Ingka Group Annual Summary and Sustainability Report **FY23**

New lower price
PLUFSIG
Folding gym mat
~~€39.99~~
€29.99
Made of min. 90% recycled polyester

Hej!

We are driven by the IKEA vision to create a better everyday life for the many people. We are passionate about life at home and are transforming our business to create a better IKEA that is affordable, accessible, and positively impacts people and the planet.

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. We seek to make balanced decisions and measure performance holistically across these four areas.

We are 80 years old but young at heart. We keep challenging ourselves, guided by our founder Ingvar Kamprad who said: "We will move ahead only by constantly asking ourselves how what we are doing today can be done better tomorrow".

The Ingka Group Annual Summary and Sustainability Report FY23 covers the financial year 2023 (FY23), from 1 September 2022 to 31 August 2023, unless otherwise stated, and the entities controlled by Ingka Holding B.V. during this time.

Find out more

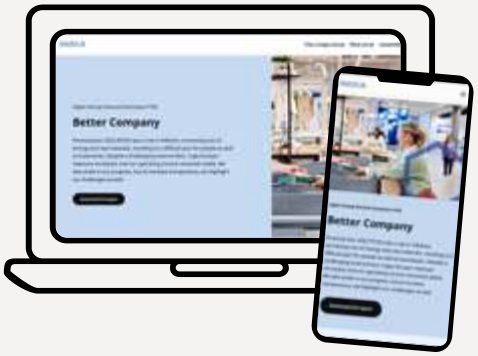
In our report you'll find information on our financial and nonfinancial performance against a wide range of targets and indicators. We aim to provide a transparent account of our performance, highlighting areas where we are making progress as well as where we are facing challenges. Ingka Group reporting includes:

Ingka Group Annual Summary and Sustainability Report FY23

An in-depth account of our performance in FY23.

Short summary of the Ingka Group Annual Summary and Sustainability Report FY23

Key highlights of our performance and challenges FY23



Ingka Group reporting website
www.ingka.com/reporting

An online summary of FY23 performance.

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EUR 44.3 billion
total revenue

165,353
co-workers

3.2 billion
online visits

537
Customer meeting points 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

Ingka Group operates 537 customer meeting points 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.

IKEA is a franchise business, with many companies operating under one IKEA brand. Inter IKEA Group 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 88% of total IKEA Retail sales in FY23. 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, with the purpose to create a better and affordable everyday life at home. We operate 399 IKEA stores including city stores, as well as 138 plan and order points of various sizes. IKEA Retail operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor. In FY23, we had 697 million visits to our IKEA locations and 3.2 billion online visits with consent.

Ingka Centres

Ingka Centres create meeting place experiences for people and drive visitation for IKEA and is a global developer and operator of retail-led destinations through its meeting place concept. Ingka Centres has 50 years of experience in shopping centres and works with 3,000 brands across its portfolio of 44 Ingka Centres meeting places in 14 markets and 352 million visits in FY23.

Ingka Investments

Ingka Investments makes investments and acquisitions that secure Ingka Group's long-term financial strength and support and accelerate our business growth, business transformation and sustainability goals. Our investments range are organised in seven portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Circularity Investments, Forestland Investments and Financial Markets Investments.

Our unique ownership structure

Ingka Group (Ingka Holding B.V. and its controlled entities) has an ownership structure that ensures independence and a long-term approach. Ingka Group is owned by a Dutch foundation, Stichting INGKA Foundation (INGKA Foundation). INGKA Foundation does not have any owners; it owns itself. It also does not have any beneficial owners but holds its assets only on its own behalf. This means that nobody is entitled to the assets of the Foundation and there are no dividends paid to private shareholders.

INGKA Foundation has a charitable purpose to create a better everyday life for the many people in need. The INGKA Foundation achieves its charitable purpose by providing funding to the Stichting IKEA Foundation, an independent philanthropic grant-making organisation committed to tackling the two biggest threats to the future of children and families: poverty and climate change.

"We are proud to be in a team of optimistic entrepreneurs, demonstrating together that it is good business to be a good business."

A few words from our leadership

In FY23 we celebrated 80 years of IKEA. So much has changed in eight decades, but we are still guided by the same vision: to create a better everyday life for the many people. That has never been more important or relevant than it is today.

We succeed as a business by remaining relevant and affordable for our customers, by keeping our costs low, by reinvesting for the future, and by taking care of people and planet. Each element is equally important and that's why we judge our performance holistically across four areas: Better homes for our customers, Better lives for the many people and our co-workers, a Better planet for all, and a Better company now and for future generations. To us, good performance means performing well in each and all of the four areas.

The past few years have been unprecedented in so many ways and while FY23 was a less eventful year than some, we continued to operate in an environment of economic uncertainty and disruption. Yet together with our co-workers, we delivered on our vision to create a better life at home and in the world, while growing the business in a healthy way. We are proud to be in a team of optimistic entrepreneurs, demonstrating together that it is good business to be a good business. Highlights from this year include opening 60 new locations to bring IKEA closer to more people, expanding our range of plant-based food options and enabling more customers to buy and sell secondhand IKEA furniture. We pride ourselves on providing a great place to work for our co-workers and were pleased that 84% told us that they feel they can be themselves at work. Our financial performance was good in FY23, with revenues of EUR 44.3 billion and a 5.7% increase in retail sales. We reinvested 85% of our net income into the company and the remaining 15% was paid as a dividend to the Stichting INGKA Foundation, to achieve its charitable purpose.

We have reduced our total climate footprint (scope 1, 2 and 3) by 24.3% since FY16 and this year we invested a further 0.7 billion (including committed investments) in offsite renewable energy generation and the wider energy transition (EUR 3.8 billion since 2009). To build on this progress, we have strengthened our climate targets in alignment with the Science Based Targets initiative (SBTi) Net Zero standard and submitted these for approval to SBTi. The revised target is a reduction of the climate footprint across the value chain by at least 50% by 2030 (compared to our 2016 baseline). We will report against these from FY24 once they have been approved.

As we transform our business to be ever more affordable, accessible and sustainable, we are on a journey to strengthen our reporting too. We want to share our successes and achievements but also to be open about the challenges we face and to make sure we focus on the issues that matter most. We have taken some important steps this year and this will remain a priority in FY24 and beyond.

We are 80 years old but young at heart. We look to the future with curiosity and humbleness and remain inspired by the words of our founder Ingvar Kamprad: We will move ahead only by constantly asking ourselves how what we are doing today can be done better tomorrow.

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 formal conduct and strategic, structural and financial approvals, as well as critical risks.

Building **better** into everything we do

Better homes

For generations, we have been on a mission to bring inspiring and affordable home furnishings to the many people regardless of wallet size. Today we are focussing on omnichannel innovation, integrating our physical and digital channels to bring IKEA to more people, and offering affordable products, services and solutions that make healthier and more sustainable living easier.

Better homes

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. 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

Better planet

We only have one planet, the home we all share. We are taking bold steps across our business to reduce our greenhouse gas emissions, minimise resource use and waste, and promote biodiversity and water conservation. We are making it easier for our customers to act too.

Better planet

Better company

We do business with a humanistic outlook, guided by our vision and values. We push to be a fair, inclusive and empowering company with good governance and respect for human rights across our value chain. We reinvest a large part of our net income in our business to become ever more affordable, accessible and people and planet positive. The remainder is paid as a dividend to the Stichting INGKA Foundation to achieve its charitable purpose.

Better company

SUSTAINABLE DEVELOPMENT GOALS

We support the United Nations Sustainable Development Goals (SDGs) in their ambition to achieve a better world for all. Read more on pages 124 to 126.

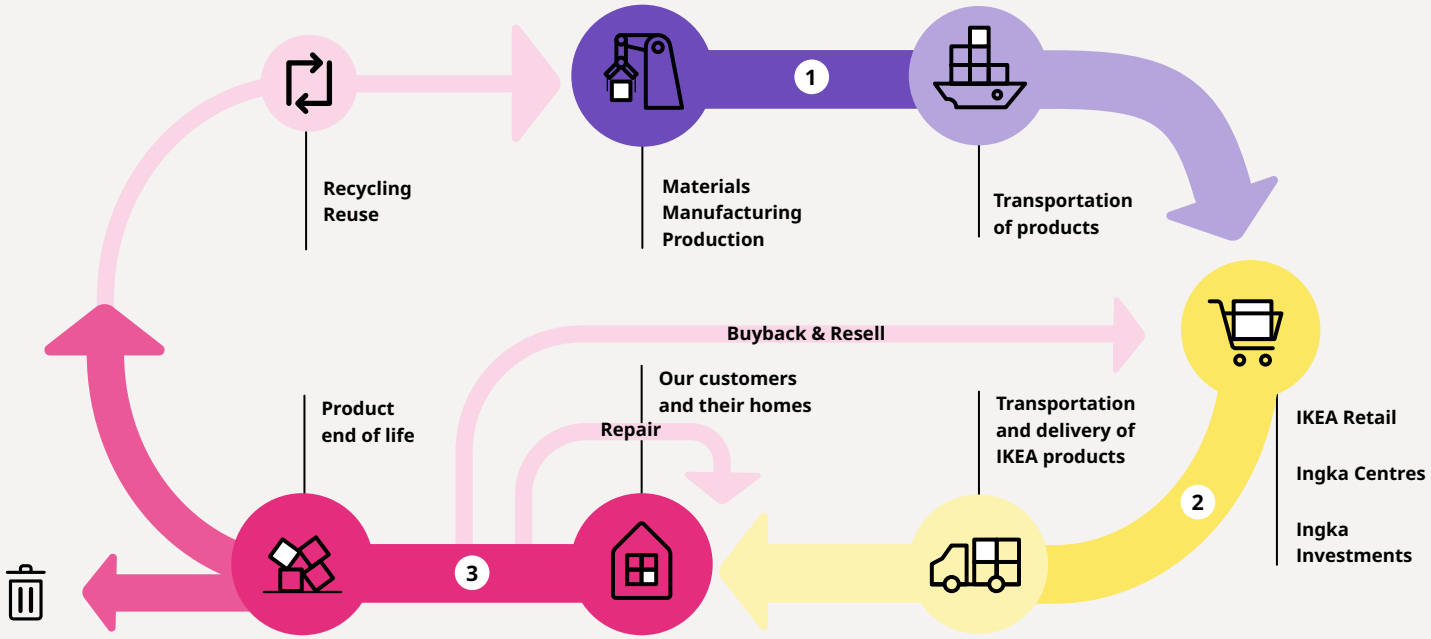
Our value chain

At each stage of our value chain, 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.

We are accountable for our whole footprint but have 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 and opportunities 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).

See next page for the material topics in our value chain



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.

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.

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.

* Where we outsource last mile delivery, we report our CO_2 emissions in our scope 3 downstream reporting

We report on the topics that matter most

We want to make sure that we focus our work and our reporting on the topics that matter most for our stakeholders, our business and the planet. To help us do this, we regularly conduct a double materiality assessment which incorporates stakeholder input and research. You can read in more detail about how we conducted this assessment in FY23 on page 87.

On this page we show how the material topics identified in our double materiality assessment fit into the four better movements that form the structure for our report. The table summarises the significant impacts, risks and opportunities we have identified at each stage of our value chain.

What is a material topic?

Put simply, material topics are those which are most significant and relevant for our business and our stakeholders. In our assessment, we consider two questions – could our business impact people or the planet in relation to the topic? Could the topic impact on the financial performance of our business? If the answer is yes to either question, we know it's a material topic.

See the full results and methodology of our materiality assessment

Material topics	Where do we have the most significant impacts, risks and opportunities?		
	Upstream	Our own operations	Downstream
Better homes			
Affordability and accessibility of products and services	●	●	
Healthy and sustainable living	●		
Customer and end-user safety	●	●	●
Better lives			
Equality, diversity and inclusion		●	
Health, safety and wellbeing		●	
Skills development		●	
Fair income		●	
Human rights	●		
Community impact	●		
Better planet			
Climate change	●	●	●
Resource use, circularity and waste	●	●	●
Water	●		
Biodiversity and forestry	●		
Better company			
Financial resilience		●	
Ethical business conduct	●	●	
Digital trust		●	●
Responsible sourcing	●		

● Critical High Medium

Young Leaders' opinion letter

We would like to see more progress in the following areas:

- Besides commendable efforts on climate mitigation, especially on renewable energy, we'd love to see Ingka taking the leadership on how IKEA and fellow businesses can step up on climate adaptation actions.
- Human rights within supply chains are vital. We look forward to Ingka's proactive steps to reduce any major non-compliances among suppliers.
- Nature underpins our economy and our very existence. We are delighted to see more information on biodiversity and forestry shared in FY23. We encourage Ingka to further its work by setting more specific and science-based targets. Additionally, we urge Ingka to go beyond FSC certification, ensuring science- and rights-based consumption and conservation of natural resources, through working with Indigenous Peoples and local communities.

We, as part of the Ingka Young Leaders Forum, are an independent external advisory group of under-30 activists and professionals deeply committed to environmental and climate justice. Our collective experience spans building global movements, shaping multilateral policies, and empowering grassroots communities, all aimed at securing a livable planet for future generations.

Our Work Thus Far
Over the past three years, we have engaged with the Ingka Group in a manner that balances collaboration with critical oversight. This year, our involvement included engaging with the Supervisory Board, deep diving into AI policy and ethics discussions with the Group Management, and providing rapid feedback on various sustainability-related initiatives. Our work has encompassed challenging and advising on issues of circularity, transparency, and sustainability, as well as advocating for a stronger diversity and equity approach to business operations. Our Transparency Working Group's role in reviewing Ingka reports and ensuring transparency and accountability has encouraged improvements in this year's report.

Conclusion
In the face of global uncertainties, including devastating geopolitical tensions and climate-related natural disasters, we recognize that the solutions to these challenges require a concerted effort from all sectors of society. Our collaboration with the Ingka Group has pioneered a model for meaningful corporate engagement with youth. This partnership marks early strides towards more inclusive business practices. We hope that our efforts will inspire the Ingka Group and other businesses to continue evolving in their engagement with young leaders.

Zhilin Xiao, Cathy Yitong Li, Zanagee Artis, Vlad Kaim, Kehkashan Basu on behalf of the Young Leaders Forum

We have identified the following areas that are commendable:

- Ingka's reports visibly include 'challenges' sections, demonstrating their commitment to transparency. This openness in acknowledging the hurdles and limitations they face in achieving sustainability targets is a progressive step.
- Ingka's adoption of a double materiality assessment marks a noteworthy step in sustainability efforts. This approach helps identify key environmental and social impacts relevant to their operations and stakeholders, demonstrating a commitment to enhanced accountability and impact assessment.
- Ingka has been a vocal advocate for climate actions, including the phasing out of fossil fuels, leading by example and encouraging other businesses and governments to pursue ambitious climate actions, evident in their collaboration with the B Team.

Our performance at a glance

BETTER HOMES

60

new locations opened to make IKEA more accessible and convenient for more people

BETTER HOMES

375,000

customers used IKEA Kreativ, our AI-driven digital interior design experience

BETTER HOMES

2.2 million

customers used our spare assembly parts service to maintain and repair their IKEA products

BETTER HOMES

14

countries started offering our new plant-based hot dog

BETTER HOMES

76

Happy Customer score for FY23 (FY22: 71)

BETTER LIVES

1,135

refugees supported through our Skills for Employment programme in 22 countries

BETTER LIVES

2.6 million

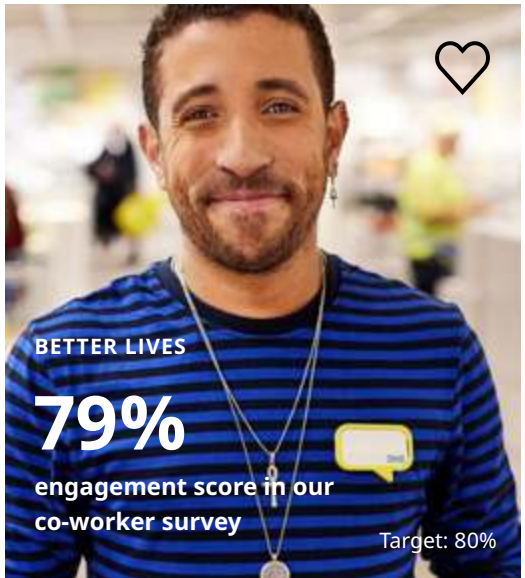
hours spent by co-workers on learning

BETTER LIVES

50♀/50♂

gender balance in our management positions (all leaders)

Target: 50/50



BETTER LIVES

79%

engagement score in our co-worker survey

Target: 80%

BETTER PLANET

75.9%

operational waste recycled

Target: 100% by 2030

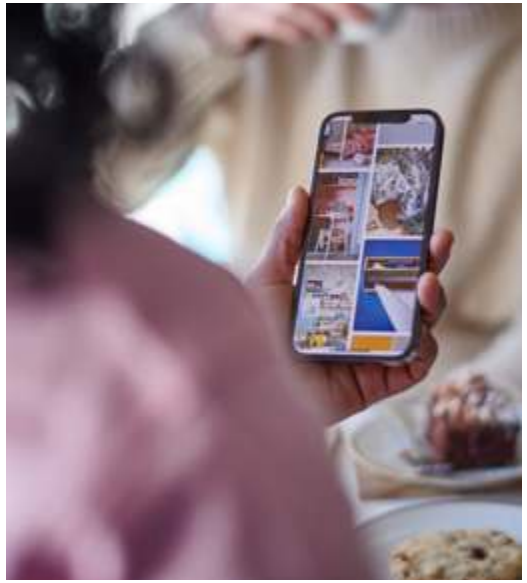
BETTER PLANET

Investments in off-site renewable energy (including committed investments)

EUR 0.7 billion

(EUR 3.8 billion since 2009)

Target: EUR 7.5 billion by 2030 (Including EUR 1 billion in transitional technologies)



BETTER PLANET

79.2%

of electricity we used was from renewable sources

Target: 100% by 2025

BETTER PLANET

24.3% reduction

in our climate footprint (scope 1, 2 and 3) from our FY16 baseline

BETTER COMPANY

EUR 44.3 billion

Ingka Group revenue

(EUR 42.0 billion in FY22)

BETTER COMPANY

EUR 1.5 billion net income

We reinvested 85% of our net income into the company and the remaining 15% was paid as a dividend to the Stichting INGKA Foundation, to achieve its charitable purpose

(FY22: EUR 0.3 billion)

Normalised tax rate of 28%

BETTER COMPANY

More than

260,000

e-learning sessions completed on data protection and privacy

BETTER COMPANY

EUR 1.2 billion

Total tax bill

(FY22: EUR 1.0 billion)

Our progress **FY23**

Better homes

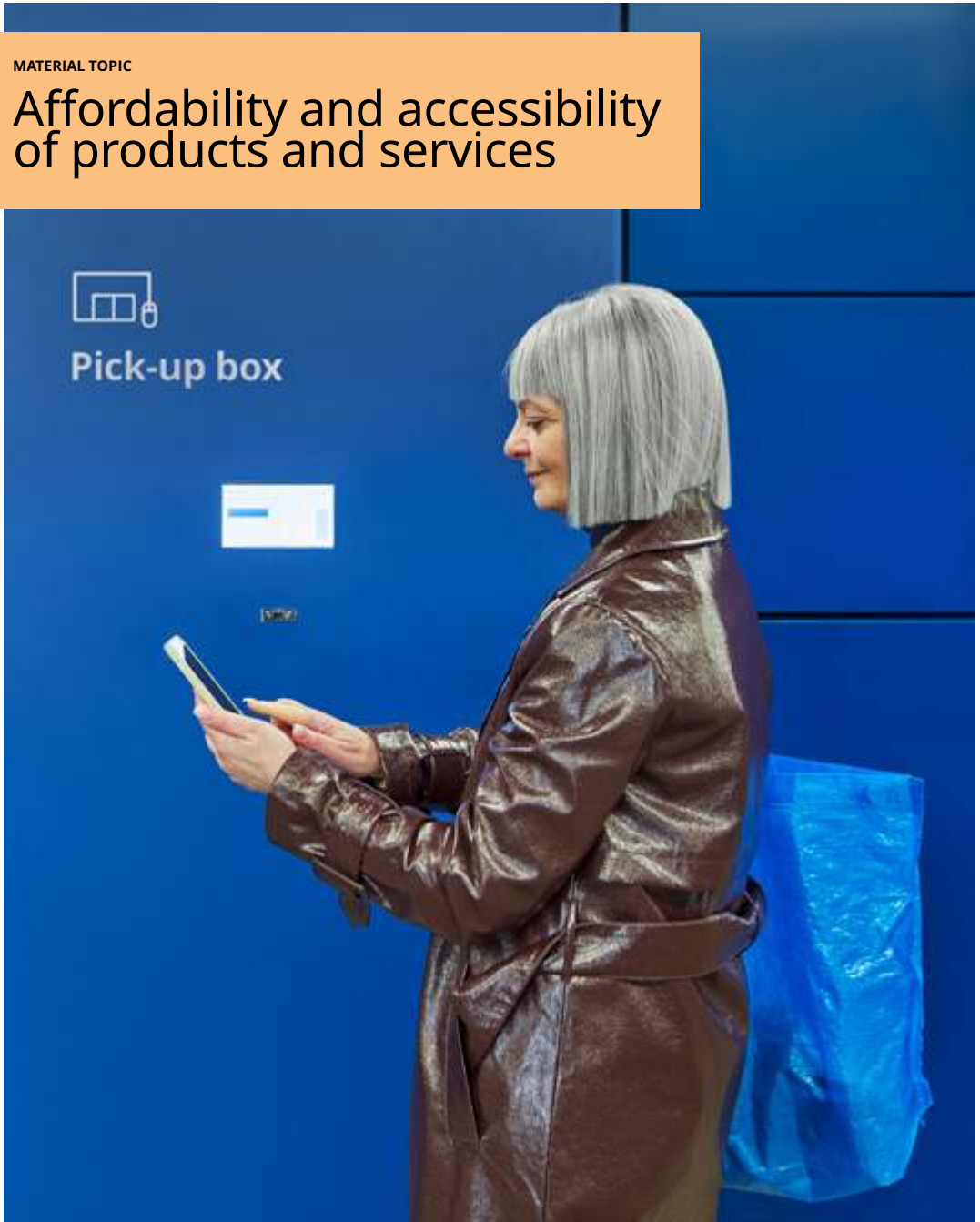
We believe a better home can enable a better life. For generations, we have been on a mission to understand the needs, challenges and aspirations of the many, bringing inspiring and affordable home furnishings to people with big dreams – regardless of wallet size.

