattresses from landfill through our recycling service.

Fact:

Up to 75% of a mattress is recycled when customers choose to recycle their old mattress with IKEA.

Did you know?

Mattresses can be recycled into carpet underlay, acoustic paneling from mattress textiles and roof sheeting from mattress springs.⁶



Operations

We have been working hard on reducing the impact of waste from our business on the environment. The best way we know how to do this is to find creative and smart solutions with our co-workers, partners, and service providers.

We encourage our customers to bring back lightbulbs, cardboard and batteries for recycling at dedicated drop-off points at the exit of our stores, and use our mattress recycling service.

In 2023, the total operational waste at IKEA Australia in tons was 11,593. Out of this, 76.1% is recycled. These materials include cardboard, wood, metal, plastics, textiles, mattresses, batteries, lightbulbs, and food waste. Therefore only 23.9% goes to landfill which we are working to reduce.

Renewable Energy

We believe the future of energy is renewable. That's why we're phasing out fossil fuels, investing in renewable energy and switching to renewable heating and cooling in our buildings. We will have converted all 10 IKEA stores from gas to electric by 2030 – with seven already converted.

In addition, IKEA Australia has committed to 100% renewable electricity to power our retail operations by 2025.

We will do this firstly through on-site generation, investing heavily in onsite solar projects to further increase the solar panels across our stores and distribution centre, taking advantage of the expansive rooftops and carpark spaces. IKEA Australia is investing in four onsite solar PV projects during 2024 and 2025 that will install a further 2.5MW of solar generation.

Secondly, we will acquire and voluntary surrender market renewable energy certificates, in line with Clean Energy Regulator requirements.

Did you know?

IKEA Australia has committed to using 100% renewable electricity to power our operations by 2025.

IKEA eleXys Microgrid

In 2023, we celebrated the commissioning of Australia's largest commercial microgrid at IKEA Adelaide. This project supports the goal of 100% renewable electricity consumption by the Adelaide store by 2025 and generates clean energy for the Adelaide community – up to 370 homes a year.

The IKEA eleXys Microgrid is the combination of the PV (Photo Voltaic) panels installed on the store's rooftop and carpark, and the BESS (Battery

Energy Storage System), working to supply the IKEA store with energy first, then as a local energy production and distribution network.

This project is a collaboration between IKEA Australia, Planet Ark Power, Epic Energy, SA Power Networks, and the South Australian Government.

IKEA is committed to becoming a circular and climate positive business by 2030, but we

can't do it alone. The IKEA eleXsys microgrid project is the perfect example of collaboration, where inspirational partners from the business community, industry and government have come together to help shift the dial on clean energy production in Australia.

Did you know?

The IKEA eleXys Microgrid consists of 3,024 solar panels and a battery the size of three 40ft shipping containers! This project now means almost half of IKEA Adelaide is powered on sunshine.





Renewable Heating and Cooling

During 2022, we completed two renewable heating and cooling projects at the IKEA Adelaide and Richmond stores. These projects replaced the air conditioning systems to remove gas energy supply to allow stores to be capable of operating on 100% renewable energy. A similar project at the Rhodes (Sydney) store is taking place during 2023, which will mean 8 out of 10 IKEA Australia stores will have no reliance on fossil fuels.



Solar and Wind Powers our Future

In 2023 Ingka Investments, the investment arm of Ingka Group, announced the purchase of two operational solar PV parks in Peak Hill and Trundle, in central-west New South Wales. A third solar PV park is currently under development and is expected to start producing electricity at the end of 2025. The total production of the three solar parks will be approximately 340 GWh per year, which is equivalent to the electricity consumption of roughly 65,000 Australian households.

Ingka Investments also announced a 15 percent stake in Australia's largest wind farm, Golden Plains Wind Farm, located in Victoria. The investment in Australia secures long-term access to renewable energy that can support the transition of local IKEA retail operations. In future, this may extend to other value chain partners and even customers. The aim is to contribute to a further reduction in the overall Ingka Group climate footprint.



Zero Emissions Home Delivery

By 2025, we're aiming for 100% of customer orders to be delivered using zero emission vehicles.

IKEA has been trialling various innovative zero emissions vehicles across the globe, including electric rickshaws in India, cargo bikes in Madrid, solar bikes in London, barges down the Seine in Paris, and now e-tuk tuks in Australia.