Our material topics

- Affordability and accessibility of products and services
- Healthy and sustainable living
- Customer and end-user safety

Progress against targets FY23

OUR TARGETS	PROGRESS IN FY23	PERFORMANCE SUMMARY
Affordability and accessibility of products and services		
Targets under development.		
Healthy and sustainable living		
Provide knowledge, inspiration, services and platforms supporting customers to actively participate in circular actions.	[ON TRACK]	Progress this year included: • As-Is areas in 373 stores where customers can buy returned, discontinued, ex-display and secondhand items for a lower price than buying new. • Over 211,600 customers (FY22: 105,000) used our Buyback service to give 430,000 items a second life (FY22: 230,000). A campaign to 'Keep Good Things Going' ran in several markets to highlight the service. • 24.6 million spare assembly parts provided to customers (FY22: 21.9 million) with online ordering for spare parts now available in 28 countries.
Enable customers to reduce their climate footprint by offering IKEA Energy Services in all markets by 2025.	[NOT ON TRACK]	We offer IKEA Energy Services in 11 countries, including a home solar service and, in Sweden, a heat pump service.
Customer and end-user safety		
Targets under development.		



MATERIAL TOPIC

Affordability and accessibility of products and services

With over 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 more sustainable.

What we are proud of

- Opened three new stores, 10 city stores and 47 new plan and order points as well as two new Ingka Centres meeting places.
- Used innovative technology in our stores and fulfilment centres and online to improve the customer and co-worker experience.
- 375,000 customers used IKEA Kreativ, our AI-driven digital interior design experience.
- Despite economic challenges in many markets, our retail sales grew by 5.7%.
- Our IKEA Life at Home Report shared unique insights from research with 37,000 people in 38 countries.

Challenges we are addressing

- In FY23, despite the challenges of inflation, currency fluctuations and economic disruption, we invested in decreasing prices in some parts of our range but still have further to go to reach pre-pandemic price levels. We are prioritising this in FY24 and expect to lower prices for many more products during the year.
- Our customer research shows that we can further improve ease of shopping for some customers and do more to create a smoother ordering process.

An affordable offer

Affordability is always our priority. We fine-tune our service offering and work with our franchisor Inter IKEA Group to ensure that we have an affordable offer. Ingka Group measures affordability against competitors and by tracking our perception amongst customers.

The pandemic and war in Ukraine have disrupted supply chains over the last few years and led to price instability and rises in the cost of raw materials, goods and services which have resulted in price increase for some products. At the start of FY22, we started to invest in lowering prices in selected parts of our range, choosing the products we knew our customers loved and needed the most. We have continued to invest in decreasing prices wherever possible and will keep doing so for many products across markets in the coming months despite challenges due to inflation, currency fluctuations and other economic disruption.

We offer financial services in 29 markets to help customers spread the cost of their purchases. In FY23, we extended these including offering new loan services in Italy, Spain and Sweden and a payment by instalment service in Portugal. Customers in five countries can also acquire the IKEA Family credit card to spread the cost of purchases and gain rewards. To safeguard our customers and support their financial resilience in a responsible way, we always provide at least one offer at 0% interest rate. We partner with financial service providers who share our values and we work to make sure our offers are communicated in a way that is simple and easy to understand. 64% of customers using our financial services to purchase at IKEA report that without financial services they could not afford to make their purchase (fully or partially).

Ingka Investments made new minority investments in two financial services companies DirectID and Kreditz which are improving management of credit risk and supporting more accessible financial services.

We are making sure our products and services for healthy and sustainable living are affordable to the many. See page 18.

Bringing our stores closer to more people

We are investing in new locations and expanding in city centres to make IKEA more accessible and convenient for more people.

We increasingly integrate our digital and physical sales channels to facilitate a seamless customer journey and a convenient shopping experience wherever, whenever and however our customers want to meet us.

During the year we opened three new stores, 10 city centre locations and 47 new plan and order points as well as two new Ingka Centres meeting places. For example, in the US we opened new locations in San Francisco and Arlington Virginia and announced an EUR 2 billion (USD 2.2 billion) investment in omnichannel growth over the next three years. This will create 2,000 jobs, strengthen our fulfilment network and include eight new IKEA stores and nine plan and order points. In Spain we are making a EUR 150 million three year investment in new locations which will see us recruiting more than 1,500 new co-workers. In Denmark, we opened our first city centre store in Copenhagen and invested in Denmark's second-largest logistics centre, CDC Copenhagen, which will improve availability, flexibility and delivery times for customers.

IKEA Kreativ: bringing interior design to the many

IKEA Kreativ, our AI-driven digital design experience enables customers to design and visualise their own living spaces, using a computer or smartphone. It enables customers to 'erase' existing furniture from the scene, position new IKEA furnishings and accessories, rapidly swap through alternatives, and fully design the room. Now available in nine markets, 375,000 customers used IKEA Kreativ in FY23.

We also offer our online interior design service to help customers transform their homes, with convenient access to home furnishing advice at affordable prices. In FY23, 321,000 people used the service to create a better home in 30 countries.

Digital services and solutions

Today 26% of our sales are generated from our digital touchpoints and we expect this to increase.

We are using technology to enhance the online experience, to engage with our customers in relevant ways and to improve the accessibility of our products and services. For example, even in our smaller stores we want customers to be able to experience our full range. In France, we've been testing interactive room design that enables customers to visualise our range at full scale using digital projections. Home furnishing products that would usually require 40,000 m^2 of display space can be viewed in a 9m^2 area.

We are also using automation to improve efficiency and enhance the co-worker and customer experience. For example, by using autonomous drones to track stock inventory we can free up co-workers to focus on meeting our customers on the shopfloor. We have over 100 drones in 17 locations in Belgium, Croatia, Slovenia, Germany, Italy, the Netherlands, Switzerland and the US. In Japan, our Tokyo Bay store has introduced a robotics solution that automatically picks products from the storage area to fulfil orders of small items. This is improving delivery times and giving co-workers more time to spend with customers. In FY23, we ran or tested more than 40 different automation solutions. Our Digital Ethics Policy helps ensure we use AI and other technologies responsibly, see page 76.

What our customers think

We use sales data, customer feedback and research to assess whether our products and services are affordable and accessible, and to help us keep improving. Despite economic challenges in many markets, our retail sales grew by 5.7% in FY23.

Our Brand trust score, tracked via consumer and customer research, improved thanks to better perceptions of our shopping experience and remained stable in relation to perception of range quality. We outperformed direct competitors in relation to perceptions of our impact on society and the environment, although our score dipped slightly on the previous year. 47% of people in our primary market areas trust IKEA more than other brands within the home furnishing category. We track our Brand trust score in 30 countries, and in 27 of these we are the most trusted brand vs direct competitors.

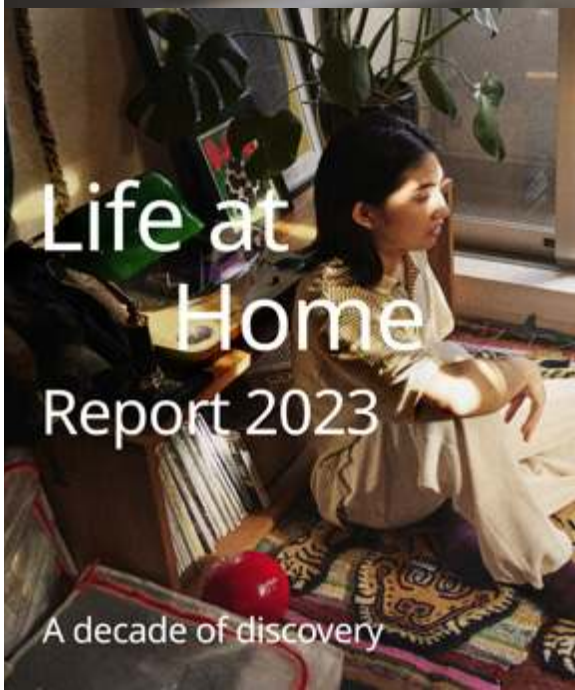
Our end of year Happy Customer score for FY23 was 76, compared with 71 in FY22. The results show improved ratings for ease of shopping, stock availability, remote customer support and co-worker availability. The results also showed that we can further improve ease of shopping for some customers and create a smoother ordering process. Happy Customer scores are based on feedback from several sources.

To further improve how we measure customer perceptions of their shopping experience with IKEA we are currently evolving and improving the methodology for our Happy Customer score.

Insights and ideas for a better life at home

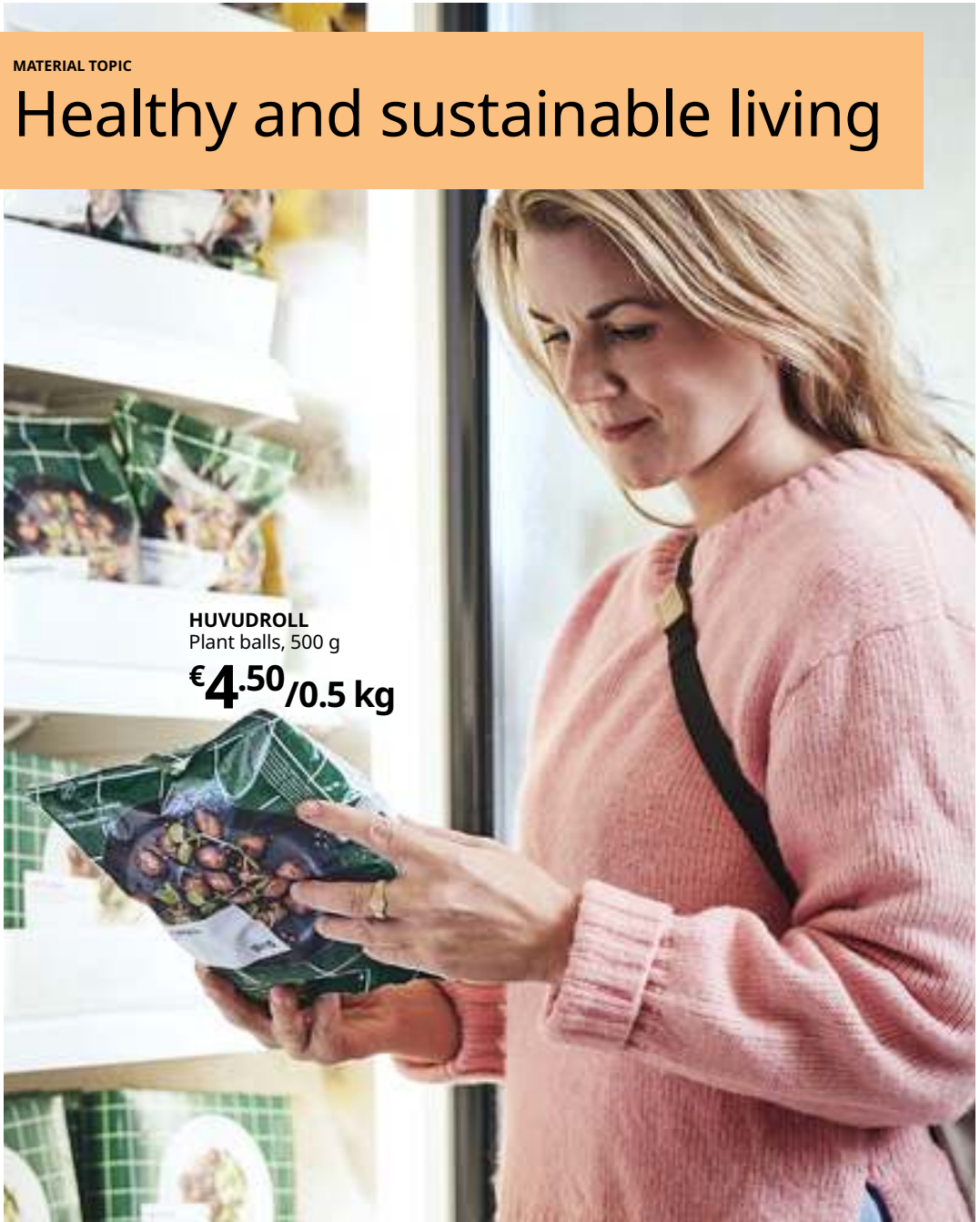
We conduct life at home research to help us develop products, services and solutions that make a good home more accessible to the many people.

Our annual IKEA Life at Home Report was based on a survey with more than 37,000 people in 38 countries. We found that people's concerns about the economy and their health and wellbeing continue to rank highest, but during times of uncertainty they still feel good about life at home – 60% of people feel positive about their current life at home, and 52% say that home is their favourite place to be. The report also explores the eight key emotional needs that create the feeling of home – privacy, ownership, security, comfort, belonging, enjoyment, accomplishment and aspiration. Read more here.



MATERIAL TOPIC

Healthy and sustainable living



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 by bringing our customers products, services and solutions that can help to reduce their environmental impact and by using our communication to inspire positive lifestyle changes.

What we are proud of

- Continued to develop our in-store Sustainable Living Shops to build awareness about more sustainable living and highlight products and actions that can help customers to use less energy and water, reduce waste and prolong product life.
- Over 211,600 customers used our Buyback service to sell back IKEA products they no longer need.
- Provided spare assembly parts to 2.2 million customers to help them maintain and upgrade their IKEA products.
- Made our plant-based food options available at the same price or even lower than our meat-based alternative. This applies even in cases where the cost of raw materials is higher than for our meat-based products.

Challenges we are addressing

- Finding circular solutions that strike the right balance between accessibility, convenience, profitability and scalability takes time. We are testing many different approaches, building our knowledge and expertise and scaling up the most successful. We continue to work to accelerate progress in this area.
- We have not been able to roll out our IKEA Energy Services to more countries as quickly as we would like due to a number of factors including fluctuations in customer demand, the ongoing cost of living crisis and changes in government subsidies and regulations.
- 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.

Latest sustainability highlights in the IKEA range

VINDSTYRKA, our new air quality sensor launched in FY23, enables customers to easily monitor air quality inside their homes. UPPÅTVIND air purifiers, our low-cost solution for customers who want to improve indoor air quality, were launched globally.

LÖVKVIST and HÖLASS bins with lids, designed to enable recycling habits. HÖLASS features two internal compartments to promote waste sorting and is accessible for many because of its low price.

SÅPÖRTMAL is a low-cost solid beech wood chopping board and serving tray. It is made from off-cuts from production of other wooden products, helping to reduce waste.

Our SAMMANLÄNKAD sun-powered LED lamps were developed with social business Little Sun to enable customers to try solar energy and raise awareness about the need for sustainable energy sources.

Our BROGRUND mixer tap includes a cold start function. It can help to reduce energy and water use because customers don't have to run the tap when switching between cold and hot water. It is rated in the highest performance band by the European Unified Water Label (dark green).

Sustainability and the IKEA range

The IKEA range includes products designed to make it easier to adopt sustainable living habits at home. In a time of rising living costs and high energy prices, we want to make sure customers know about these products and understand that saving energy and resources at home can also save them money.

In FY23, we continued to develop our in-store Sustainable Living Shops. These are spaces within our stores designed to build awareness about sustainable living practices at home. We use them to highlight products and actions that can help customers to: use less energy, use less water, create less waste, reuse products and prolong product life. Products that may be featured include long-lasting LED lightbulbs, energy-saving light control systems, rechargeable batteries, blinds that trap heat, cooling pads, energy-efficient induction cooktops, home solar systems and water-saving showerheads. In some markets we also include our energy and Buyback services.

Products and services for circular living

We are testing, adopting and scaling up solutions that can help to prolong the life of our products, keep resources in use for longer, and make it easier for people to give products they no longer need a second life. This can reduce the use of resources, and be more affordable for customers.

Finding circular solutions that are accessible, convenient, profitable and scalable is not straightforward. By trialling different approaches, we are building our knowledge and experience, working towards solutions that are good for our customers, commercially viable and contribute to our commitment to transform into a circular business.

As-Is areas in our stores: The 'As-Is' part of our stores is where we sell a variety of products at lower price points than buying new. These can include customer returns, discontinued, secondhand or ex-display products. All items that are sold through As-Is are thoroughly inspected to ensure functionality and safety. We are rolling out our updated As-Is concept that includes information on how we are working with more circular practices and provides inspiration on how to prolong the life of IKEA products. By the end of FY23, we had As-Is areas in 373 stores, and 337 of these had the updated concept (FY22: 306). In addition, we continue to our expand the As-Is option online, and this is now available for 278 stores in 24 countries.

In FY23, more than 45.1 million products were given a second life (FY22: 42.6 million), with 36.1 million products resold via the As-Is areas and more than 9 million repacked and sold in other areas. We sold 263,000 products via As-Is online reservations, a significant increase on the previous year (FY22: 70,000).

Buyback & Resell service: Customers in 28 countries can bring back IKEA products they no longer need to one of our stores and receive an IKEA voucher to spend in-store or online, including on our food range. Over 211,600 customers used the service in FY23 (FY22: 105,000) for 430,000 items (FY22: 230,000). We are pleased at the progress but recognise that secondhand still accounts for a small percentage of our global sales.

Despite our Buyback service, we know that many people still dispose of IKEA furniture that is in good condition and could be reused. In Norway, we are trialling a new partnership with the municipality of Oslo to create a dedicated collection point for unwanted IKEA furniture at the Haraldrud municipal recycling centre. We hope this will improve convenience and increase the amount of good quality IKEA furniture that we can resell.

Spare assembly parts: We offer a spare assembly parts service in 30 countries, helping customers prolong the life of their IKEA products by replacing small parts, like screws and fittings (known as assembly parts). In FY23, 2.2 million customers used the service (FY22: 1.8m), with 24.6 million assembly parts provided (FY22: 21.9 million). Our online system is now rolled out across 28 countries via IKEA.com, making ordering assembly parts easier. We source most assembly parts from our suppliers, but co-workers also rescue parts from returned products that can't be resold.

Circuit at Ingka Centres: Circuit, is a concept designed to bring the idea of a community-based circular lifestyle to the many people, through services, events and offers. Our first Circuit in Birsta City Sweden, includes secondhand and rental services and a swap where visitors can exchange items according to a monthly theme. It also hosts workshops and activities to help people better care for and extend the life of their belongings. Circuit was already awarded the NCSC - Nordic Commercial Spaces & Communities Award for Commercial Concept of the Year, NCSC Sweden Innovation Concept Award and Svensk Handel Sustainability Initiative Award. We will test Circuit in a small number of meeting places in FY24.

IKEA Energy Services bringing renewable energy to customers

IKEA Energy Services, available in 11 countries, enable customers to use and produce renewable energy at home.

We work with different partners to deliver the services and our offer, which varies by country, includes:

- A home solar service, including solar panels and, when suitable, a battery storage system or electric vehicle charging point. This service, currently active in 11 countries, enables customers to produce their own energy. In FY23, we extended our home solar service to customers in California, US working with a leading solar technology and energy services provider.
- An electricity subscription service in Sweden, making it easier for customers to switch to buying electricity from renewable sources.
- A heat pump service in Sweden, helping customers to buy quality heat pumps at affordable prices and to potentially use less energy to heat and cool their home. In its first year, this service helped almost 2,000 customers in Sweden to install a heat pump.

We have not been able to roll out our IKEA Energy Services to more countries as quickly as we would like. This is due to a number of factors including fluctuations in customer demand which result from the ongoing cost of living crises in many countries. This creates uncertainty and makes it harder to address affordability issues in partnership with our suppliers. Although renewable technologies can generate significant savings for customers over time, and prices have been trending downwards over the last year, it is still a large initial investment for our customers to make at a time when wallets are squeezed from many angles. Fluctuations in government subsidies for consumers and policies that prevent customers from selling excess energy generated back to the grid have also had an impact. We continue to explore opportunities to speed up the roll out and make our offer available to more IKEA customers.

Making plant-based food more affordable and accessible

One of the ways we can achieve our vision is to offer affordable and accessible plant-based food with a lower climate impact (read more here). By including more plant-based alternatives on our menus, we can enable and inspire more people to try plant-based eating.

Our goal for 2025 is that 50% of our IKEA restaurant meals offered will be plant-based. A growing number of our customers are opting for our plant-based food products, including our veggie balls, plant balls, plant-based hot dogs, veggie hot dogs, and plant-based soft ice. To encourage this, since 2022 we've made sure that our 30 Ingka retail markets offer our plant-based food at the same price, or a lower price than the meat-based option (even where the cost of raw materials is higher).

We have introduced a new training programme for co-workers in our food business, to increase knowledge of the sustainability aspects of our food range and help co-workers to communicate with customers on this topic.

Our new plant-based hot dog

We've been serving hot dogs since the 1980s. Now customers can enjoy our new plant-based hot dog, which we think is just as tasty as the original and costs the same too. It has been designed to closely resemble our meat-based hot dog in taste, look and texture but is based on rice protein. The plant dog was introduced at our bistros in 14 European countries in FY23 and will be rolled out globally from early 2024.

Informative and inspirational communication

We want to use our communication to inspire positive lifestyle changes and to nudge and encourage our customers, co-workers and partners to take actions such as saving energy, reducing waste and prolonging the life of IKEA products.

In FY23 our customer communication included our 'Keep Good Things Going' campaign that highlighted our Buyback service. We also ran an energy-saving campaign across 21 countries that highlighted small actions that could save customers money by reducing energy use at home as well as products from the IKEA range such as LED lights. The campaign reflected growing customer focus on rising energy costs. We saw an increase in sales of products featured in the campaign.

We want all co-workers to feel confident about communicating on sustainability and our products with customers. Our 30 minute introduction to sustainability training helps build their knowledge and, by the end of FY23, 66% of our co-workers had completed the training.

While communicating about our products or services it is important that we have clear substantiated facts for any environmental claims that we make. Vague, non-specific or misleading statements about the sustainability aspects of a product can lead to greenwashing claims. The European Union has introduced a new directive called Substantiating Green Claims and is strengthening Unfair Commercial Practices Directive to fight greenwashing practices effectively. In FY23, we reviewed our in-store sustainability communications and adjusted these where needed to make sure they are specific and easy to understand and that we have evidence to back up any environmental claims. We are developing our wider approach to this topic in partnership with Inter IKEA. We support the development of a clear and predictable regulatory framework in relation to greenwashing.

MATERIAL TOPIC

Customer and end-user safety

The safety of customers who use our products and who visit our stores and locations is a top priority. We work closely with Inter IKEA to continuously improve the safety of our products and locations.

What we are proud of

- Conducted training sessions for our Retail Solutions and Product Quality teams on safety requirements for display solutions and retail installations.
- Rolled out the GOOD FOOD app for our co-workers to help manage safety and hygiene processes in food storage and preparation to 25 countries.

Challenges we are addressing

- Maintaining high safety standards in our locations requires all our co-workers to be vigilant and to apply our policies consistently. We need to continually reinforce a focus on safety through our training and communications.

Customer safety in our locations

We have strict safety policies and procedures for our stores and meeting places, to ensure that customers stay safe throughout their visit.

Co-workers carry out regular safety checks in customer areas to make sure all furniture is displayed safely and to check for and address any potential trip hazards. Checks are particularly frequent in our children's play areas.

We train co-workers on customer safety and we work closely with Inter IKEA to integrate safety measures into the design of retail equipment such as shopping trolleys and racking.

Most customer accidents in our stores and locations are minor and are due to slips, trips and falls. More serious accidents are rare but can occur, for example, when a customer is handling items in our warehouse areas.

We conducted training sessions for our Retail Solutions and Product Quality co-workers in FY23 on safety requirements for display solutions and retail installations.

Food safety and hygiene

We served food to more than 630 million customers last year.

In all our food outlets we have rigorous safety and hygiene standards to make sure our food is always safe to eat. To do this, we apply food safety standards set by Inter IKEA, incorporate best practice from international accredited bodies and comply with local regulations. All our food outlets undergo an external third party audit against our safety standards twice a year.

We are rolling out the GOOD FOOD app to help our co-workers manage safety and hygiene processes in food storage and preparation. It includes digital checklists and enables them to monitor digitised temperature checks for hot and cold food items and automated temperature checks for fridges and freezers. Co-workers can use the app to track that any corrective actions are implemented and followed up.

Product safety

Product safety for the IKEA range is primarily the responsibility of Inter IKEA, whose approach includes:

- **Risk assessment:** A formalised risk assessment process known as "Design for Safety". Product safety risk assessments consider intended – and unintended – uses of every product we sell.
- **Safety testing:** Over a million product tests are carried out every year at IKEA Test Labs in Älmhult, Sweden, and China, as well as independent accredited test labs around the world.
- **Safety standards:** IKEA product safety standards comply with, and often exceed, all relevant safety laws and standards in the countries where we operate.
- **Information for customers:** We provide guidance on correct use of products to prevent any safety issues occurring.

At Ingka Group, we are responsible for reporting any safety concerns that arise in relation to the IKEA range to Inter IKEA via an online reporting tool which is monitored 24/7. Co-workers are trained on our Ingka Product Safety Policy and how to report concerns. We track the number and types of concerns raised to ensure co-workers are applying our policies consistently.

Our compliance teams check our displays, room sets and advertising to make sure that products are shown being used correctly and safely. We have a process to ensure that secondhand products are assembled correctly and relevant safety information is provided to the customer.

Read more on the Inter IKEA website.

Product safety in action

Furniture tipping over is one of the most significant safety risks for the home furnishing industry. If not properly assembled and secured to a wall, a small shift in the centre of gravity can put both children and adults at risk. We are continually finding ways to improve the overall safety and stability of furniture.

One recent example is VIHALS chest of drawers that has a new safety feature called Anchor and Unlock. With this feature you must anchor your furniture to the wall to be able to open more than one drawer at a time. Once you've anchored the chest of drawers to the wall, the drawers are unlocked, and you can open as many as you like at once.

Better lives

eople are at the heart of verything we do. We want to take leading role in creating a fairer nd more equal society and to mprove the lives of the millions f people that interact with, or are npacted by, our company.

Our material topics

- Equality, diversity and inclusion
- Health, safety and wellbeing
- Skills development
- Fair income
- Human rights
- Community impact

Progress against targets FY23

OUR TARGETS	PROGRESS IN FY23	PERFORMANCE SUMMARY
Equality, diversity and inclusion		
Achieve gender balance across our business by FY27.	[ACHIEVED]	We maintained a 50/50 gender balance in our management positions (all levels of management). Although this target was originally for FY22, we continue to measure ourselves against it, reflecting the importance of this issue.
Achieve gender balance across our governing bodies and senior leadership (boards and committees) by FY27.	[ON TRACK]	We are progressing well towards our target, with women now making up 38.5% of our Group Management (including our Management Board), 41.4% of board members for our three Ingka businesses and 42.9% of committee members. At country level, women made up 55.8% of registered board members. 45.8 % of country CEOs were women and 61.6% of country retail management teams. Women accounted for 25% of members on the Supervisory Board. There are currently no women on our Management Board which is a small group of two members. 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.
Score 80% on our inclusion index, based on our co-worker survey.	[ACHIEVED]	Our score in FY23 was 80% (FY22:81%).
Increase ethnic, racial and national diversity at all levels so our workforce reflects the diversity of the communities in which we operate by 2024.	[ON TRACK]	Data from our voluntary and anonymous Diversity & Inclusion survey in FY22 showed that while our overall co-worker population reflects the diversity of the communities in which we operate, further work is needed to increase diversity at all levels of management. We will repeat the survey in FY24.
Health, safety and wellbeing		
Maintain at least an 80% engagement score in our co-worker survey.	[ON TRACK]	Our engagement score was 79% (FY22: 81%, FY21: 80%), almost meeting our target.
At least 80% of co-workers believe we live our values, based on our co-worker survey.	[ON TRACK]	Our survey shows that 79% of co-workers believe we live our values (FY22: 80%, FY21: 80%); although this is very slightly below our target we are pleased with this strong result.

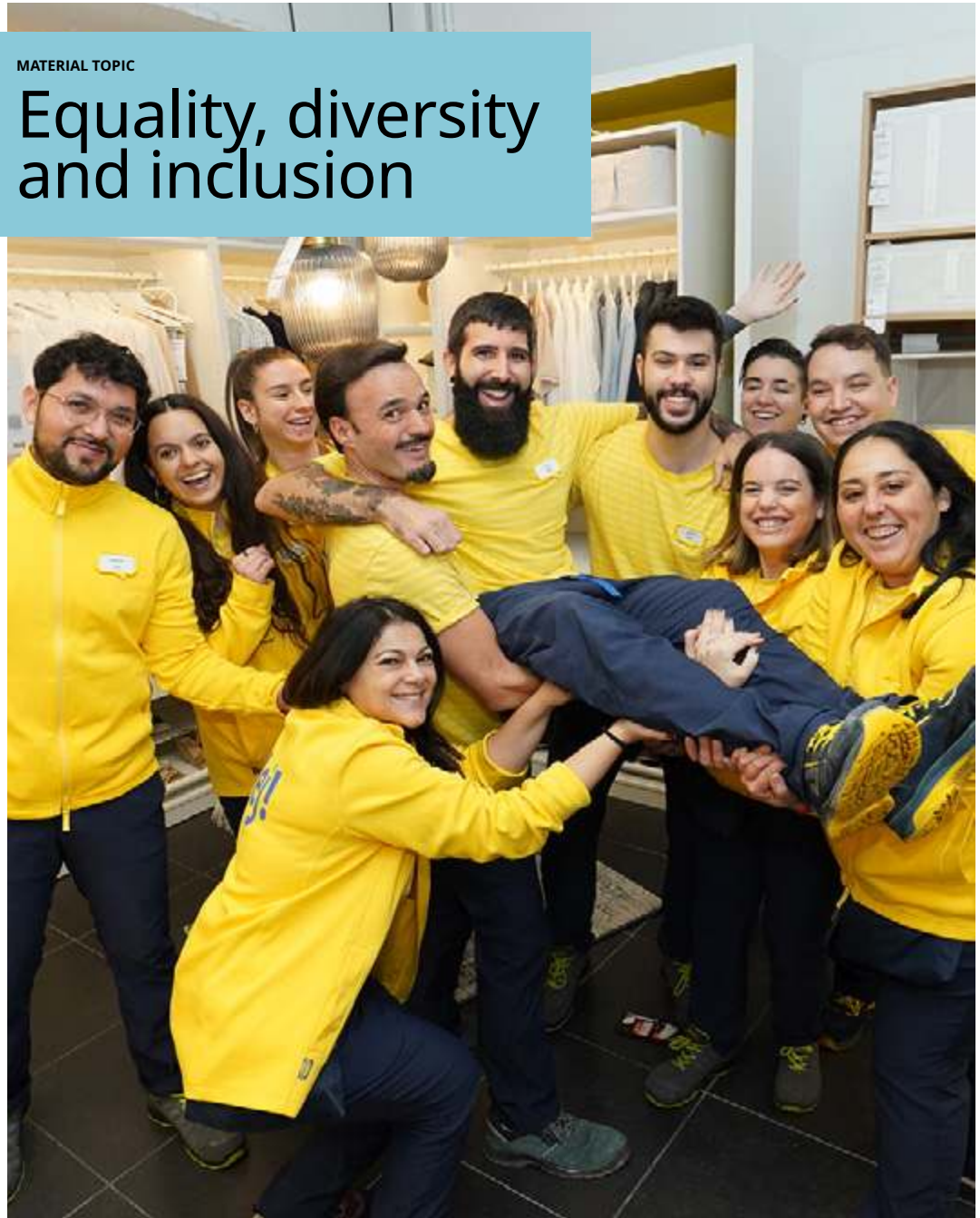
Progress against targets FY23

OUR TARGETS	PROGRESS IN FY23	PERFORMANCE SUMMARY
Skills development		
At least 80% of co-workers feel they have good opportunities to develop their competencies.*	[ON TRACK]	74% of co-workers in our survey reported that they have good opportunities to develop their competencies (FY22: 74%).
Upskilling and reskilling training provided to co-workers in our transformation initiatives starting with customer service, facilities and stores.	[ON TRACK]	We continued to run our programmes such as Digital Accelerators and Bootcamps, launched our new onboarding process focused on rapid skills development, and created a skills library to make it easier for co-workers to access learning and development programmes.
Fair income		
Equal pay for women and men performing work of equal value in all countries.**	[ON TRACK]	Our latest annual equal pay assessment shows that 3.87% of co-workers belong to groups where pay gaps cannot be explained by performance, competence or a country's legal requirements (FY22: 4.84%).
Human rights		
Targets under development.		
Community impact* **		
Support at least 2,500 refugees through job training and language skills initiatives in Ingka Group units across 30 countries by 2022.	[ACHIEVED]	We have supported 2,935 refugees through skills for employment programmes in 24 countries. In FY23, 1,135 refugees completed the training. Although we did not meet the target in FY22 as we had originally intended, we were pleased to meet and exceed it in FY23.

* We have updated our target to reflect a change in how we track co-worker views on competency development. Our previous target was that at least 80% of co-workers are empowered to develop their competencies.
** Our target on gender equal pay is for our own co-workers.
*** We are no longer reporting progress against our previous target to develop products and services with local social businesses. As a result of changes in how we source and work with suppliers at Inter IKEA and Ingka Group, it was no longer possible to achieve this target. We continue to work with social businesses in several markets and will start work to develop a new target during FY24.

MATERIAL TOPIC

Equality, diversity and 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. Together we want to create a workplace that is as diverse as the world is, and as inclusive as the world should be.

What we are proud of

- Maintained gender balance (equal representation of men and women) across Ingka Group co-workers and management teams.
- Continued to pilot Equal UP!, our programme to remove barriers that hinder people from underrepresented backgrounds from reaching leadership positions. 2,000 people managers and co-workers took part in our inclusive leadership programmes in two countries.
- 84% of co-workers feel they can be themselves at work.

Challenges we are addressing

- Our overall co-worker population reflects the diversity of the communities in which we operate (based on our co-worker survey in FY22) but further work is needed to increase ethnic, racial and national diversity at all levels of management.
- We have further work to do, in partnership with others, to improve our diversity data, in particular in relation to ethnicity.
- We are making good progress on gender balance in senior leadership but have not yet achieved it for our Group Management, Management Board and Supervisory Board. We aim to address this through succession planning.

Our priorities

We focus on multiple dimensions of diversity and their intersections, including gender, ethnicity, race, nationality, ability, and sexual orientation. For the last two years we have been particularly prioritising: gender balance, ethnicity and disability inclusion.

Our Ingka Group Equality Plan comprises goals and actions focused on:

- **Co-workers:** reflecting the diversity of our society at all levels and creating an inclusive work environment.
- **Business:** embedding equality into our business practices, policies and ways of working.
- **Society:** advocating for a more equal society and being a positive example to inspire change, including through our Skills for Employment programme (see page 43).

Every Ingka Group country has developed a local Equality, diversity and inclusion (ED&I) action plan, and most have a dedicated ED&I Leader. In FY23, we established our ED&I Sponsors Network to encourage learning between different parts of the business. Sponsors are drawn from country and function management teams to help embed ED&I in strategic decisions.

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.

Co-worker Resource Groups (CRGs)

We have over 20 CRGs, voluntary networks of co-workers based on shared identities. CRGs are helping to foster an inclusive culture through education, individual development, networking and sharing lived experiences through participation in celebrations and heritage moments. Themes include gender equality, LGBT+ inclusion, ethnicity, and disabilities.

A gender balanced business

We maintained gender balance (equal representation of men and women) across Ingka Group co-workers and management teams in FY23. At the end of the year 50% of managers and 45.8% of country CEOs in our markets were women (FY22: 49.5%*, 45.8%).

We are proud of the progress we have made so far and are working to maintain our position. Actions we're taking include mandating gender balanced final interview candidate shortlists, implementing mentoring and reverse mentoring initiatives, supporting Women and Allies networks and promoting co-worker wellbeing at key life stages such as the menopause.

Women made up 38.5% of our Group Management (including our Management Board), 41.4% of board members for our three Ingka businesses and 25% of the Supervisory Board. The Ingka Succession approach, launched in FY22, is helping to make our succession planning more inclusive, including for our most senior roles. Over time, we expect this to have a positive impact on gender balance among our top leadership, see page 35. Our data on gender balance is subject to external assurance (see page 93 for details of the assurance).

Equal UP! to improve representation

We aim to have a workforce and leadership that reflects the multicultural diversity of the communities and countries in which we operate. In FY23, we continued the pilot of Equal UP! in Portugal and the US. This initiative aims to develop our inclusive behaviours and people processes to remove barriers that hinder people from underrepresented backgrounds reaching leadership positions. The pilots involved awareness and inclusive leadership programmes for over 2,000 people managers and co-workers across 12 business units. Co-workers contributed to developing new approaches to tackling the impact of unconscious bias in attraction, recruitment, onboarding and development. We will use what we have learnt from the pilot to develop our Group-wide approach.

Fifteen of our countries have now set targets to improve multicultural diversity in management positions by FY27.

* We have restated our data for FY22 to correct an inaccuracy (previously reported as 49.8%).

Focus on disability inclusion

We want to make sure we are accessible – physically, socially and mentally – to our customers and co-workers. We launched the first Ingka Global Disability Inclusion Approach in FY23 to improve accessibility, to increase engagement on issues surrounding disability, and to clarify accountability for delivering our plans. We are working with organisations such as the Business Disability Forum, an independent not-for-profit organisation, and the Valuable 500 to carry out internal and external reviews of our current efforts to identify opportunities for improvement.

We track the percentage of co-workers with a disability and we include questions relating to disability and workplace adjustments in our co-worker survey to help us assess progress on being a disability inclusive workplace. Our most recent diversity and inclusion survey, conducted in 2022, showed that 11% of co-workers identified as having a disability. We will repeat the survey in FY24 to help us set a baseline for monitoring progress.

LGBT+ inclusion

Our LGBT+ Inclusion approach and Global Trans Inclusion guidelines help our managers create an inclusive workplace where LGBT+ co-workers feel welcome, safe and accepted. In many countries we participate in Pride events and mark the International Day Against Homophobia, Biphobia and Transphobia (IDAHOBT). We are members of Workplace Pride, Stonewall, and Open for Business, a business coalition for advancing LGBT+ inclusion.

Measuring progress on inclusion

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 FY23 was 80% (FY22: 81%). The survey also showed that 84% of co-workers feel they can be themselves at work (FY22: 86%).

To monitor the success of our interventions, we need to strengthen the data we hold on co-worker diversity. Ingka Includes is our voluntary co-worker survey which will run for the second time in FY24. It can be challenging to collect ethnicity data in some countries due to local regulatory restrictions.

Building competence for ED&I

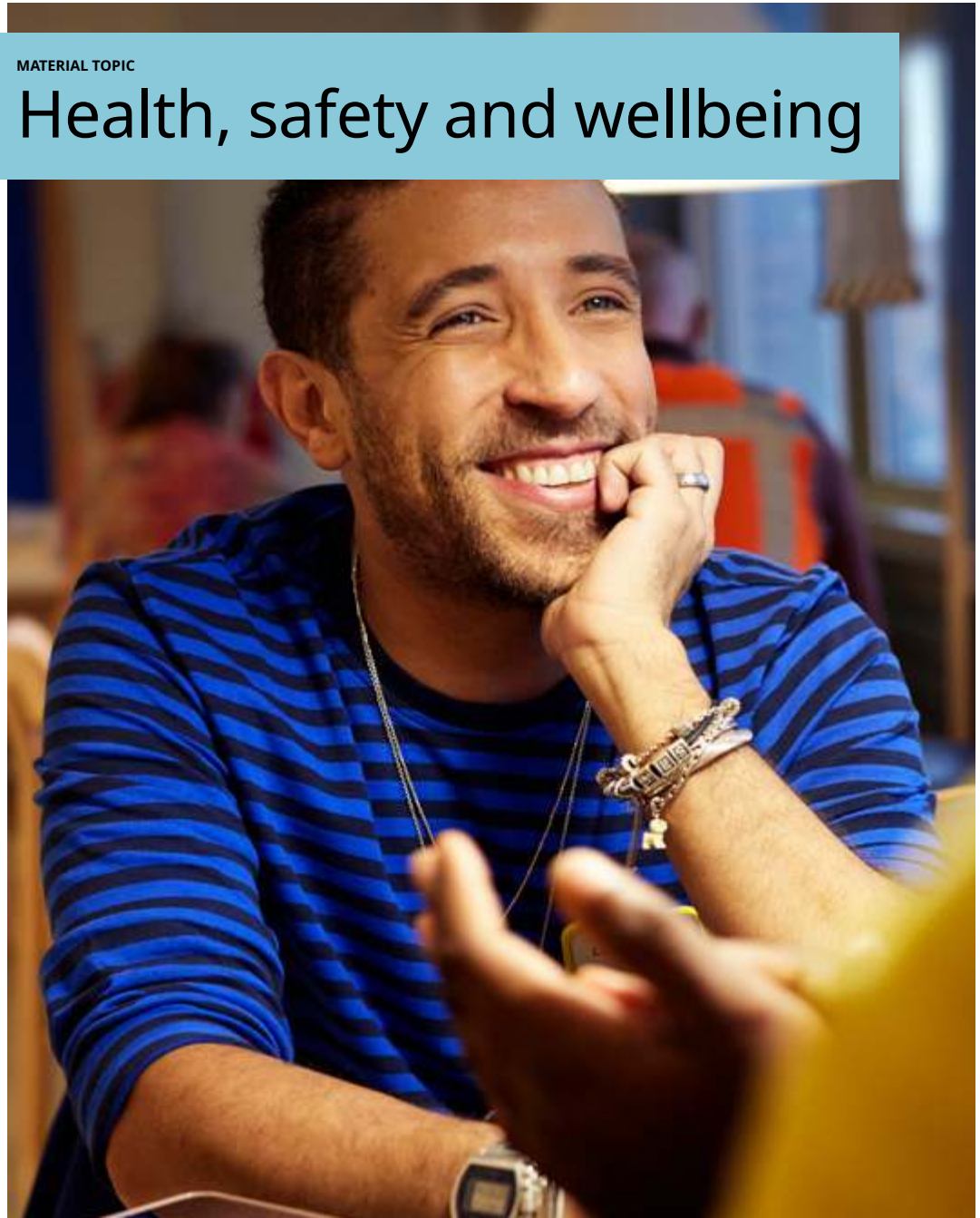
We are focusing on tackling bias in the workplace to improve the quality of decision making in our people management and business processes. Since FY22 we have been rolling out unconscious bias training and over 3,000 leaders and recruiters have participated so far. In addition, 800 of our most senior leaders have completed our ED&I: Bridging Intentions and Actions workshop and we are rolling it out to all country management teams.