In 2023, we trialled parcel deliveries via e-tuk tuks, named Tük-se and Tack-se ('tack' meaning 'thanks' in Swedish by co-workers. In partnership with ANC Delivers, the three wheeled e-tuk tuks were powered by 9kWh swappable batteries, undertaking parcel deliveries in a 10km radius from the IKEA Tempe store.

We've also seen our zero-emission delivery fleet grow to more than 40 vehicles across New South Wales, Queensland, and Victoria and South Australia, in collaboration with our transport partners, ANC Delivers, All Purpose Transport, and Kings Transport.

However, there are significant challenges in Australia when it comes to the electrification of road freight, including the cost, range, and performance of zero emission vehicles, charging infrastructure, availability, and supply of equipment. We are working closely with the industry as a member of the Electric Vehicle Council, the broader business community, all levels of government, and other stakeholders to share our learnings and come up with solutions to overcome these challenges.

We also want to support our customers and co-workers in taking steps to reduce their own personal transport emissions. As part of our commitment to zero emissions transport, we currently have 26 EV chargers for use at IKEA stores around the country, including two fast charges at IKEA Tempe.

Did you know?

In FY23, we nearly doubled the number of truck deliveries made via a zero emissions vehicle.



Fair and Inclusive

At IKEA, our vision is to create a better life for the many people.

This vision goes beyond home furnishings and extends far beyond the four walls of a house. People in Australia have very strong support for all dimensions of equality – disability, age, gender, ethnicity, wealth, LGBTQ+ and religion.⁷ As a humanistic and values-driven company, we believe we have a responsibility to play an active role in society advocating for, and promoting, positive change based on our values.

Gender Equality

The birth or adoption of a child is an important and significant life event. As part of our Gender Equality approach, we are committed to providing parents and carers with the support they need to manage work and family commitments.

We are proud to now offer paid parental leave to all co-workers, regardless of tenure, and for all family formations including LGBT+ families.

In 2023 we have also committed to:

- Pay superannuation on unpaid parental leave, up to 26 weeks.
- Introducing fixed rosters, with the aim to provide more certainty to our co-workers with the ability to plan family and life commitments.

Did you know?

62% of our IKEA Australia co-workers are female. In our IKEA store leadership teams, we have 50.77% female and 49.23% male – that's almost a 50/50 split!

Refugee Workforce Inclusion

We believe that everyone has the right to feel at home, no matter who we are or where we come from. We want to help change the narrative around refugees, by seeing people for who they are, sharing positive stories and challenging negative stereotypes.

When refugees and people seeking asylum arrive in Australia, they bring skills, knowledge, and experience with them. They are highly motivated to work and contribute to Australian society, however they face many barriers such as a lack of local experience, negative stereotypes, and limited local networks in an unfamiliar job market.

In October 2020, IKEA Australia launched the pilot program Skills for Employment, in partnership with refugee employment specialists Community Corporate. This two-month, paid work placement program was designed to enable people from refugee and asylum seeker backgrounds to gain valuable Australian work experience, build confidence and strengthen their pathways to stable employment inside or outside IKEA.

In three years, we've had:

- 185 remarkable participants in our stores and warehouses, from 23 different cultural backgrounds speaking 40 languages.
- 80 percent of programme participants secured ongoing employment with IKEA.

The program to date has demonstrated the mutual benefits of supporting refugees to enter the Australian workforce, including increased employee engagement and pride in an inclusive culture, greater cross-cultural competence, new mentorship skills for IKEA staff and deeper cultural connections leading to a better customer experience. Through these benefits and many others, the programme has now become a permanent pillar of recruitment known as Refugee Workforce Inclusion transitioning from paid work placements, to providing refugees and asylum seekers with stable, ongoing employment at IKEA.

As a values-driven organisation, we believe that everyone has the right to feel at home, no matter who we are or where we come from.



Using our size and scale to drive impact

Recent research from the University of Sydney⁸ confirms half of Australian businesses want to hire refugees, yet most don't. We believe employers have an important role to play in actively welcoming refugees and asylum seekers – and by seeing their talent and potential, strong mutual benefits can be realised for the individual, businesses, and communities.

"I see the difference that it makes, the impact that it has in someone's life, in an organisation. In a team. Why wouldn't you do it?"

- Harriet Pope, Workforce Inclusion Leader, IKEA

Did you know?

More than 200 buddies and leaders have been involved in our programme, with a 52% female and 48% male split among our programme participants.