84%

of co-workers feel they can be themselves at work

MATERIAL TOPIC

Health, safety and wellbeing



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. We prioritise our co-workers' wellbeing, investing in programmes and support to help them thrive at work and at home. Research shows a strong correlation between satisfied co-workers and customer happiness. So, investing in co-workers' happiness and wellbeing is good for our co-workers and good for business.

What we are proud of

- Achieved a reduction in our Lost Time Accident Frequency Rate (LTAFR).
- Rolled out wearable exoskeletons to prevent injuries and reduce repetitive strain and fatigue for co-workers lifting heavy boxes and packages.
- Offered a range of programmes and support to help co-workers look after their mental, physical and financial wellbeing.
- 83% of co-workers participated in our annual survey which showed an overall engagement score of 79%.
- Reduced our voluntary co-worker turnover rate.

Challenges we are addressing

- We have established working groups to explore lower scoring areas in our co-worker survey such as workload and to develop an action plan.
- Higher risk processes for health and safety include customer fulfilment and logistics (27% of incidents), sales (22%) and food operations (21%), often when co-workers are handling material or using hand tools.
- Rising online sales can increase some safety risks, for example musculoskeletal disorders connected to manual handling of packages. Staff turnover, stress and fatigue also contribute to health and safety risks.
- Mental health conditions are increasing worldwide and this impacts our co-workers.

Health and safety performance

We want all co-workers to feel and be safe at work, no matter what their role.

Our Group Rule on Health and Safety and our framework on Occupational Health and Safety (OH&S) provide guidance on how our locations should evaluate and mitigate safety risks. We have health and safety training for all co-workers and more detailed training for managers.

Our Lost Time Accident Frequency Rate (LTAFR), the number of lost time accidents (more than one day of lost time) per million hours worked, was 13.07 in FY23 (FY22: 15.19, FY21: 12.61).* Our OH&S induction and refresher training was completed over 46,000 times in FY23. There were no co-worker fatalities.

During FY23 we worked with our country teams to ensure safety metrics are being used correctly and we established a safety network, with regular meetings and communications to encourage consistency and more best practice sharing around the Ingka Group.

We continued to roll out our safety training for managers and began developing further safety standards for contractors and third parties operating on our sites. We also reviewed and updated our Group Rule on Health, Safety and Security in FY23 and will roll it out in FY24.

Developing our wellbeing programmes

Our Ingka Group Health and Wellbeing Framework helps us to create consistency across our markets in the quality and extent of support we provide to co-workers.

We focus on three aspects of wellbeing:

- **Mental wellbeing** – We provide an inclusive and open working environment where our co-workers feel supported and able to seek help when needed, can realise their potential, work productively and cope with the normal stresses of life. We encourage open and honest conversations about mental health to break down taboos and stigma. We run our global mental health training and support World Mental Health Day to help tackle stigma around mental health.
- **Physical wellbeing** – We promote healthy lifestyle choices, from offering nutritious food in our canteens to providing facilities for exercise, helping co-workers to stay fit and well and avoid preventable diseases.
- **Financial wellbeing** – We want to help our co-workers to build a strong financial foundation through access to financial education and resources including tax advice, pension planning, support during major life events and learning modules focusing on budgeting and financial planning. We offer flexible benefits to help co-workers manage their economic lives, both in the present and future. By supporting our co-workers' financial wellbeing, we aim to alleviate financial stress and promote security and stability.

We are exploring how flexible working solutions can help to improve business efficiency and co-worker wellbeing. For example, we are trialling self-scheduling systems in several countries which give shop-floor co-workers more control over their work schedules and help them to maintain a good work–life balance.

Employee Assistance Programme

Our Employee Assistance Programme, available in all countries, provides access to experts, counselling, and resources to support co-workers´ mental, physical and financial wellbeing and promote healthy lifestyles.

Exoskeletons: an exciting new technology

A wearable exoskeleton may sound futuristic but this technology is already helping to protect the physical health of co-workers in our warehouses. Worn over clothing, the exoskeleton reduces the impact of heavy lifting on joints and muscles. For co-workers lifting many heavy boxes and packages every day, it can prevent injuries and reduce repetitive strain and fatigue. This benefits the business, too, with fewer days off work. We have received positive feedback from co-workers already using the exoskeletons and have worked with the supplier to ensure the technology is available and cost effective across our locations.

* Data is for retail employees only. We identified an error in our previously reported data for FY22 and as a result we have restated this figure (previously reported as 17.16). Data for FY21 has also been restated (previously reported as 12.93).

Improving retention, reducing turnover

We track co-worker turnover and review the causes to identify where there may be opportunities to strengthen our communication, policies and processes.

In FY23, voluntary co-worker turnover was 21.0% (FY22: 23.9%*) and involuntary turnover was 9.0% (FY22: 10.4%*). We were very pleased to achieve a reduction in voluntary turnover and believe this reflects our work on improving flexibility and giving co-workers more control over scheduling, as well as our fair income policies (page 37).

What do our co-workers think?

We track the impact of our co-worker programmes through our regular engagement survey. We were really pleased that in FY23, 135,200 co-workers took part, an 83% response rate (FY22:83%). We view this high response rate as an indicator that co-workers trust us to listen and respond to their feedback.

We achieved an overall engagement score of 79% (FY22: 81%) which is well above the global benchmark of 71%. The overall survey score was 79% (FY22: 80%).

Consistent with previous years, Ingka Group co-workers rated us most positively on questions relating to leadership, equality, diversity and inclusion and collaboration.

The survey also identified areas where we can do better. For example, co-workers expressed concerns about managing workloads and lacking resources, tools and equipment. We have established a taskforce to address concerns relating to workload including giving co-workers more flexibility and control over scheduling and improving our people planning processes. We're also investing to make sure that co-workers have the tools and equipment they need.

Our eNPS – employer Net Promotor Score (showing how willing employees are to recommend their workplace to people they know) – was 23 (FY22: 27). While this dropped year on year, it remains significantly higher than the global cross-sector benchmark score of 6.

83%
Leadership index
83% in FY22

73%
Health and wellbeing
74% in FY22

80%
Inclusion index
81% in FY22

79%
Living our values index
80% in FY22

* We identified some errors in our previously reported data and as a result we have restated our data for FY22.

MATERIAL TOPIC

Skills development

We are on a journey to create a dynamic and democratic learning culture at Ingka Group. We believe everyone can lead, everyone has talent, and everyone is a learner. Regardless of where we come from, and whatever our role, position or assignment, we work hard to make sure all of us at Ingka Group have equal opportunities.

What we are proud of

- 2.6 million training hours were logged by co-workers and 74% of co-workers felt they had good opportunities to develop their competencies.
- We have a succession plan in place for 70% of our global key positions.
- Bloom!, our Market Manager Programme, ran for the second year, preparing ambitious and diverse early-career co-workers to step into market leadership roles.
- 83% leadership score in our co-worker survey (FY22: 83%)

Challenges we are addressing

- Many co-workers will need new or additional skills in the near future to meet changing business needs and to adapt to the changing nature of work. We're preparing for this challenge through our upskilling and reskilling programmes.
- We are working to further adapt our learning offer to ensure we are providing relevant training and development for each role and work environment alongside our broader learning programmes.

Strengthening our approach to learning

Learning and skills development begins with onboarding and includes acquiring the skills for your role as well as mandatory training such as health and safety and data protection. In FY23, we took some important steps to improve access to learning for all.

This included the launch of our Group Learning Principles, to help us develop, modify and curate relevant and accessible learning content for our many co-workers and our mandatory training framework which defines which training is required for which roles.

We also created a skills library and methodology. This covers all job categories across Ingka, giving co-workers equal access to clear information on the skills they need for their role and potential future roles. This will be rolled out from FY24.

We run many upskilling and reskilling programmes. For example, 8,500 co-workers in our call centres have been upskilled to adapt to changing customer needs, see page 76. In addition to our own training, co-workers continue to access LinkedIn Learning and Rosetta Stone language learning where they can benefit from over 16,000 courses and learn 24 languages. Over 18,400 co-workers used LinkedIn Learning in FY23, accessing over 25,000 hours of content. Co-workers completed almost 24,000 hours of learning on Rosetta Stone.

To track the impact of our learning approach and programmes we monitor business results, our Happy Customer score, feedback from co-workers following training sessions and via our regular co-worker survey I Share.

Leadership by all

Our leadership approach is designed to empower all co-workers to unleash their potential to lead, supported by targeted upskilling programmes. Our Leadership idea is summarised as: inclusive values-based leadership by all. It includes seven 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.

Bloom!, our Market Manager Programme, prepares ambitious early-career co-workers to step into market leadership roles. Now in its second year, 88 participants took part in FY23, representing 35 nationalities with 60% women. Diversity is a key element of the Bloom programme and candidate selection is gender balanced with 30% of slots assigned to underrepresented groups. Although only in its second year, we are already seeing Bloom participants go on to successfully take up Market Manager and Deputy Market Manager roles.

Since its launch in 2022, our introductory leadership e-learning course has been accessed by more than 60,000 co-workers, including over 28,500 in FY23. During the year we focused on developing leadership learning journeys for co-workers and managers and established five key leadership practices to support co-workers in their development. These are designed as enablers of behavioural change to further strengthen our Leadership by all movement.

We track the impact of our programmes by assessing co-workers' views on the quality of our leadership through our annual survey I Share. Performance against our leadership expectations accounts for half of the score in all co-worker annual appraisals.

Developing our digital skills

We are investing in growing and developing our Group Digital function. For example, we ran the fourth iteration of our Accelerators programme in FY23 focused on recruiting, onboarding and upskilling junior team members into hard-to-fill positions, such as software engineers, system engineers, data engineers and data scientists. The programme combines learning activities with on-the-job learning over six months. In FY23, we also took the time to run our Re:Root awareness training on our culture and values for 650 co-workers who have recently joined our digital teams.

2.6 million
training hours were logged by co-workers (FY22: 2.8m)

74%
of co-workers felt they had good opportunities to develop their competencies (FY22: 74%)

83%
leadership score in our co-worker survey based on responses to ten questions (FY22: 83%)

Succession planning and performance development

The Ingka Succession Approach, introduced in FY22, aims to ensure we have a strong succession pipeline for leadership and managerial positions that aligns with our strategies for co-worker development and equality and diversity. It integrates a focus on skills development and empowers co-workers and their line managers to set development goals, develop performance and progress careers.

We are starting to see a positive impact with a succession plan now in place for 70% of our global key positions and improved diversity and gender balance in our succession pipeline.

Performance Success – our performance and development approach launched in FY22 – aims to give equal, fair and transparent opportunities for everyone at Ingka Group to perform and develop. It focuses on enabling (rather than managing) performance and is based on frequent touchpoints between manager, co-worker and team, with regular feedback and coaching.

Advocacy and partnerships

We work with many partners to improve our learning offer and participate in global efforts to develop skills and close skills gaps.

In FY23 this included working with the World Economic Forum through its Future Skills Alliance and Chief Learning Officers community, the EU Pact for Skills and the Learning Forum Skills Group.

A more effective onboarding process

When a new co-worker joins us, it's our job to help them to quickly gain confidence in their new role and become comfortable performing their tasks and assignments. To support this, we developed a skills-based onboarding approach which focuses on learning the skills needed to perform the role rather than broad competence areas. We piloted this with our goods flow co-workers in Sweden and Portugal in FY23 (those responsible for making sure our stores are stocked with the right products each day). We achieved strong results with new joiners improving their skills by 150% in the first month. We also saw a reduction in 90-day turnover.

MATERIAL TOPIC

Fair income

A fair income is essential to improving the wellbeing of all co-workers and at the heart of building a more inclusive IKEA. We define it as an income that is perceived by co-workers as fair reward for the work they do and which enables them to live a decent life. Fair income is part of our Total Rewards offer which includes: our culture and values, purposeful jobs, choice-driven benefits, supporting wellbeing and sustainability, performance appreciation and safeguarding a decent standard of living.

What we are proud of

- Combined feedback from co-workers and managers shows that our Responsible Wage Practices framework is helping to ensure accuracy, transparency and legal compliance in relation to pay and benefits.
- Our fifth annual group-wide gender equal pay assessment showed that we reduced the percentage of co-workers in groups where pay gaps could not be explained by performance, competence or a country's legal requirements.
- More than 96,000 co-workers received a bonus pay-out for FY23, totalling EUR 311 million.

Challenges we are addressing

- Our Responsible Wage Practices survey showed that we need to develop the competencies of line managers to have meaningful conversations with co-workers on pay.
- We have made strong progress on gender equal pay but we are still identifying some pay gaps. When gaps are identified we take action to close them.

Responsible wage practices (RWP)

Our Responsible Wage Practices framework is our shared approach with Inter IKEA Group to providing fair incomes across the value chain by focusing equally on five practices: Equality at work, Pay principles, Competence, Dialogue and Living wage.

It includes a consistent methodology for calculating, benchmarking and monitoring a living wage that is used in all Ingka countries. This is informed by data from the WageIndicator Foundation, a not-for-profit organisation that calculates and benchmarks living wages across multiple countries.

We have rolled out our RWP framework to all our countries. In FY23, more than 10,000 co-workers participated in a RWP survey to answer questions on the topic, building on feedback from workshops with unit management teams and a management survey in FY22 as well as the results of our living wage benchmarking. The combined results suggest that our pay principles and living wage practices are well established, and are helping to ensure accuracy, transparency and legal compliance in relation to pay and benefits. Our research also identified a need to develop the competencies of line managers to have meaningful conversations with co-workers on pay. We will use these findings as a baseline to help us monitor our future progress on implementing the RWP.

In the longer term, we plan to roll out the RWP to our value chain but our current focus is on our own co-workers.

Gender equal pay (GEP)

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.

In FY23 we carried out our fifth annual group-wide gender equal pay assessment.* This found that, 3.87% of co-workers were in groups where pay gaps could not be explained by performance, competence or a country's legal requirements (FY22: 4.84%). We put concrete actions in place, both monetary and non-monetary, to address the gaps including salary and reward adjustments where necessary. 0.78% of co-workers were in groups where financial investment was needed to close a pay gap (FY22: 1.02). Our assessment process and reported data for FY23 were externally reviewed by KPMG (see page 126 for details of the assurance).

We use a set of gender-neutral salary setting and review principles, we focus on gender balance in recruitment, and, where allowed by local law, we do not ask about 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 train recruiters and managers. 69.0% of our recruiters and 59.4% of managers have completed training on gender equal pay.

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. We are also a founding member of the World Economic Forum business commitment framework for gender parity in the future of work.

Ingka Group rewards and benefits

We aim to offer our co-workers equal-for-all core benefits like paid time off, parental leave, insurance, pension, and co-worker discounts as well as market-relevant flexible benefits to support their wellbeing.

We want all co-workers to understand their total rewards offer and aim to be transparent about pay. Since FY22, we have been rolling out the My rewards portal to provide co-workers with more personalised insights into their rewards and benefits. As of FY23, the portal was live in 13 countries with the remaining countries expected to be using the portal by the end of FY24. By the end of FY23, the portal was available to almost 93,000 co-workers and around 60% of these had already used it. Feedback has been very positive with co-workers appreciating the simple overview and reporting that it has improved their understanding of the benefits they're entitled to.

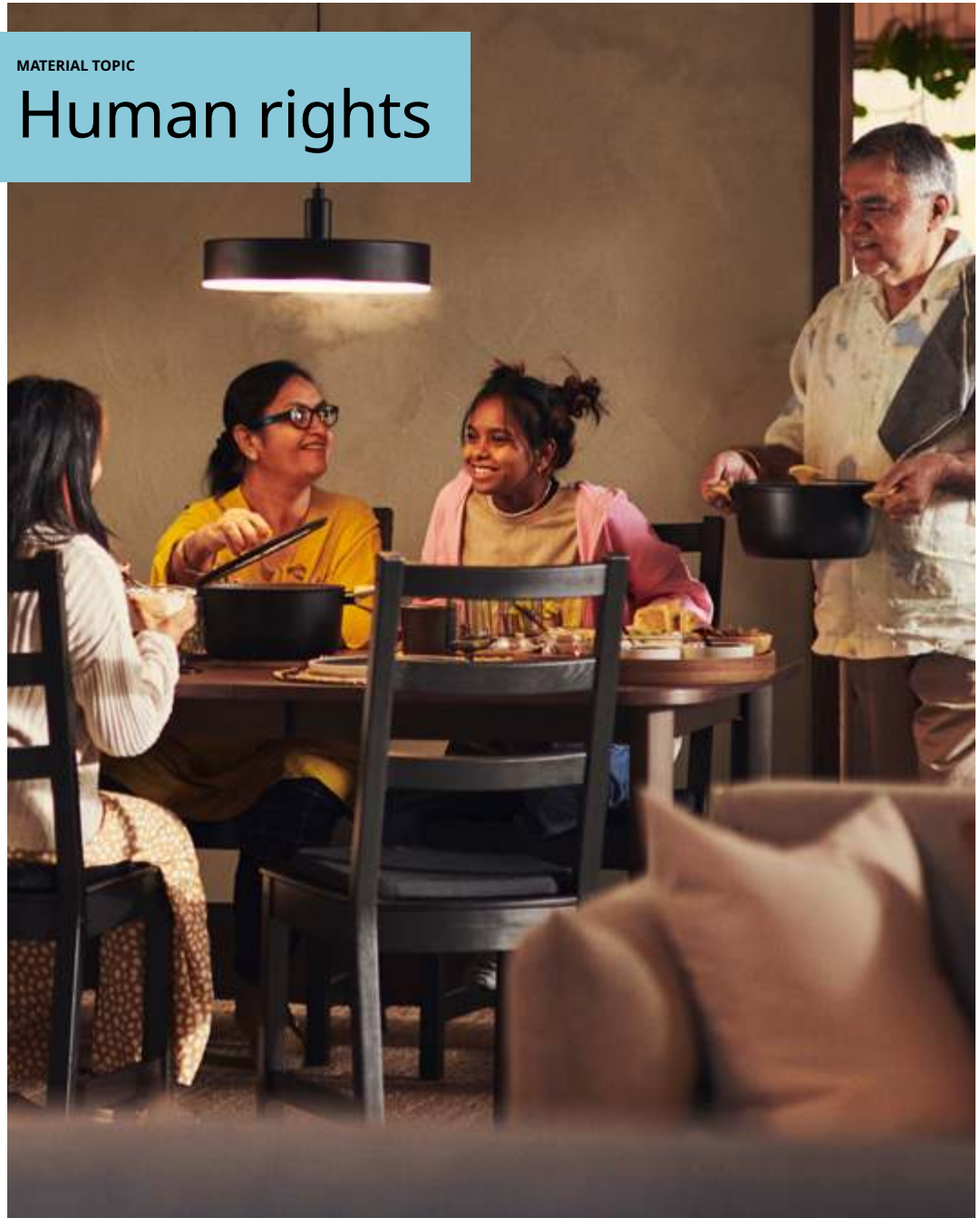
Our annual One IKEA Bonus programme rewards co-workers for achieving and exceeding our business goals and is directly linked to our financial performance. More than 96,000 co-workers received a bonus pay-out for FY23, totalling EUR 311 million.

Our loyalty programme Tack! is inspired by our founder Ingvar Kamprad, who wished to share the success of IKEA among all co-workers equally. It rewards co-workers who have worked for Ingka Group for at least 5 years with a contribution to their individual pension funds. In democratic fashion, all co-workers within a country receive the same Tack! amount. The programme paid EUR 103 million towards Ingka co-workers' pensions funds in FY23.

* 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.

MATERIAL TOPIC

Human rights



At Ingka Group we put 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 everyone our business touches including our co-workers, customers, workers in our supply chain and our neighbours.

What we are proud of

- Conducted a company-wide human rights baseline assessment to benchmark our approach against the UN Guiding Principles on Business and Human Rights and current and upcoming human rights legislation.
- The assessment found we have some key policies and procedures in place to protect human rights in our own operations and the wider value chain.

Challenges we are addressing

- Our baseline assessment showed that we can further strengthen our governance around human rights and further develop our risk assessment processes and remediation framework. We have put an action plan in place to address the findings.
- Human rights issues are often systemic and complex to address. We need to work in a joined-up way within our business and with others to reduce human rights risks but this can take time. We are working to develop metrics and targets on human rights risks.

Our approach to human rights

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 Policy is approved by our Management Board and our Sustainability Committee. The Committee, chaired by our Deputy CEO and CFO, governs and monitors our approach to human rights. We have a Human Rights and Social Impact team to lead our efforts.

Salient human rights risks: We aim to focus on the most salient human rights risks – those that could create severe negative impacts. Potential human rights risks for our industry, include modern slavery and forced labour, low wages, undocumented cash wages, excessive hours, unsafe working conditions, and threats to freedom of association rights. Assessing direct and indirect human rights risks is an ongoing process and we are continually learning and developing our approach.

Due diligence: Through the IWAY System we aim to identify human rights risks before supply agreements are entered into and to continue to identify, monitor and manage these throughout the lifetime of the agreement. Our risk assessment covers human rights aspects such as workplace health and safety, wages and working hours. See page 86. Human rights is one of the categories included in the Ingka Group risk management process and we are exploring how we can further embed this. For more on risk management see page 85.

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, including which impacts we prioritise for remediation, depends on how we are connected to the impact and its nature and severity. In cases where Ingka is indirectly connected to a negative impact caused by one of our suppliers, we work together with and through the supplier to provide access to remediation with the support of experts or an independent partner or organisation, when necessary. 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.

Our baseline assessment

We conducted a company-wide human rights baseline assessment in FY23. This aimed to identify any gaps in our internal policies and processes and to make sure we're fully aligned to the UN Guiding Principles on Business and Human Rights as well as current and upcoming human rights legislation.

The assessment found there was a shared understanding of the importance of human rights due diligence across our business and that we have some key policies and procedures in place to protect human rights in our own operations and the wider value chain. It also identified some gaps and opportunities to strengthen our work both internally and in our supply chain. It recommended that we should extend our grievance mechanism to our value chain, further develop our governance structure and remedy frameworks and ensure we integrate human rights due diligence in all processes where there could be human rights risks.

The baseline assessment has provided valuable insight and deepened our understanding of what it means to be a duty-bearer. We have created an action plan to address gaps identified in the baseline assessment and elevate the voices of rightsholders and impacted communities in our due diligence.

Extending our grievance mechanisms

Co-workers who have any human rights concerns can raise them through our internal grievance mechanism, Trust line, see page 74. IWAY also requests suppliers, to put a grievance mechanism in place that enables workers to raise complaints or concerns without fear of retaliation.

We also aim to offer appropriate external grievance mechanisms so people outside our organisation can report any human rights concerns relating to Ingka Group directly to us. We are working with Inter IKEA to explore how we can develop a grievance mechanism for workers in our supply chain to report violations of IWAY, our supplier Code of Conduct.

In the EU, we are making our internal grievance mechanism, Trust line, available in compliance with the EU Directive on Whistleblowing. This enables people who have a work relationship with Ingka, such as freelance workers, suppliers, contractors, job candidates and volunteers, to raise concerns about workplace misconduct. For more on Trust line see page 74.

Respecting and supporting children's rights

We 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 through our products, stores, marketing and supply chain. We have zero tolerance for any form of child abuse. Our approach is based on the Children's Rights and Business Principles, developed by Save the Children, the UN Global Compact and UNICEF.

Children's rights are covered in our Ingka Group Policy on Human Rights and Equality and we have detailed principles for child participation and safeguarding. 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. There were no cases of child labour identified in FY23. For more on IWAY and the results of supplier audits see page 78.

We have a set of principles for marketing agencies and production companies to ensure marketing that addresses or portrays children aligns with our standards.

Advocacy and partnerships

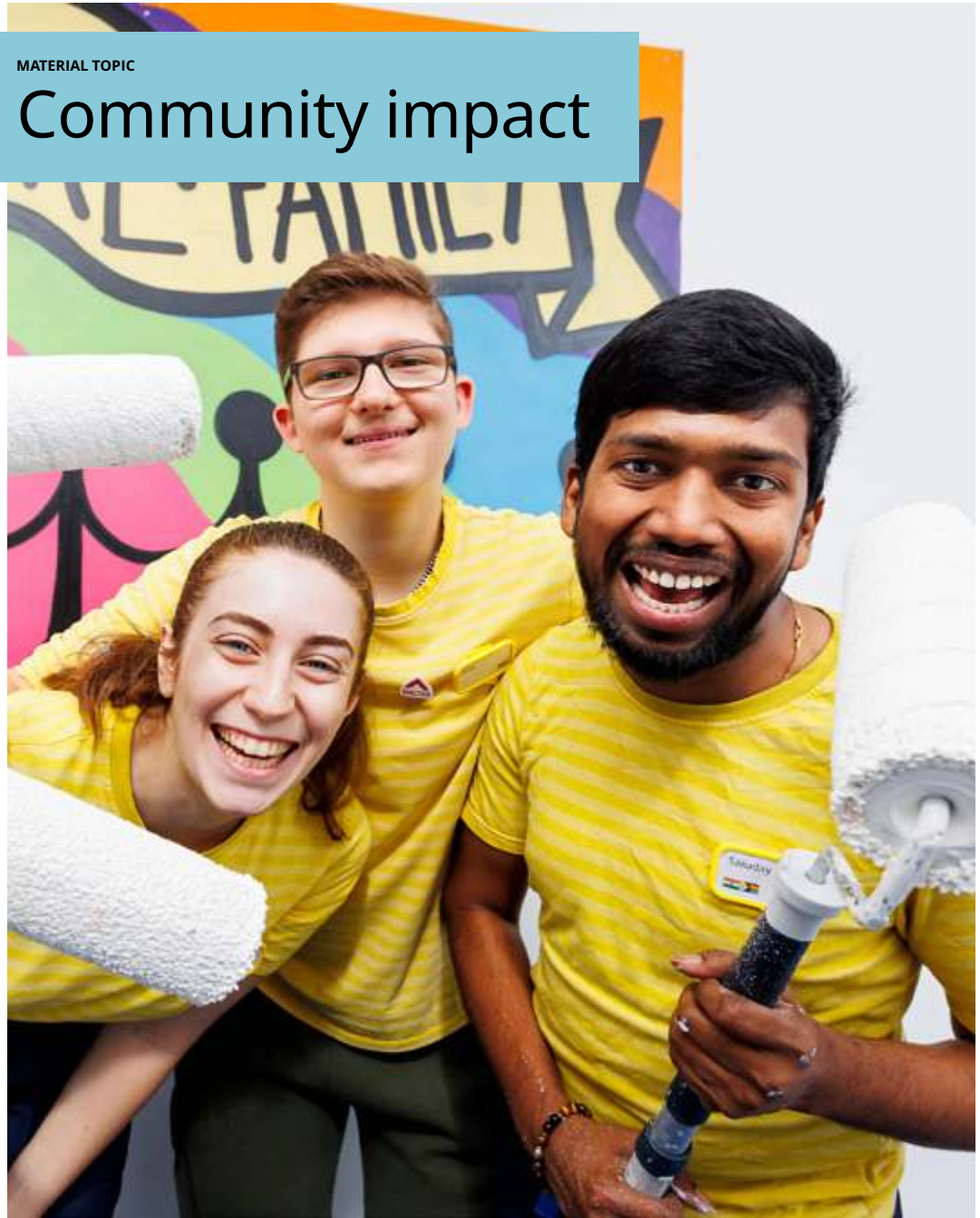
Our partners on human rights include the B Team, UNICEF and World Economic Forum. We are members of the Business Network on Civic Freedoms and Human Rights Defenders.

We believe businesses have a responsibility to provide transparency on human rights through due diligence reporting. Together with our franchisor, Inter IKEA Group, we are engaging with EU institutions, members of the European Parliament and Council of the European Union and other stakeholders for the adoption of the proposal for a Corporate Sustainability Due Diligence Directive (CS3D) and Forced Labour Ban. We think that due diligence mechanisms should use a risk-based approach that allows businesses to identify and manage risks proactively, moving beyond simply avoiding adverse impacts. We have co-signed a letter from the Business & Human Rights Resource Centre (BHRRC) calling for the EU to align the CS3D with the standards of the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.

In FY23 we also participated in the World Economic Forum Equity of Opportunity Dialogue Series; co-hosted a roundtable on child rights and the just transition with Inter IKEA Group and UNICEF; and spoke on human rights at a panel at the European Parliament.

MATERIAL TOPIC

Community impact



We want to have a positive impact on everyone our business touches and that includes supporting the neighbourhoods in which we operate and where our co-workers and customers live. The Ingka Group Neighbourhoods framework aims to create long-lasting social impact in neighbourhoods near our stores and meeting places. It focuses on projects across three areas where we believe we can make the most difference: increasing access to better homes; creating pathways to decent work; and enabling the many people to participate.

What we are proud of

- Supported over 99,000 people through our social impact programmes in local neighbourhoods.
- 1,135 refugees completed our Skills for Employment training in 22 countries during FY23, and we rolled out the programme to the Ingka Centres business for the first time.
- Continued to pilot our Neighbourhoods framework and social impact toolkit in three countries and launch new partnerships focusing on our community impact priorities .

Challenges we are addressing

- We do not yet have all the data we need to fully assess the long-term impact of our community programmes.
- We want to get more of our co-workers and customers involved in our work in local neighbourhoods and are exploring the best ways to do this.
- Due to changes in how we source and work with suppliers at Inter IKEA and Ingka Group, we discontinued our target to develop products and services with social businesses. We are now looking at how we can find new ways to support the work of social businesses.

Making progress on our three priorities

Our social impact projects are delivered in partnership with local NGOs and experts to maximise our impact and help us to tackle the root causes of issues such as poverty and homelessness.

Our focus areas are:

- **Increasing access to better homes** – exploring innovative approaches and partnerships to increase access to essential products, services and affordable housing, using our knowledge of life at home, our products, donations and input from our co-workers.
- **Creating pathways to decent work** – including skills for employment for refugees and integrating social businesses and enterprises into our Ingka Group supply chain.
- **Enabling the many people to participate** – supporting local social rights organisations and being an advocate for policies and actions that improve local neighbourhoods. We want to amplify the impact of our partnerships by getting our customers, co-workers and partners involved in making donations, raising awareness and advocating for change.

We also provide emergency support to communities affected by natural and manmade disasters.

We supported over 99,000 people through our social impact and emergency response programmes in in FY23 (FY22: 417,500). The number of people supported was lower this year because there were fewer natural disasters and emergencies affecting people in our markets.

Our social impact toolkit helps Ingka Group countries to implement successful projects in the neighbourhoods around our stores and customer meeting places. It includes 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. It supports our countries and locations to identify the issues that matter in their local communities. In FY23 we have been piloting our approach and toolkit in Italy, US and India.

A new partnership to help tackle the UK's housing crisis

There are over 112,000 homeless households living in temporary accommodation in the UK, and over a million households on social housing waiting lists. Our new partnership with Shelter, the housing and homelessness charity, aims to help those affected by this housing crisis.

Through the partnership, some of our UK co-workers will be trained by Shelter to become 'Life at Home Experts' who can help others to understand their housing rights and keep hold of their homes before they reach crisis point. Trained co-workers will support their colleagues and others who may be experiencing housing issues and signpost useful support and advice. We are also funding Housing Rights Workers, who are based in Shelter advice hubs offering expert advice to people experiencing or at risk of homelessness.

The launch of the partnership has also seen the beginning of a three-year research project following the journeys of families living in social housing. The in-depth findings will be used to inform the focus for the partnership and to develop advocacy campaigns to encourage wider change. Read more at IKEA.co.uk/Shelter.

During FY23 we also installed a 'Real Life Roomset' in several of our stores to highlight to customers the impact of homelessness on people in the UK. We created a template letter that customers could use to write to their local MP to call for action on homelessness. We also took the Roomsets to the annual conferences of the UK's two main political parties.

Responding to emergencies

We supported people and communities affected by emergencies including the war in Ukraine and many other local natural and manmade disasters. We developed a standard operating procedure for IKEA Retail, to provide stores and countries with guidance on how to deliver appropriate and effective emergency support to meet local needs.

Our support is tailored to each situation and includes cash funding for organisations working on the ground as well as in-kind donations of products, services and resources.

Many of our Ukrainian co-workers affected by the war have been helped to find employment in a new country through our Hiring Displaced Talent framework. Many people fleeing the war in Ukraine have ended up in Poland and neighbouring countries and our business there has been developing a package of longer-term support to assist some of them. This includes language courses and training and upskilling in IT and digital to help people find work, as well as supporting children's groups and childcare options. For example, in Poland we have been working with Habitat for Humanity to furnish flats for refugees benefiting 600 people and working with the Saint Nicholas Foundation to help women find jobs, including by improving childcare provision.

Advocacy and partnerships

We are collaborating with UNHCR, the UN refugee agency, to change the narrative around refugees and challenge people's biases through storytelling and campaigns.

This year we continued to share examples of real people with a refugee background who are now engaged in our Skills for Employment programmes, giving them the chance to tell their own stories. This included a communications campaign in 26 markets on World Refugee Day. We also collaborated with UNCHR to train our recruitment teams and Tolga Öncü, our Retail Operations Manager co-chaired the World Economic Forum Refugee Employment Alliance.

In FY23 we also engaged with over 700 businesses in 18 markets on refugee employment, sharing our insights and case studies to demonstrate the benefits of integrating refugees into the workforce. This included holding events at Ingka Supplier Days and a business roundtable during the World Retail Conference and making our Skills for Employment toolkit freely available online.

Skills for Employment – helping refugees into the workforce

With over 100 million people fleeing conflict, violence and persecution around the world, it is more important than ever to help refugees integrate into their new communities. Yet despite the benefits for business and society of refugee integration, refugees and asylum seekers still face higher levels of unemployment and negative misconceptions.

To date, we have supported 2,935 refugees across 24 markets through our Skills for Employment programme for displaced people. This is designed for refugees who need support and skills development before they can find work. It includes 3-6 months of work experience, training and language lessons, making it easier to gain employment inside or outside our business.

In FY23, 1,135 refugees completed the training across Ingka Group. This included Ingka Centres' first pilot of Skills for Employment, working with 20 tenants across three meeting places in Poland. 51 displaced people completed the programme and 38 of these found employment with Ingka Centres, IKEA or one of the tenants.

Our Hiring Displaced Talent Framework is a pathway to IKEA recruitment for displaced people, who are 'job ready'. It was first introduced to support Ingka co-workers and their partners in Ukraine, and has now been extended to any displaced talent from across the globe. It helps them to find jobs in our logistics, food, sales and other departments and supports them during onboarding and when adapting to their new role. In FY23, we introduced a toolkit for Ingka countries and, working with the UNHCR, we trained our recruitment teams on our approach. We also created a talent pool database, so when new roles arise displaced talent can be quickly put forward as candidates. 337 candidates have been recruited so far.

Better planet

We only have one planet, the home we all share. We are committed to playing our part in tackling global environmental challenges including climate change, biodiversity loss and water scarcity. And we have to act now.

Our material topics

- Climate change
- Resource use, circularity and waste
- Water
- Biodiversity and forestry

Progress against targets FY23

OUR TARGETS	PROGRESS IN FY23	PERFORMANCE SUMMARY
Climate change		
Contribute to a 15% reduction in the climate footprint of IKEA products and food by 2030, while still growing the IKEA business.*	[ON TRACK]	We contributed to this goal by promoting IKEA products, food and services with a lower climate footprint and by providing renewable electricity to IKEA suppliers (via investments in wind and solar farms made by Ingka Investments). In FY23, scope 3 emissions from IKEA products and food arising from Ingka Group sales (88.0% of IKEA sales) decreased by 26.3% against the FY16 baseline. **In November 2023 we strengthened our climate targets in alignment with the Science Based Targets initiative (SBTi) Corporate Net Zero standard and submitted these for approval to SBTi. The revised target is a reduction of at least 50% in the climate footprint of IKEA products and food by 2030 (compared to our 2016 baseline). We will report against the revised targets from FY24 once they have been approved.**
Reduce absolute greenhouse gas emissions from our own operations (scope 1 and 2) by 80% by 2030 (from FY16).** *Note: this is a science-based target (approved by the SBTi in 2018).*	[ON TRACK]	In FY23, our greenhouse gas emissions from our own operations (scope 1 and 2) decreased by 53.2% against our FY16 baseline and by 23.1% since FY22. This was mainly driven by an increase in renewable electricity and closure of our Russian retail operations. Our energy efficiency has also improved. **As part of the update to our climate targets we have strengthened this target. The revised target (which has been submitted to the SBTi for approval) is an 85% reduction. We will report against it from FY24 once it has been approved by SBTi.**
Use 100% renewable electricity in our operations by 2025.	[ON TRACK]	In FY23, 79.2% of the electricity we used was from renewable sources compared to 74.6% in FY22.***
Renewable heating and cooling systems in 100% of our buildings by 2030.	[NOT ON TRACK]	During FY23, we retrofitted six existing sites with renewable heating and cooling (mainly heat pumps powered by renewable electricity). Out of the seven owned sites we opened during the year (new stores, meeting places and fulfilment units), five of them are equipped with renewable heating and cooling. Phasing out fossil fuels by switching to heat pumps requires significant investment and can be a complex and lengthy process.We have developed a roadmap for installing heat pumps at over 150 additional units by 2030.
Reduce relative greenhouse gas emissions from customer and co-worker travel and home deliveries by 50% per person by 2030 (from FY16)****. *Note: this is a science-based target (approved by the SBTi in 2018).*	[NOT ON TRACK]	We have achieved a 2.7% reduction in relative greenhouse gas emissions from our FY16 baseline, mainly due to our expansion in city centres which has reduced the average journey time to our stores. However, relative emissions have increased in the past year by 1.9% mainly due to higher congestion in global cities which has led to an increase in driving time per trip. **As part of the update to our climate targets we have strengthened this target. The revised target (which has been submitted to the SBTi for approval) is an absolute reduction of at least 40%. We will report against it from FY24 once it has been approved by SBTi.**
Aim for all home deliveries to be made by zero emission vehicles by 2025.	[NOT ON TRACK]	By the end of FY23, the proportion of home deliveries by electric or zero emission vehicles doubled to 24.6% (FY22: 12.3%.)***** We plan to significantly speed up progress to meet our target for all home deliveries to be made by zero emission vehicles through further investment, innovation and collaboration.

* This target relates to part of our scope 3 emissions (those from IKEA products and food arising from Ingka Group sales) and not our whole scope 3 footprint
** This target covers our scope 1 and 2 greenhouse gas emissions which are responsible for 1.6% of our total climate footprint in FY23. This includes greenhouse gas emissions from energy use (1.4% of our total climate footprint) and other scope 1 and 2 activities relating to our operations, including refrigerants and company-owned vehicles.
*** We have been unable to procure renewable electricity in Russia in FY22 and FY23, due to the geopolitical situation. Our 17 retail stores in Russia were paused in March 2022 and closed in mid-2022. These were located within the Ingka Centres MEGA shopping centres which we continued to operate in FY23. The Ingka Centres in Russia accounted for 18% of our total electricity consumption in FY23. In September 2023 we announced an agreement to sell all our centres in Russia.
**** We measure emissions per trip rather than per person.
***** Data calculated in the last month of the financial year (August).

Progress against targets FY23

OUR TARGETS	PROGRESS IN FY23	PERFORMANCE SUMMARY
Climate change cont.		
Aim for all company-owned, leased and shared vehicles used in our operations to be zero emission by 2025.	[NOT ON TRACK]	In FY23, zero emissions vehicles accounted for 39.2% of owned or leased vehicles used in our own operations (including passenger and goods vehicles). We have made progress compared to FY22, but availability of electric vehicles as well as charging infrastructure were barriers during FY23.
Resource use, circularity and waste		
Reduce our operational waste and strive to recycle 100% of waste generated in our operations by 2030.	[ON TRACK]	In FY23, we recycled 75.9% of waste (FY22: 75.7%). Our total waste decreased by 7.3% in FY23 compared with FY22, and by 13.2% from FY16. Approximately 80% of the reduction in FY23 is due to the closure of our IKEA retail operations in Russia.

See IKEA Products and food section (page 51) for Inter IKEA Group's targets on circular products.

See Better Homes section (page 14) for our target on circular services and solutions.

Water

Targets under development.

Biodiversity and forestry

Targets under development.

MATERIAL TOPIC

Climate change

We are committed to taking action on climate change in line with the international Paris Agreement, and to play our part in limiting the global temperature rise to 1.5°C above pre-industrial levels. We believe that we can use our size and reach to help accelerate climate action by working together with our partners, governments, the private sector and our customers.

What we are proud of

- Our total climate footprint (scope 1, 2 and 3 emissions) has decreased by 24.3% from FY16 and by 12.7% from FY22.*
- Our climate footprint from our own operations (scope 1 and 2) has decreased by 53.2% from FY16 and 23.1% from FY22.*
- Our investment arm Ingka Investments has continued to invest heavily in renewable energy to accelerate the transition to net-zero across our own business and beyond.

*The reduction comes primarily from implementing carbon saving measures; however, changes in our business operations and sales have also contributed.

Challenges we are addressing

- Although we are making good progress against our greenhouse gas reduction targets, some targets are not on track including renewable heating and cooling and transport. We have developed action plans to close this gap and speed up progress.
- Our greenhouse gas emissions across our value chain (scope 3) account for 98.4% of our climate footprint. We need to work with others to reduce emissions in line with our targets and we are collaborating with partners across our value chain to achieve this.

Strengthening our climate targets in FY24 and becoming climate positive

Ingka is committed to becoming climate positive by 2030 by taking action across the value chain and beyond. We are focusing on three areas:

1. Drastically reducing greenhouse gas emissions
In 2015 we committed to reduce emissions in line with science and the Paris Agreement's 1.5°C pathway. We work towards net-zero by setting science-based targets that cover our scope 1, 2 and 3 emissions. Our initial science-based targets were approved by the Science Based Targets initiative (SBTi)* in 2018. We have now updated our climate targets in alignment with the SBTi's Corporate Net Zero standard and submitted these for approval to SBTi in November 2023.

The revised goals set out our commitment to reducing absolute greenhouse gas emissions from the value chain by at least 50% by 2030 (compared to our 2016 baseline) and to reach net-zero emissions by the latest 2050 by reducing our absolute emissions by at least 90% and without using carbon offsets. Our previous 50% reduction target included storing and removing carbon in the value chain; however, with the updated target we will achieve this only through emissions reduction. These updated targets were set in FY24 so we will report against them in next year's report once they have been approved by the SBTi.

2. Removing and storing carbon through forestry, agriculture and products
In order to reach net-zero emissions by FY50 at the latest any remaining emissions will be neutralized by removing and storing carbon from the atmosphere through better forest and agricultural management practices within the IKEA value chain. We will ensure that carbon remains stored in our products for longer through our work on the circular economy.

3. Going beyond the Ingka value chain
In addition, to become climate positive, we will contribute to additional reductions of greenhouse gas emissions in society, addressing a larger climate footprint than our own value chain. To do this we will collaborate with our customers, suppliers and partners to reduce their greenhouse gas emissions, to remove and store carbon through forestry and agriculture outside of our own value chain and to contribute to additional reductions of greenhouse gases e.g. through our IKEA Energy Services and investments in solar and wind farms.