⁸ University of Sydney, 2023

Reconciliation Action Plan

IKEA Australia acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the lands on which we operate. Guided by our vision, our values, and our Reconciliation Action Plan (RAP), we are committed to reconciliation with Aboriginal and Torres Strait Islander peoples.

In 2019, we worked with Reconciliation Australia to develop the first RAP for IKEA Australia as the initial step of our long-term commitment to reconciliation.

The 'Reflect' RAP is the first stage of the process and involves scoping and developing relationships with Aboriginal and Torres Strait Islander stakeholders, creating a vision for reconciliation, and exploring our sphere of influence.

We are finalising the delivery of our ongoing RAP commitments and reporting requirements in 2023 and will be developing the second stage plan in FY24. In line with Reconciliation Australia's guidance, we remain an active RAP partner during this interim period until the new RAP has been endorsed.

The 'Innovate' stage of reconciliation action will be focused on:

- Developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples.

- Engaging co-workers and stakeholders in reconciliation.
- Developing and piloting strategies to empower Aboriginal and Torres Strait Islander peoples.

In 2023 we engaged an Indigenous-led consultancy to conduct a review of our policies and ways of working, to ensure we're fostering a culturally safe workplace for First Nations people. Some of the initiatives we have developed to better support our First Nations co-workers include:

First Nations Co-worker Network - We have created an internal network for First Nations co-workers. This is a safe space for Aboriginal and Torres Strait Islander co-workers to come together, share ideas and foster a sense of connection, support and inclusion.

Indigenous Cultural & Ceremonial Leave - An additional day of paid leave per year for the purpose of participating in an Indigenous cultural event or ceremony. This leave encourages Indigenous co-workers to maintain and strengthen their cultural connection to community and Country.

Acknowledgement of unique and diverse culture and kinship - we have updated the definition of immediate family in our policies, recognising this can be more broadly defined for Aboriginal and Torres Strait Islander co-workers.



NAIDOC Week

In 2023 we recognised National Reconciliation Week across the country and hosted NAIDOC Week Events which involved a smoking ceremony, cultural performances, and storytelling from our First Nations co-workers at IKEA Tempe.





LGBT+ Inclusion

We want people of all sexual orientations and gender identities to feel at home and this includes both our LGBT+ co-workers' and customers' right to be themselves. We are continually building on meaningful initiatives to drive positive change in Australian society. In 2023, we introduced the following actions:

- **Gender Affirmation Leave** - We have introduced up to 10 days paid leave to allow trans or gender diverse co-workers to implement steps to live as their defined or affirmed gender identity, rather than the gender assigned to them at birth.
- **Chosen Names** - This helps to create a sense of belonging by giving all co-workers the opportunity to have their chosen name reflected in IKEA systems. This supports co-workers who have affirmed their gender as well as those who use a shortened name or a non-anglicised name.
- **IKEA + Pride** - We established a dedicated group to increase awareness of LGBT+ issues and help us to create a more inclusive IKEA.





IKEA Enterprise Agreement

In 2023, key changes were made to the IKEA Enterprise Agreement to benefit 2,700 store and customer service centre co-workers. Many benefits also apply, where relevant, to the entire cohort of 4,000+ IKEA Australia co-workers nationally, which includes those working in office and Distribution Centre warehouse roles, including:

- **Grandparent Leave** - Each co-worker has one day per year to spend with their grandchildren. This is in addition to one day per year of Family & Community Leave which is available to all co-workers.
- **Natural Disaster Leave** - Available to all co-workers who are unable to travel to or from their place of residence due to a natural disaster.
- **Observation of Public Holidays** - Co-workers will have the opportunity to not observe a public holiday and receive an alternate day off that is meaningful to them.
- **Special leave** - Up to five days leave will be available to co-workers who are taking on the responsibility for permanent or long-term care of a child through a permanent care order or equivalent long-term foster or kinship arrangement.
- **Found family** - Recognising 'immediate family' can be considered different in many situations, we have updated our policies to reflect genuine relationships of identifiable equivalent significance for co-workers.

IKEA Foundation

The IKEA Foundation aims to create brighter lives on a liveable planet through philanthropy and grant making. IKEA Foundation is funded by the Ingka Group of companies. It remains independent from the retail business and solely focused on philanthropic activities that IKEA founder Ingvar Kamprad described as “turning the cycle of poverty into a circle of prosperity.”