Climate footprint vs business growth**

We have reduced our total climate footprint (scope 1, 2 and 3 emissions) by 24.3% from FY16 and by 12.7% from FY22. The decrease in our climate footprint from FY16 to FY23 was achieved against a 30.9% increase in revenue. Our revenue in FY23 continued to be impacted by high inflation and IKEA Retail supply chain disruption.

The reduction comes primarily from implementing carbon saving measures; however, changes in our business operations and sales have also contributed. For example, a reduction in the total volume of IKEA products produced (12% reduction from FY16 and 20% from FY22) led to a reduction in upstream emissions from materials used in IKEA products, which accounts for the largest share of our value chain carbon footprint. See page 49 on scope 3 progress for details of carbon saving measures that have most significantly contributed to the decrease in our climate footprint.

Reporting on climate risks and opportunities

We assess our climate-related risks and net-zero opportunities, in line with the methodology developed by the Task Force on Climate-Related Financial Disclosure (TCFD). We published a detailed TCFD disclosure in FY21 and will do a new assessment during FY24.

Read more about climate risk and net-zero opportunities from the FY21 assessment here.

Our climate footprint*

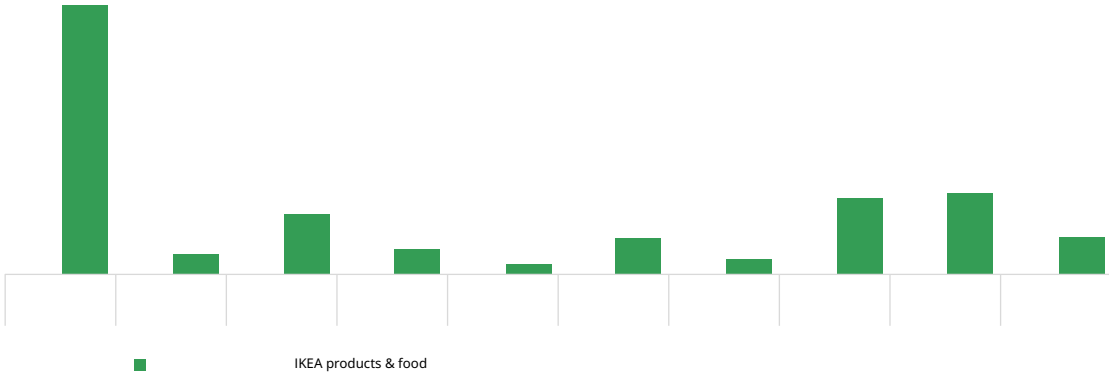
Our climate footprint across our value chain includes emissions from our own operations (scope 1 and 2) and emissions upstream and downstream associated with sourcing, manufacture, transportation and use of the products we sell (scope 3).

The chart shows our climate footprint at each stage of our value chain. We have set ambitious targets to reduce emissions from our own operations and transport. Upstream, Inter IKEA Group has set targets to reduce the climate footprint of the IKEA product range and we contribute by promoting products for more sustainable living. We are working to extend our climate footprint data to include emissions from investments and aim to report this in future years.

Going beyond our own scope 1, 2 and 3 footprint, we also provide IKEA Energy Services and invest in solar and wind farms that contribute to additional reductions of greenhouse gases in society.

Our climate footprint FY23 vs FY16 baseline

(thousand tonnes CO_2e)



Key decarbonisation levers

	Impact area	FY23 greenhouse gas emissions	Key decarbonisation levers
Our own climate footprint (scope 1, 2 and 3)	IKEA products and food	78.4% of climate footprint	• Renewable energy in the supply chain • Supplier net-zero targets • Energy efficiency of energy-using products • Use of renewable and recycled materials in products • Plant-based food
	Own operations	2.3% of climate footprint	• On-site and off-site renewable electricity • Renewable heating and cooling • Energy efficiency measures
	Goods and services used in own operations and construction	7.1% of climate footprint	• Renewable energy in the supply chain • Supplier net-zero targets • Sourcing lower carbon materials
	Customer and co-worker travel and home deliveries	12.1% of climate footprint	• Electric vehicles and zero emissions transport such as cargo bikes for home delivery • Electric charging infrastructure • Improved accessibility of sites (location and public transport links) • Reducing journeys by driving down product returns (e.g. product availability and accuracy in stores) • Route optimisation of home deliveries
Going beyond our own climate footprint	Accelerating the transition to net-zero		• IKEA Energy Services • Investments in wind and solar farms

Progress by greenhouse gas scopes

In FY23, 2.3% of our climate footprint was from our own operations (mostly scope 1 & 2) and 97.7% was from activities upstream and downstream (scope 3).

Our climate footprint – by greenhouse gas scopes (thousand tonnes CO_2e)*

Our emissions are reported in line with the Greenhouse Gas Protocol (GHG) methodology which covers scope 1, 2 and 3 emissions.

	Thousand tonnes CO_2e			
	FY16	FY21	FY22	FY23
Scope 1 - Greenhouse gas emissions directly from operations that are owned or controlled by us. Our scope 1 emissions decreased by 8.7% from FY16 and 16.6% from FY22. The closure of our retail operations in Russia has had a significant impact on our scope 1 emissions since they contributed to a significant share of our non-renewable energy consumption (accounting for 81.8% of the decrease in our scope 1 emissions since FY16 and 34.8% of the decrease since FY22). Carbon saving measures that also contributed to the decrease include energy efficiency measures, installation of renewable heating and cooling and a warmer climate.	152	190	167	139**
Scope 2 - Indirect greenhouse emissions from the generation of purchased electricity, steam, heating, or cooling within our operational control. Our scope 2 emissions decreased by 64.7% from FY16 and 26.8% from FY22. This has been driven by an increase in renewable electricity consumption and was also impacted by closure of our retail operations in Russia (which accounted for 22.4% of the decrease from FY16 and 9.3% of the decrease from FY22).	591	404	285	209**
Scope 3 - All indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions. Our scope 3 emissions decreased by 23.6% from FY16 and 12.5% from FY22, partly driven by a reduction in the total volume of IKEA products produced. Carbon saving measures that have contributed most significantly to the decrease include improvements in the energy efficiency of energy-using products and an increase in renewable energy across the value chain. We recognise that more significant reductions are needed in the coming years to reach our climate targets.	28,850	26,600	25,194	22,043***
TOTAL scope 1, 2 & 3 (thousand tonnes CO_2e)	**29,593**	**27,193**	**25,646**	**22,391**

* Changes in historic years are due to improved data quality and methodology changes.
** Data included in the external assurance scope.
*** 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, 13 and part of the data reported under categories 1 and 9. For category 1, the assurance covers the emissions arising from products and services purchased by Ingka Group Procurement for our operations. For category 9, the assurance covers customer travel to our Ingka Centres meeting places (not IKEA stores, shops and plan and order points) and home delivery of our products. The data in scope of our assurance accounts for 11.8% of our total scope 3 emissions.

IKEA products and food

The majority of our climate footprint is associated with the products we sell, the IKEA range. In FY23, greenhouse emissions upstream and downstream associated with IKEA products and food accounted for 78.4% of our climate footprint.

Our climate footprint from IKEA products and food includes emissions upstream in our supply chain from the sourcing of raw materials, food ingredients, production and product transport and emissions downstream associated with customer use of products and product end of life.

Inter IKEA Group is responsible for reducing the climate footprint of the IKEA product range, including emissions associated with materials used in products, supplier manufacturing and customer use of products. It aims to reduce absolute emissions from home furnishing products and food by at least 15% by 2030 (from FY16). See IKEA Climate Report FY23 for details.

At Ingka Group, as the largest franchise retailer of IKEA products (accounting for 88.0% of IKEA sales in FY23), we contribute to this target by promoting products that enable customers to reduce their climate impact (such as energy-saving products) and by extending our plant-based food options. We also offer renewable energy and recycled materials to some IKEA suppliers to enable them to reduce the climate footprint of products and services they supply (through investments made by Ingka Investments).

Our scope 3 emissions arising from sales of IKEA home furnishing products and food decreased by 26.3% from FY16 and 15.3% from FY22 (see page 49 on scope 3 progress for details of carbon saving measures that have contributed most significantly to the decrease in our climate footprint).

A key challenge is to reduce the climate footprint of materials used e.g. by increasing recycled content or using new innovative materials or technologies, while balancing affordability and accessibility. Inter IKEA is integrating climate roadmaps into long-term plans for individual materials. For example, work has started to reduce the climate impact of glues used in products, which account for 5% of the IKEA value chain emissions, by switching from fossil-based glues to bio-based glues. In March 2023, an Inter IKEA Group factory in Lithuania became the first to use a corn-based glue in large-scale production. By switching to bio-based glues, Inter IKEA Group aims to reduce emissions from glue by 30% by FY30. The use of bio-based glue also aligns with the Inter IKEA Group ambition to only use renewable and recyclable materials by FY30.

Greenhouse gas emissions from products and food – Scope 3*
(percentage of FY16 baseline emissions)

Own operations

In FY23, greenhouse gas emissions from our own operations (mainly scope 1 and 2) accounted for 2.3% of our climate footprint.

The climate footprint from our own operations includes greenhouse gas emissions from energy use (1.4% of our total climate footprint), refrigerants and company-owned vehicles. We aim to reduce our absolute scope 1 and 2 emissions by 80% by FY30, from our baseline of FY16. In FY23, we achieved a 53.2% reduction from our baseline of FY16 and a 23.1% absolute reduction from FY22.

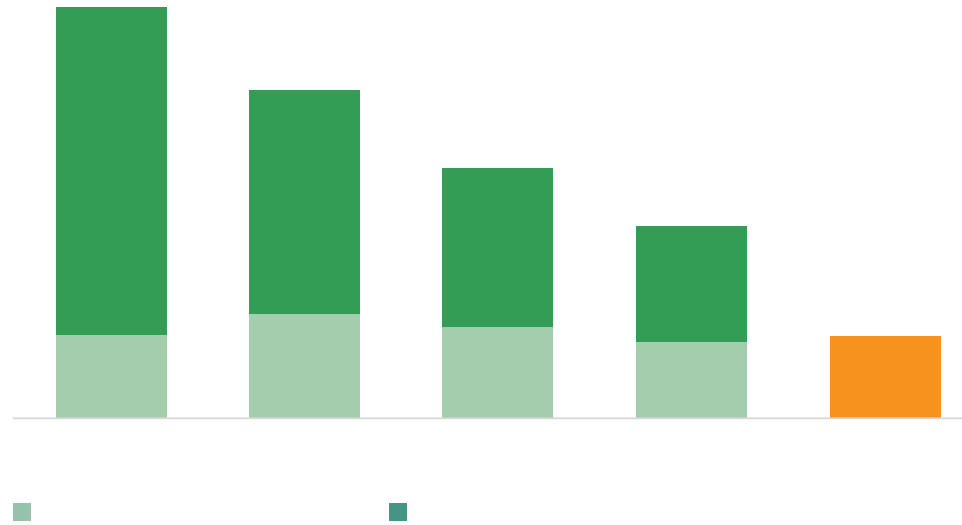
We are working to reduce our scope 1 and 2 climate footprint by phasing out use of fossil fuels, transitioning towards 100% renewable electricity (see page 53), improving energy efficiency (see page 54) and reducing emissions of refrigerant gases ('fugitive emissions') from food equipment and cooling systems (see page 54). It should be noted that the closure of our Russia retail operations (17 stores in total) in mid 2022 contributed to an 11.7% reduction in our greenhouse gas emissions from our own operations (scope 1 and 2) from FY16 and a 25.7% reduction from FY22.*

The Better planet data section (page 100) includes further details of performance by business unit and country.

- **Progress by business unit (scope 1 and 2):** Since FY16, we have reduced emissions across all our business units, with the most significant progress across our IKEA stores which reduced emissions by 60.4%. We also reduced emissions by 49.8% in our Ingka Centres meeting places (which includes energy used in common areas and energy used by tenants where we are responsible for the energy contract) and by 27.8% in our distribution centres.

- **Progress by country:** We reached 100% renewable electricity across our retail sites and meeting places in 28 countries in FY23 (26 countries in FY22). We achieved our biggest emissions reduction in China which increased the share of renewable electricity from 89% in FY22 to 100% in FY23. With the global increase in energy costs, it has been challenging to switch to renewable electricity in a number of countries, including India and South Korea, where there is limited availability of renewables and a significant additional cost. However, we remain committed to using 100% renewable electricity in our operations by 2025.

Climate footprint – our operations (scope 1 and 2)**
(thousand tonnes CO_2e)



Powered by renewable electricity

We're aiming to consume 100% renewable electricity across our operations by 2025. In FY23, 79.2% of the electricity we used was from renewable sources (74.6% in FY22).*

Our use of renewable electricity has contributed to a 75.8% reduction in our climate footprint from purchased electricity since FY16. We reached 100% renewable electricity consumption across our IKEA stores and Ingka Centres meeting places in 28 countries in FY23 (26 countries in FY22).

In FY23, 6.5% of Ingka Group's electricity consumption was generated on-site, through renewable energy technologies including solar panels and geothermal heating and cooling (6.1% in FY22). We have solar panels on around 270 sites which produced 193 GWh of electricity in FY23.

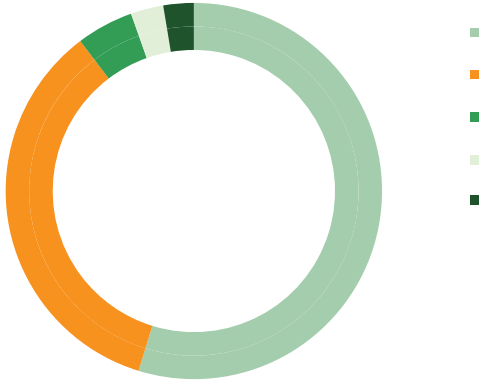
We also secure renewable electricity from off-site generation. In FY23, 42.4% of the electricity used in our operations was purchased from solar and wind farms owned by Ingka Investments (35.6% in FY22). We aim to expand our renewable energy portfolio into more countries, including markets where renewable energy is less accessible. This will help us increase our use of renewable energy and support a broader transition to renewable energy in society. See page 57 on accelerating the transition to net-zero 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.

Renewable electricity in our operations**
(percentage of total energy use)

	FY16	FY20	FY21	FY22	FY23
Renewable electricity in our operations	53.9%	58.8%	69.2%	74.6%	79.2%

Energy use by source
(percentage of total energy use GWh)



Renewable heating and cooling

We have started to reduce greenhouse gas emissions from heating and cooling through use of renewable heating and cooling (mainly heat pumps powered by renewable electricity). During FY23, we retrofitted six existing sites with renewable heating and cooling. Out of the seven owned sites we opened during the year (new stores, Ingka Centres meeting places and fulfilment units), five of them are equipped with heat pumps.

Our greenhouse gas emissions related to heating and cooling* decreased by 18.1% in FY23 (from FY22) and by 14.3% from FY16. 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.

Improving energy efficiency

Our energy efficiency (kWh/m^2 floor space) has improved by 26.6% from FY16 and by 8.9% from FY22 through our persistent work on energy efficiency and implementing heat pump solutions in our units.

We have annual energy action plans for every building and have switched to LED lighting in many of our units. Other examples of actions we are taking to improve energy efficiency include upgrading and optimising building management systems, improving insulation and using energy recovery from heating and cooling. We are working to expand 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.

We have set up a global energy monitoring platform to enable us to identify potential savings and share learnings across countries. By the end of FY23, we had connected one or more smart meters at 133 units across six countries to the energy monitoring platform. We are updating our targets as part of our science-based climate targets and will report on this next year.

Reducing emissions from refrigerant gases

We use refrigerant gases in our kitchen fridges/freezers, cooling and heating systems (including heat pumps). For our kitchen fridges/freezers, we aim to use refrigerants with a lower global warming potential (GWP). In the EU, we are replacing the refrigerants used in kitchen fridges/freezers in line with the EU F-gas regulation to minimise the greenhouse gas impact.

We are working to improve maintenance and life cycle management of cooling systems across our business to reduce leakages of refrigerants into the atmosphere.

* This covers scope 1 fuels for heating and scope 2 district heating and district cooling.

Challenges in transitioning to renewable heating and cooling

We are starting to make progress on switching to renewable heating and cooling. However this is a complex, costly and lengthy process and we want to make sure we take a holistic and cost-effective approach across our markets. Some of the key challenges include:

- Limited availability of heat pumps and other equipment in some markets is delaying progress.
- Switching to heat pumps requires significant financial investment and we want to ensure best value – both in terms of greenhouse gas reductions and marginal costs.
- Additional building work might be required to ensure the successful operation of the heat pumps e.g. upgrades to insulation and installation of smart building management systems. We may also install on-site energy production (mainly solar panels) at the same time and the process may take up to three years for an existing IKEA store.

In addition, we need to replace existing equipment at the right point in the life cycle to reduce emissions from end-of-life impacts.

We are investing to overcome these challenges and have developed a roadmap for installing heat pumps at a further 150 units by 2030 (IKEA stores, Ingka Centres meeting places, distribution centres and offices).

Goods and services used in own operations and construction

In FY23, greenhouse gas emissions from goods and services used in our own operations and for construction accounted for 7.1% of our climate footprint.

We purchase a wide range of goods and services across our operations such as construction materials, logistics services, computer hardware, data centres and marketing products. Emissions from purchased goods and services used in our own operations increased by 6.7% from our FY16 baseline and by 2.8% compared to previous year. Emissions from construction have increased by 23.5% from our FY16 baseline and by 11.1% compared to previous year. We have started to develop decarbonisation roadmaps to reduce these emissions, contributing to our science-based climate goals.

We recognise that we need to work in close collaboration with our suppliers. We plan to drive greenhouse gas reductions across our supply chain by requiring suppliers to set their own science-based net-zero targets and have these validated by the Science Based Targets initiative (SBTi). We will report progress next year.

We have started to focus on ways we can reduce the greenhouse gas emissions of specific goods and services that have a high climate footprint. For example, we have agreed with H2 Green Steel to purchase steel with a lower climate footprint for 50% of the warehouse racking we use globally. For example, we have agreed with H2 Green Steel to purchase steel with a lower climate footprint for 50% of the warehouse racking we use globally. This will be manufactured at a facility powered by hydrogen produced using fossil-fuel free energy. Work is in progress to improve the accuracy of our scope 3 data on purchased goods and services by moving from spend-based calculations to activity-based calculations. This is a challenging process and we look to improve this year by year.

Customer and co-worker travel and home deliveries

In FY23, greenhouse gas emissions from customer and co-worker travel and home deliveries accounted for 12.1% of our climate footprint.

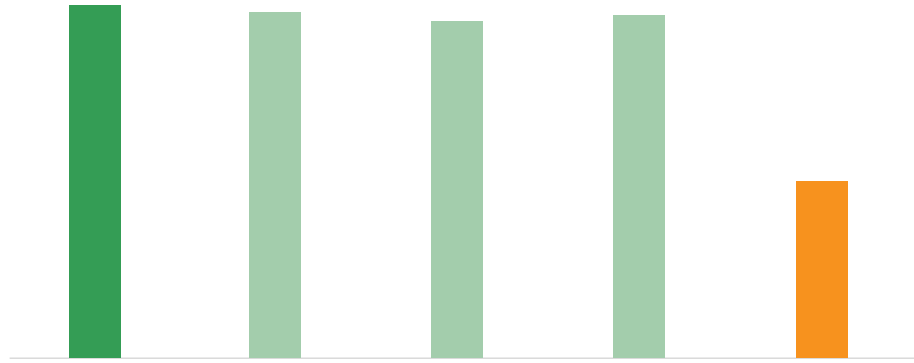
Our target is to reduce relative greenhouse gas emissions from customer and co-worker travel and home deliveries by 50% per person by 2030 (from FY16). We are updating our targets on transport as part of our science-based climate targets and will report on this next year.

Travel to our stores: This accounts for 87.3% ofour transport emissions (82.0% from customer travel and 5.3% from co-worker commuting). Our expansion in city centres has reduced the average journey time to our stores which has contributed to a decrease in relative* and absolute emissions from our FY16 baseline (4.6% reduction in relative emissions and 19.8% reduction in absolute emissions from our FY16 baseline). In the past year, although absolute emissions have decreased by 0.5%, relative emissions have increased by 1.9% from FY22. This spike in relative emissions in the past year is mainly due to higher congestion in global cities which has led to an increase in driving time per trip, as well an increase in the proportion of journeys made in private cars in some countries.** These contribute to higher emissions per trip.

Home deliveries: Our greenhouse gas emissions from home deliveries (which account for 11.5% of our emissions from transport) have increased by 41.3% from our FY16 baseline due to the increase in customer demand for home delivery as more customers use online shopping. However, we are working to drive down emissions through use of zero emission vehicles (see next page).

Business travel: Greenhouse gas emissions from business travel (by road, rail and air) have decreased by 67.3% from FY16. However, there has been a significant increase of 68.2% from FY22, partly due to increased travel after the lifting of COVID travel restrictions, and partly due to an update in the Emission Factors used in our calculations. We encourage co-workers to meet online and reduce business travel. In two markets we are piloting an "Air to Rail programme" to transition from air to rail travel for trips where the train travel time is 3.5 hours or less. In some countries, we have initiatives to reduce greenhouse emissions associated with co-worker commuting, including car-pooling, shared electric bikes and subsidised public transport tickets.

Relative greenhouse gas emissions from home deliveries, customer travel and co-worker travel* ** (percentage of FY16 baseline emissions)



Zero emission vehicles

We aim for all home deliveries to be made by zero emission vehicles by 2025. By the end of FY23, we had doubled the number of zero emission vehicles operating home deliveries for Ingka compared to the previous year. These performed 24.6% of our retail home deliveries at the end of FY23 (compared to 12.3% at the end of FY22).* The increase in use of zero emission vehicles has helped to reduce greenhouse gas emissions from home delivery by 6.5% from FY22. Our data excludes small parcel deliveries which account for a significant share of our home deliveries. We are working to increase use of zero emission solutions for small parcel deliveries (including electric vehicles, bikes and cargo bikes) and plan to extend the scope of our data to cover this.