For IKEA Foundation, improving livelihoods and protecting the planet are inseparable – families need both financial stability and a healthy environment if they and their children are to thrive. Through grant making, IKEA Foundation works with its partners to help people and communities with the fewest resources build livelihoods and support their families. This protects the planet by reducing carbon emissions and makes an immediate and tangible difference in people’s daily lives. The Foundation also engages in dialogue and collaboration with local organisations and communities to ensure different perspectives and pathways are represented and understood.

In 2023, the IKEA Foundation selected 145 IKEA co-workers from around the globe to participate in the IKEA Foundation Ambassador program. It is a unique opportunity that gives IKEA co-workers the chance to see first-hand the great work of the IKEA Foundation and its partners, and to meet with co-workers from around the world to bring back key learnings which contribute to local country ambitions.

Three co-workers from IKEA Australia travelled to Bangalore, India, for an intensive and immersive five day program. They met with five IKEA Foundation partner organisations; Medecins Sans Frontiers (MSF/Doctors Without Borders), Selco, Agroecology Fund, Enviu and Oxford University; and continue to share their findings and experiences here in Australia. Our ambassadors engage our many IKEA Australia co-workers to understand the work of the IKEA Foundation and how what we do every day is contributing to better lives and a better planet.



IWAY

IWAY is the IKEA way of responsibly sourcing products, services, materials, and components. It sets clear expectations and ways of working for environmental, social, and working conditions, as well as animal welfare, and is mandatory for all suppliers and service providers that work with IKEA. Through strict compliance with this Code of Conduct, IKEA Australia is committed to ensuring modern slavery is not present within any aspect of our business.

More than 20 years of working with IWAY has enabled IKEA to build a credible and robust system to support, challenge, and actively work together with suppliers. In addition to our usual regular supplier audits, in 2022 we conducted an audit of a new section of IWAY designed especially for digital platform suppliers. This gave us the opportunity to create positive changes to working conditions for the economy suppliers who are a newer part of the IKEA Australia value chain. We carried out this audit on one of our furniture assembly providers in 2022, who achieved a score of 100%.



IKEA Community Support

Our role in society sees us contribute positively to the local community and maintain a workplace where co-workers can feel proud and involved. IKEA creates both economic value and positive social impact by partnering with a variety of organisations to address local community needs and challenges.

IKEA Australia has supported the following organisations during 2023:

- **Save the Children** – \$25,000 donation to support the 'Our Yarning Program'.
- **Thread Together** – \$65,000 donation in product and monetary donations to support the installation of IKEA PAX wardrobes in women's shelters across the country.
- **Minus 18** – \$25,000 donation to support the development of online resources and the awareness of IDAHOBIT day.
- **UNICEF workplace giving** - IKEA Australia and UNICEF have partnered together for a decade, with IKEA Australia raising over \$1 million since 2013 to help children around the world. In 2023, we supported the [UNICEF Australia Young Ambassador Program](#) through our Workplace Giving program, with contributions from our co-workers. The 12-month Young Ambassador program provides the opportunity for training in leadership, government advocacy, media, and communications, and engaging with children and young people. Young Ambassadors bring their skills and lived experiences to the issues that UNICEF Australia advocates for.
- **Soft Toy donations** – Over 1,400 toys donated to children in need through our partners; Save the Children, Westmead Children Hospital, Hands across Canberra, Adelaide Women's and Childrens Hospital, and The Sixth Child.
- **IKEA Family Swipes** - IKEA Australia donated a total of \$100,000 to selected charities to support local communities. Charities from each store include:
 - Backpack4kids at IKEA Springvale
 - Washhouse at IKEA Marsden Park
 - Melbourne City Mission at IKEA Richmond
 - ID. Know Yourself at IKEA Tempe
 - Rubies Place at IKEA Canberra
 - Coast to Bay Housing at IKEA North Lakes and IKEA Logan
 - Perth Children's Hospital at IKEA Perth
 - Foodbank at IKEA Adelaide
 - WAGEC: Women's & Girls' Emergency Centre at IKEA Rhodes



Constantly on the way

While there is much work to be done to reach our big goals, and many challenges to overcome, we remain motivated by the question 'How do we build better into everything we do?'

If you are interested in finding out more about global actions on sustainability by Ingka Group, visit: www.ingka.com

www.ikea.com.au/sustainability

Prices throughout this report are subject to change. Always check the IKEA website for most up to date information.