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. In FY23, zero emissions vehicles accounted for 39.2% of owned or leased vehicles used in our own operations (including passenger and goods vehicles). We have made progress compared to FY22, but availability of electric vehicles as well as charging infrastructure were barriers during FY23. 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.

We provide access to electric vehicle (EV) charging points at all our customer meeting points worldwide (where parking is provided).

In FY23, we had 4,547 EV charging points, an increase from 3,091 in FY22.** We also aim to increase the use of renewable electricity for charging whilst adding more EV chargers.

Challenges on the road to zero emission home deliveries

We have increased the share of zero emission deliveries in recent years and aim to achieve our goal for all home deliveries to be made with zero emission vehicles by 2025. However, we are facing some challenges, including:

- The limited range of freight electric vehicles (EVs) on a single charge.
- Lack of suitable vehicles for some of our IKEA products and locations.
- Smaller capacity of some EV trucks which can reduce the number of deliveries made on one trip.
- Lack of public charging infrastructure and grid capacity.
- Lack of uniform regulation on freight EVs.

Each market has its own challenges but we have a dedicated project implementation manager working on zero emission home delivery in each country, supported by a Group team.

We are working to more rapidly roll out zero emission vehicles through additional investments in vehicles and charging infrastructure, piloting new innovations and collaborating with other industry players. For example, in FY23 we continued to partner with truck manufacturers to test new EVs and now use over 30 different models globally. To overcome lack of charging infrastructure, we invest in our own charging infrastructure and also work with different partners.

* Data calculated in the last month of the financial year (August).
** This includes charging points we own and those operated by third parties.

Accelerating the transition to net-zero

To accelerate the transition to a net-zero society in our own value chain and beyond, our investment arm Ingka Investments is investing heavily in renewable energy.

Using renewable energy across our operations and value chain is a significant part of delivering on our science-based targets and commitment to the Paris Agreement.

Since 2009, Ingka Investments has invested or committed to invest close to EUR 3.8 billion in wind and solar farms and wider renewable investments, including EUR 0.7 billion in FY23.* In addition to the commitment to invest EUR 6.5 billion in renewable technologies by 2030, Ingka Investments announced in FY24 that it will invest an additional EUR 1 billion in transitional technologies such as energy storage and hydrogen. This takes its total commitment to investments in renewable and transitional assets to EUR 7.5 billion by 2030. See press release.

By the end of FY23, Ingka Investments owned, or had committed to own, 48 wind farms (with 593 wind turbines) in 16 countries and 26 solar parks in 8 countries. These facilities will generate renewable energy power equivalent to the annual consumption of over 1.25 million European households. These include 3 wind farms, 14 solar parks and 1 battery storage project which are planned/under construction. See press releases for details of new investments during FY23 in Australia (near Geelong and New South Wales), Finland, Italy, Norway and Sweden.

Our off-site investments in wind and solar farms help us to reduce our own climate footprint (providing 42.4% of the electricity used in our operations in FY23) and also contribute to wider greenhouse gas reductions in society.

We are working to extend our climate footprint data to include emissions from investments and aim to report this in future years. The majority of our investments footprint comes from our Financial Markets portfolio including the Sovereign Bonds that we hold to ensure Ingka Group's long-term financial strength. Today there is no generally accepted methodology for valudating the emissions from Sovereign Bonds which makes it difficult to set science-based targets for this investment class. We are looking to partner with other stakeholders to address this.

We have participated in the Greenhouse Gas Protocol pilot project on how to account for greenhouse gas emissions in the Forest, Land and Agriculture (FLAG) sector. We have focused on how to measure emissions across our Ingka Investments forest portfolio.

Advocacy and partnerships

Ingka Group hosted the Action Speaks Summit in collaboration with Project Drawdown and TIME CO_2 at the New York Climate Week held in September 2023, using hope and optimism to inspire more impactful climate action.

We welcomed leaders across business and civil society to explore a positive vision for the future and an exhibition of actions that will have a significant impact on reducing greenhouse gas emissions. See our website for further details.

Engaging our business customers on climate action

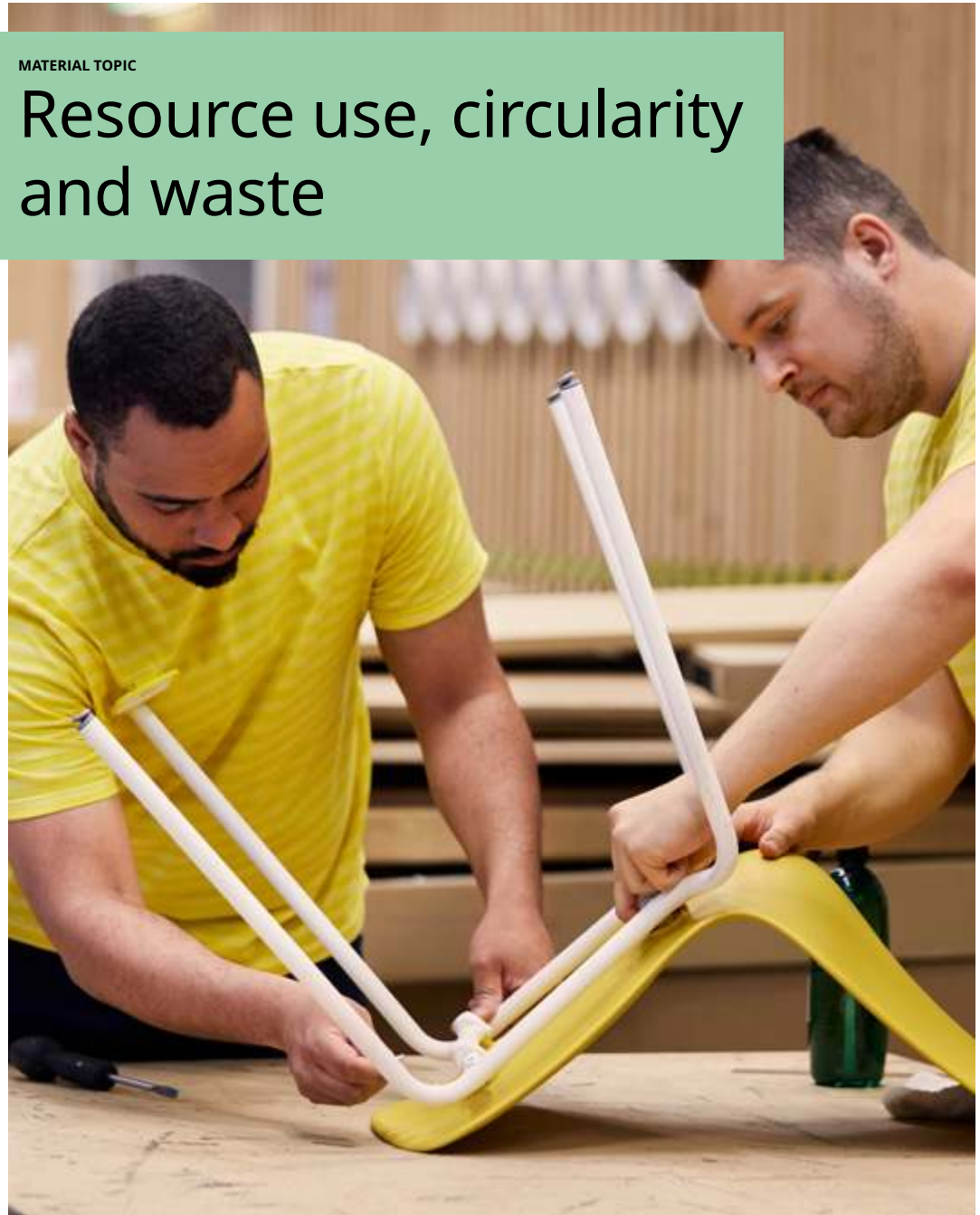
According to the OECD, up to 70% of industrial pollution in Europe is produced by SMEs – small and medium sized enterprises – and SMEs represent the vast majority of businesses worldwide. We've joined forces with the We Mean Business Coalition, to encourage our small business customers to become signatories to the SME Climate Hub, and access free tools, knowledge and solutions to lower their carbon footprint. We've used the IKEA Business Network, our loyalty programme for business customers, to reach out to small and micro businesses starting with those in Australia, Ireland, Spain and the UK. See more on our climate change advocacy.

"Reflecting on FY23, I am so proud of our co-workers, who, together with our partners have achieved good progress on many of our sustainability ambitions, including reducing our emissions and helping more refugees to find work. Yet with so many complex challenges facing the world - from climate to rising inequality – we know there is still much more we must do.

Looking ahead, we have revised our climate targets in line with the latest science and are prioritising actions to meet them. To do this and reach our other goals, we need to radically collaborate across industries and communities; creating a more sustainable society that leaves no-one behind. Often the greatest barrier to action is the sense that it's impossible or that others will fix it. But we have chosen to lead with agency and optimism, taking responsibility and playing our part in creating a better future for all."

Karen Pflug
Chief Sustainability Officer

* This includes both investments made, and the amount committed to projects by the end of FY23.



MATERIAL TOPIC

Resource use, circularity and waste

We aim to minimise resource use and waste in line with circular economy principles – where resources are continually reused, regenerated and recycled in a sustainable way.

What we are proud of

- In the Netherlands, we have run a recycling trial with Inter IKEA Group to recycle one of the core components of mattresses into resources for new products.
- The World Resources Institute (WRI) recognised Ingka for being the first private sector organisation to halve pre-consumer food waste in line with the Sustainable Development Goal (SDG) on food waste, for our work across our IKEA stores.

Challenges we are addressing

- We need to accelerate our circular transformation, including scaling up circular services, solutions and products with Inter IKEA and other partners, integrating circular principles into our business operations and business models, and accelerating the shift to a circular economy beyond our own business.
- We are reusing more materials instead of recycling them. This has reduced our total amount of waste but made it more challenging to increase our recycling rate. In some countries we also cannot capture data on recycling which is handled by the local municipality. We are looking at how to improve our data and into end-to-end solutions to increase our recycling rate.
- We don't yet have all the data we need to measure total amounts of materials used across our value chain and we are working to improve measurements and data accuracy.

IKEA products

Inter IKEA Group is committed to using renewable or recycled materials and designing products so they can ultimately be reused, refurbished, remanufactured, and eventually – after all other possibilities have been explored – recycled.

Wood is the material most widely used in the IKEA range. Inter IKEA Group aims for at least a third of all wood in products to be from recycled sources by 2030. In FY23, 17% of wood in products was from recycled sources (FY22 15%). Inter IKEA Group is also working to increase use of other recycled materials. For example, the amount of recycled aluminium used in products has increased from 57% in FY22 to 77% in FY23.

We also recognise that the quality and durability of products is critical to ensure their longevity. We are developing services and solutions (see page 19) that enable customers to prolong the life of products. We are also working with Inter IKEA Group to explore how we can use end of life products as a resource for producing new IKEA products (see box).

Services and solutions

We are testing, adopting and working to scale up solutions to help to prolong the life of our products, to keep resources in use for longer and to help people give products they no longer need a second life.

See Better homes (page 19) for details of our services and solutions for circular living.

Creating a circular loop for IKEA mattresses

We have invested in a recycling company, RetourMatras, which recycles mattresses into materials for new mattresses.

Ingka Investments has invested in RetourMatras since 2019. The company has the capacity to recycle around two million mattresses per year. In FY23 RetourMatras opened its first industrial-scale facility that converts the polyurethane (PU) foam from recycled mattresses into repolyol, a key ingredient for the new foam that goes into mattresses. The facility has the capacity to transform 200,000 mattresses into repolyol. In FY23, we ran a trial with Inter IKEA Group to close the loop by producing new IKEA sofas and mattresses from repolyol supplied by RetourMatras.

There are challenges in replicating this success and extending mattress recycling across other countries. For example, old mattresses can only be recycled if they are kept dry and clean to preserve the integrity of the materials (e.g. not left on the street for collection) and therefore this relies on good recycling infrastructure. We are advocating for policy change and exploring opportunities to partner with others to address these challenges in more of our markets.

We also need regulation that makes it more economical to recycle rather than incinerate mattresses and we have called for harmonisation and simplification of European waste rules. We have also contributed to a report into changes needed in the insurance market to support growth of recycling companies and circular business models (see press release).

Goods and services used in our own operations

We buy goods and services from thousands of suppliers for use in our operations, including for construction, delivery and IT. Our target is for all our non-home furnishing materials (i.e. all materials we buy excluding IKEA products) to be recyclable and made from recycled material or renewable sources by 2030.

We have policies in place that state all wood, cardboard and paper purchased for use by our customers (including the buying guide and e-commerce packaging) must come from either 100% recycled or Forest Stewardship Council® (FSC®) certified sources. We believe FSC® is currently the most credible global forest management certification available. We are working to integrate sustainable wood and paper requirements into the forest materials section of our IWAY supplier code of conduct (to be completed in FY24).

In FY23, we carried out a high-level review of key materials used in our own operations to identify risks and opportunities (for example, identifying materials with high carbon intensity) and help plan for how we can work towards our target on non-home furnishing materials. The next step will be to develop policies that will define how we will implement our target for different materials and to develop measurement capabilities to track progress. This will require close collaboration with our suppliers.

We are exploring how we can integrate circular principles into procurement. For example, in Europe, we have started to review ways to create a circular resource flow for cardboard, which uses our cardboard waste as a raw material for our e-commerce packaging and plan to launch pilot projects in six European countries in FY24 (Czech Republic, France, Denmark, Germany, Norway and Sweden). In the US, we have reduced the volume of cardboard packaging used for e-commerce by switching from standard cardboard boxes to packaging tailored to each individual product. This has reduced both packaging and transport costs by 51.4% from FY22 since more parcels can now be delivered per vehicle.

We have started work to improve our data collection systems on goods and services used in our own operations (see page 55).

Food waste

We served over 630 million customers in FY23 through our IKEA food offer and we've made reduction of food waste a priority. In June 2023, the World Resources Institute (WRI) recognised Ingka for being the first private sector organisation to halve pre-consumer food waste in line with the Sustainable Development Goal (SDG) 12.3, for our work across our IKEA stores.

Having achieved our 50% food waste reduction target last year, across our IKEA stores (from our FY17 baseline), we continue to maintain this goal. Since FY17, we have cut production food waste (grams per cover) at our IKEA stores by 55.6%, saving around 29.9 million portions of food and preventing around 51,440 tonnes of CO_2e. Over the past year, production food waste increased by 2.6% from FY22. We are working to drive down production food waste through use of an innovative "waste watcher tool" (Winnow). This is a high-tech scale that uses artificial intelligence (AI) to identify sources of waste and enable us to optimise systems. The tool was developed with input from co-workers in our IKEA UK kitchens. We had installed the tool in 400 stores by the end of FY23, up from 392 stores in FY22. Ingka Investments holds a minority investment in the company that developed the tool (Winnow Solutions).

We have made the most progress in countries which have good infrastructure for recycling food waste (through composting or biogas production) and a supportive regulatory environment. In other countries, such as Italy, Spain and US we are exploring potential alternatives that could include on-site composting.

We are working with Too Good To Go to avoid surplus food from IKEA food outlets going to waste. Customers can use the Too Good To Go app to buy a 'Surprise Bag' of surplus food at a discounted price. We work with Too Good To Go across 11 countries (Austria, Belgium, Denmark, France, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland and the UK). In FY23, our partnership with Too Good To Go helped to prevent more than 135,000 'Surprise Bags' of food from being wasted, a 10.1% increase from FY22. The partnership also benefits communities by providing more affordable food.

Construction waste

Across our construction projects, we aim to minimise waste and increase recycling. We also aim to use more recycled and low carbon materials in construction projects.

We have been working to improve our data collection systems on construction waste. We started to report data in FY21 on our construction waste arising from new builds, rebuilds and major renovation projects. We also report emissions from construction waste within our scope 3 climate data (category 5). The total amount of construction waste generated depends on the scale and type of the construction work carried out during the year. Our construction waste was significantly lower in FY23 because we had fewer building projects than in the previous year that required handling of large amounts of soil.

We have started to benchmark progress across markets and engage construction teams on ways they can improve performance. We have also started a project to calculate embodied carbon in construction materials and have started to explore opportunities for switching to lower carbon footprint materials including green steel (see page 55).

Advocacy and partnerships

Through our circular investment RetourMatras, we called for harmonisation and simplification of European waste rules as well as increasing capacity and investments in the European recycling industry at the Globe EU panel in the European Parliament on 'Recycling in a zero-waste circular economy'.

Operational waste

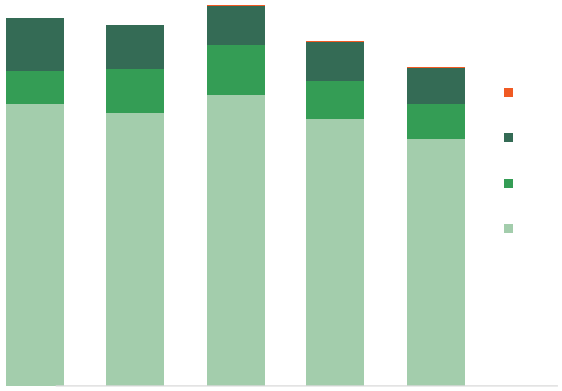
We aim to reduce our operational waste and strive for 100% recycling of waste generated in our operations by 2030. We have a Zero Waste Working Group to help us improve performance on waste and drive circular resource flows. This brings together co-workers from our IKEA Retail and Ingka Centres operations, and our sustainability, facility management and procurement functions. Monthly progress is tracked for each market. We also calculate the greenhouse gas emissions associated with our waste for our climate footprint.

Our total waste has decreased by 7.3% since FY22 and by 13.2% since our baseline year in FY16. Approximately 80% of the reduction in FY23 is due to the pausing of our IKEA retail operations in Russia (17 stores in total) in March 2022 and closure in mid 2022 (see page 52).

It has been challenging to increase our recycling rate, which has remained at around 76% for the past three years. To address this, we have been working to review ways to increase our recycling rates, particularly in countries where there is a lack of recycling infrastructure.

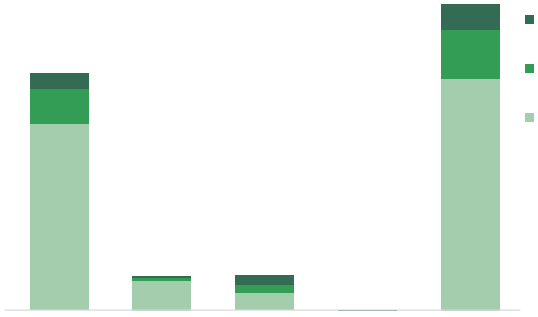
As shown in the chart (right), our recycling rates vary significantly across our different business units, with recycling rates highest across our distribution centres (85.4%) and IKEA shops, stores and plan and order points (78.6%). The recycling rate at our Ingka Centres meeting places (which account for 11.5% of total waste) is relatively low (48.5% in FY23) and we have started to develop and implement training for our tenants which has helped to drive up recycling rates across our Ingka Centres meeting places by three percentage points. Across Ingka Group, we are committed to developing our plans to both reduce waste and increase our recycling rates in line with our 2030 target.

Total waste produced by business unit*
(tonnes)



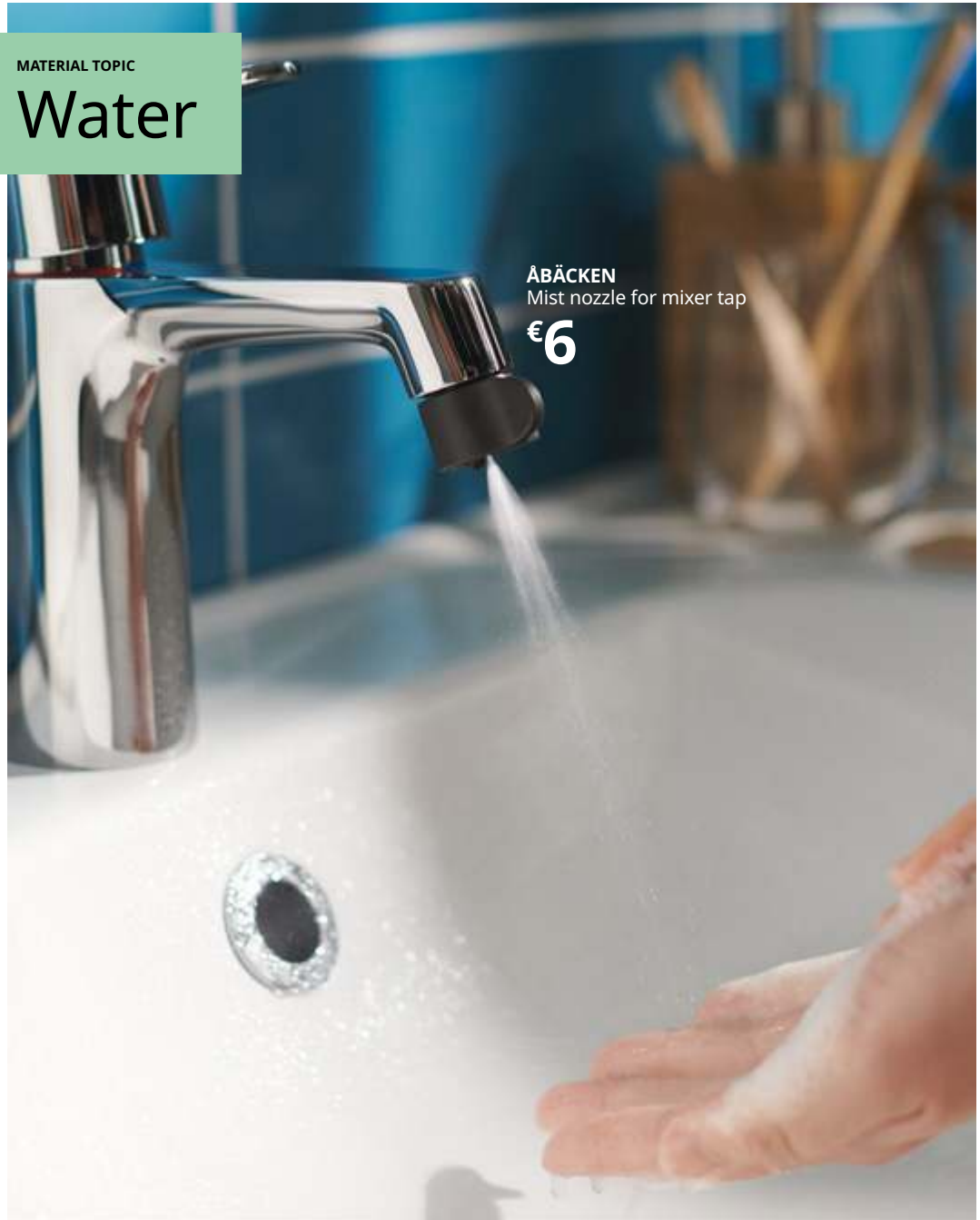
* Data for offices was collected for the first time in FY21.

Waste FY23 – by business unit and disposal route
(tonnes)



MATERIAL TOPIC

Water



Water stress impacts many of the regions we operate in around the world, with approximately 30% of our sites operating in high/extremely high areas of water stress. We seek to use water efficiently across our operations, particularly in areas of water stress, and to promote water-saving products to customers.

What we are proud of

- Around 15% of our sites have rainwater harvesting to reduce demand on local water supplies.

Challenges we are addressing

- Our water use has increased by 3.2% compared to our FY16 baseline, and we have set up an internal working group to help us drive progress on water reduction
- We are working to develop metrics, targets and action plans on water to help us reduce our impact, particularly in areas of water stress.

Water use

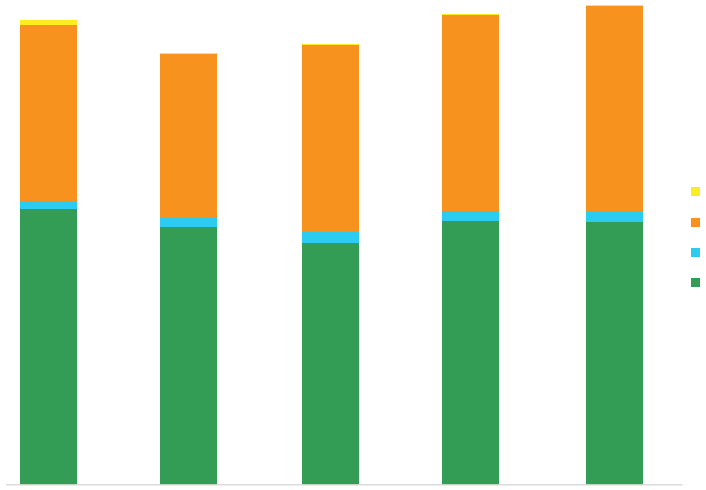
We use water at our sites including for preparing food in our kitchens, for cleaning, flushing toilets and watering plants. We incorporate water-saving measures, such as use of water-efficient appliances and fixtures.

Water use in our operations increased by 2.0% in FY23 compared to FY22 mainly due to our business growth in India and China. We recognise that we need to step up our efforts in this area since our water use has increased by 3.2% compared to our FY16 baseline. In FY23, we set up an internal working group to drive progress on water reduction. We have also started to roll out real time monitoring of water consumption to enable us to compare performance across sites and identify areas for improvement. We had installed automated water meters across 48 IKEA stores by the end of FY23 and we plan to install them across all other IKEA stores during FY24. We have also mapped where we operate in water stressed areas (including those currently impacted by water stress and those likely to be impacted in the future) to help us prioritise our activities in areas where water use is a significant Issue.

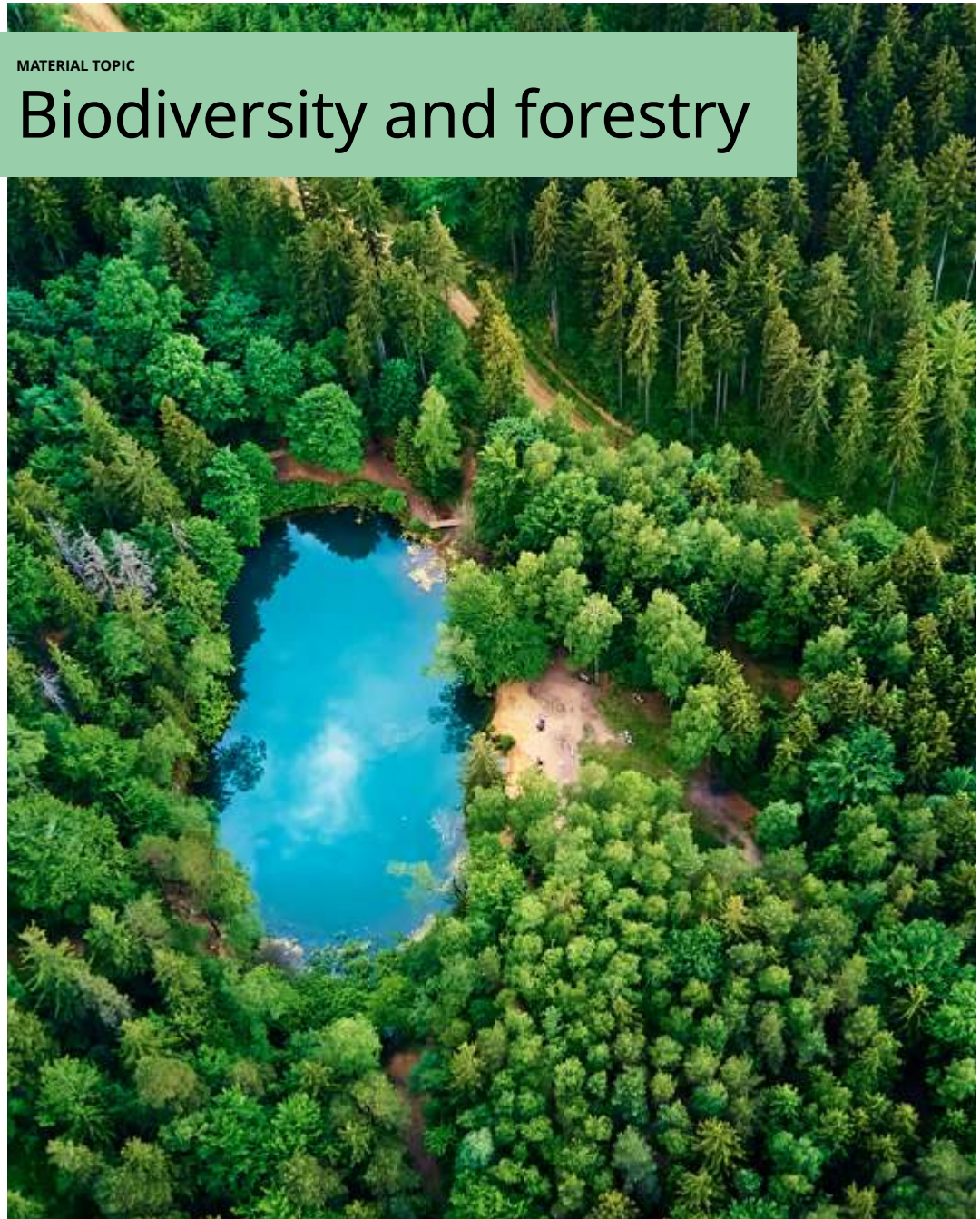
To help reduce demand on the local water supply, we are installing rainwater harvesting systems at some sites. In total around 15% of our sites have rainwater harvesting, accounting for approximately 2% of total water use.

Water is also used across our value chain to produce and manufacture IKEA products and food. Inter IKEA Group is responsible for the design of the Inter IKEA product range and is working to improve the efficiency of IKEA water-using products to help reduce daily water consumption in the home. We promote water-efficient products through our healthy and sustainable living programmes (see Better Homes page 19). Inter IKEA Group is also working in partnership with the conservation organisation WWF to improve water management and tackle water challenges across the value chain.

Water use by business unit
(m^3)



Data covers water use at our sites. Data on water used upstream and downstream from our business (e.g. for production and use of products) is not included.



MATERIAL TOPIC

Biodiversity and forestry

Our key impacts on ecosystems are through the sourcing of IKEA products and food and our forestry investments. We are committed to protecting nature and improving biodiversity across our supply chain, investments and own sites.

What we are proud of

- Upstream in our value chain, Inter IKEA Group has continued to extend its responsible sourcing programmes for key raw materials derived from forests and farms.
- Across our forestry investments, over 10% of our forestland is managed as conservation areas.
- Across our own sites, we have created new green spaces to promote biodiversity at a number of stores, including 'tiny forests' at two stores in France, a pollinator garden in Timișoara, Romania and are building a large open roof garden in Copenhagen, Denmark (to be completed in FY24).

Challenges we are addressing

- We need to develop metrics, targets and action plans on nature conservation and biodiversity, and align with best practice guidance (including the Science Based Targets for Nature, SBTN, and the Taskforce for Nature Related Financial Disclosure, TNFD) and are working to address this.
- Biodiversity, resource use and climate impacts are interconnected. We need to understand these connections and take a holistic approach to tackling these challenges.

Understanding our biodiversity impact

We are committed to aligning our approach on biodiversity with best practice frameworks, including guidance from the Science Based Targets for Nature (SBTN) and the Taskforce for Nature Related Financial Disclosure (TNFD).

We have started to map our impacts and dependencies on nature in line with the SBTN initial guidance and to prepare for upcoming mandatory reporting requirements.

In FY23, we participated in the TNFD pilot project to build our understanding of how we can effectively identify and manage our biodiversity risks and opportunities and learn from others. We provided feedback on the preliminary technical guidance from TNFD, calling for more details on how to quantify the financial impact of risks.

IKEA products

Wood is the material most used in the IKEA range (based on purchasing value). In FY23, 97.8% (FY22: 99.9%) of total wood used in IKEA products was either FSC®-certified or recycled. A slight drop was caused by the closing of a few wood markets and global economic turbulence.

At Ingka Group, through our own forestry investments (see below), we supplied at least 43,600 m^3 of wood for the IKEA product range in FY23 (34,100 m^3 in FY22), which accounts for only a small proportion of total wood used by IKEA.

Inter IKEA Group is working together with FSC, WWF and other companies on an initiative to quantify the biodiversity benefits of FSC certification. This will support FSC certificate holders in demonstrating their biodiversity impacts in line with the Global Biodiversity Framework agreed in Montreal in December 2022. During FY23, Inter IKEA Group continued to work in partnership with WWF on several biodiversity and forestry projects, including launching a new pilot project on landscape restoration in Thailand and new forestry projects in Brazil and Colombia.

Inter IKEA Group is also working to responsibly source other materials used in products and food that impact on ecosystems including cotton, soy, palm oil, coffee, cocoa, tea, beef and seafood. In FY23, new IWAY requirements for suppliers were developed on agriculture to manage ethical and environmental impacts, including biodiversity. Cotton is the main agricultural material for IKEA and has been sourced from more sustainable or recycled sources since FY15. See IKEA Sustainability Report FY23 for further details of progress on responsible sourcing.

Own operations

Across our own operations, we are working on nature conservation projects at some of our own sites.

For example, in France we have planted 'tiny forests' at two IKEA stores and plan to create ten by 2030. In Romania, we have planted a pollinator garden at the IKEA store in Timișoara which is certified by a local NGO. In Denmark, we are installing a green roof on our new city store in Copenhagen and creating an open roof garden to serve as a new public park within the city, with trees and plants that contribute to biodiversity, including an insect garden. Accessible from neighbouring buildings, it will become part of a long green pedestrian street on rooftops, connecting the southern end of the city to the centre.

We also have responsible sourcing requirements for the wood and paper we purchase (see page 60).

Advocacy and partnerships

We joined the EU Business and Biodiversity Platform which aims to mobilise businesses to deliver EU biodiversity targets by 2030 and contribute to the Kunming-Montreal Global Biodiversity Framework.

The EU Business & Biodiversity Platform provides a unique forum for dialogue and policy interface to discuss the links between business and biodiversity at EU level and Ingka Group is excited to be part of this important dialogue.

Forestry investments

Since 2014, Ingka Investments has invested in forestry projects in several countries as part of our financial strategy to invest in resources which have a positive impact on people and planet. We aim for all our forestry projects (including those managed in-house and externally) to be certified by the Forest Stewardship Council (FSC®) to ensure our forests are managed in a responsible way. By the end of FY23, 93% of the portfolio was certified by the FSC® and the remaining 7% (which is in Aotearoa New Zealand) is in progress towards certification.

We had continued to expand our portfolio of forestry projects to 281,500 hectares by the end of FY23 (271,800 hectares in FY22). In FY23, we planted 8,550 hectares, including afforestation (i.e. planting new forests) across 4,940 hectares of land. This included planting new forests in Latvia in areas that were not suitable for agriculture and converting 4,200 hectares of farmland in Aotearoa New Zealand to forest plantations.

We recognise that forests play an important role as carbon sinks and are also a critical habitat for biodiversity. Once we have harvested wood, we replant trees or allow areas to naturally regenerate in line with FSC requirements. In FY23, we reforested 3,610 hectares and secured natural regeneration on approximately 1,010 hectares. We seek to regulate forest density (number of trees per hectare) to maximise growth and resilience.

Across our forestland, we set aside conservation areas to promote biodiversity, especially across sites of high conservation value. More than 10% of our forestland is managed as conservation areas. For example, we set aside individual old trees, groups of trees (ageing islands) and in some cases entire areas (forest stands) to provide a habitat for birds, bats, insects and amphibians. We regularly assess our forestland to identify priorities for conservation. In cases where we identify any rare, threatened or endangered species and habitats (e.g. black storks' nests, bear dens, rare plants), we take action to ensure their preservation.

We seek to protect rivers and watersheds across our forests. For example, where we convert farmland to forests, we map any riparian zones (i.e. buffer areas between the forest and river) and plant them with native species to protect the water course and riverbank.

Sustainability guidelines for our forestry activities in New Zealand

In Aotearoa New Zealand, we have developed sustainability guidelines for our forestry activities, where we are mainly converting farmland to forest plantations. Work has started to remove invasive species like gorse and broom and replace these with trees.

There are stakeholder concerns over the environmental impact of forestry practices, including damage to waterways that may occur from forestry waste when trees are harvested (known as forestry slash). We seek to ensure that we do not cause environmental damage, including erosion and blockage or pollution of waterways. One way we do that is by establishing dedicated "riparian zones" in which sensitive areas surrounding waterways are specifically managed to protect the riverbank and promote biodiversity. Our policy is to make use of the slash or secure it, so it doesn't get washed down towards waterways. We have not had any reported incidents of forestry debris from our properties entering waterways.

We have also begun to measure some water quality parameters in the watersheds owned by us to monitor the effect of conversion from farmland to forests. Initial results reported so far show significant reduction of the levels of E. coli.

When we invest in an area, we also invest in the community and listen and work together. Many of the people working on projects for us (e.g. clearing gorse, planting, and building roads) are locals. We continuously engage in dialogue with civil societies, NGOs, local representatives and iwi. For example, we work in close collaboration with the Mata school, which is located on the Huiarua property. On the properties we manage we also offer housing to the families whose homes were damaged by Cyclone Gabrielle.

We are also part of the New Zealand Emissions Trading scheme, which we joined in 2021. At Ingka Group, we aim to reach net-zero without carbon offsets, and we won't sell carbon credits even if we achieve significant CO_2 absorption. Our properties in Aotearoa New Zealand are long-term investments spanning decades. Therefore, enrolling in the New Zealand Emissions Trading scheme means the value of the land is preserved over time, and during that time, we can also monitor and validate how much carbon our forests are absorbing.

Better company

We structure our business to ensure financial resilience and we reinvest profit to help us keep growing and improving. We run our business honestly and with integrity, meeting high ethical standards. Our governance is designed to ensure that Ingka Group remains a well-managed, successful, purpose-led company.

Our material topics

- Financial resilience
- Ethical business conduct
- Digital trust
- Responsible sourcing

Progress against targets FY23

OUR TARGETS*	PROGRESS IN FY23	PERFORMANCE SUMMARY
Financial resilience		
Ingka Investments does not make or hold direct investments in fossil fuel or nuclear power businesses.	[ACHIEVED]	In FY23 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.
Accelerate investments by Ingka Investments into renewable energy to EUR 6.5 billion by 2030.	[ON TRACK]	Since 2009, Ingka Investments has invested or committed to invest close to EUR 3.8 billion in wind and solar farms and wider renewable energy investments, including EUR 0.7 billion in FY23.* By the end of FY23, Ingka Investments owned, or had committed to own, 48 wind farms (with 593 wind turbines) in 16 countries and 26 solar parks in 8 countries. Ingka Investments also announced in early FY24 that it will invest an additional EUR 1 billion in transitional technologies such as energy storage and hydrogen.
Ethical business conduct		
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.	[DATA NOT AVAILABLE]	In FY23, over 89,900 co-workers completed our Code of Conduct training (including induction training for new joiners and refresher training), (FY22: 98,300). We are improving the completeness of the data we collect on this training to enable us to report progress on this target.
All co-workers in sensitive positions complete Anti-bribery & Corruption training.	[DATA NOT AVAILABLE]	Anti-bribery and corruption (ABC) 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 ABC framework. From FY23, these co-workers complete an introduction to ABC online course followed by annual ABC refresher training. We are improving the completeness of the data we collect on this training to enable us to report progress on this target.
Digital trust		
Targets under development.		
Responsible sourcing		
We aim for 100% of contracted suppliers to achieve IWAY compliance each year.**	[DATA NOT AVAILABLE]	In FY23 we updated our IWAY process and introduced a new standard operating procedure for IWAY to increase our focus on high and critical risk suppliers. Following the update to our process, we are updating our methodology, data collection and IWAY target to better reflect our updated process. This means we cannot report progress against our target this year. We will prioritise the updates to our target and methodology during FY24 to enable us to report progress in future reports.

MATERIAL TOPIC

Financial resilience

Financial resilience is essential to ensure we can achieve our vision in the long term. We secure this in four ways: keeping costs low so we can offer low prices to customers and maintain a competitive business model; being a responsible taxpayer; maintaining conservative levels of net liquidity that support our independence; and investing to make IKEA more affordable, more sustainable and more accessible to the many people. We achieve all this by reinvesting a large part of net income into the company with the remainder paid as dividends to the Stichting INGKA Foundation to achieve its charitable purpose by funding the IKEA Foundation. No dividends go to any private shareholder.

What we are proud of

- Revenue increased by 5.4% with a net income of EUR 1.5 billion.
- We reinvested 85% of net income into the company and the remaining 15% was paid as a dividend to the Stichting INGKA Foundation, to achieve its charitable purpose.
- The normalized tax rate was 28% and the total tax bill including property and other taxes was EUR 1.2billion
- Ingka Investments invested EUR 1.3 billion in assets such as real estate, renewables, forestry and business development.

Challenges we are addressing

- High inflation and energy costs continued to impact our business and supply chain in FY23.
- Evaluating the social and environmental impacts of our investments is challenging and it is taking time to develop appropriate metrics and KPIs, in part due to a lack of quality and comparable data.

Ingka Group financial performance FY23

Total Ingka Group revenue for financial year 2023 amounted to EUR 44.3 billion, an increase of 5.4% compared to 2022. Operating income equalled EUR 2.0 billion, presenting a ratio of 4.5% and net income was EUR 1.5 billion (FY22: EUR 0.3 billion).

Cash flow from operating activities was EUR 3.5 billion (2022: EUR 2.8 billion). Our capital expenditure was EUR 2.8 billion, reflecting continued investments (see investment section below). Total assets amounted to EUR 56.5 billion (EUR 57.8 billion in 2022). Our equity position slightly decreased to EUR 46.7 billion at year-end (2022: EUR 47.6 billion) due to currency effects. The total cash flow for 2023 was EUR 0.5 billion negative (EUR 0.2 billion negative in 2022).

To distribute our profits in line with our vision, in FY23 we reinvested 85% of our net income into the company to make IKEA more affordable, accessible and sustainable. The remaining 15% was paid as a dividend to the Stichting INGKA Foundation, which has a charitable purpose that is achieved by providing funding to the IKEA Foundation, an independent strategic philanthropic organisation that focuses its grant making efforts on tackling the two biggest threats to children's futures: poverty and climate change.

Preserving liquidity

Ingka Group manages its liquidity and cash flow risk by liquidity planning with the objective of maintaining readily available liquid assets equal to a percentage of the Group's revenues.

Cash, short-term deposits and securities amounted to EUR 21.2 billion, of which cash and short-term deposits total EUR 0.7 billion.

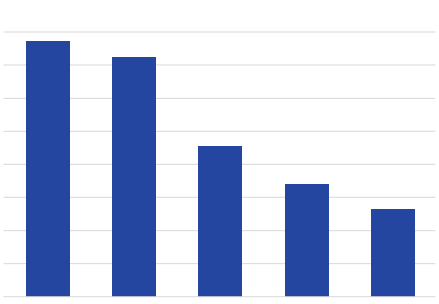
Current liabilities total EUR 7.6 billion. With liquid assets exceeding current liabilities, INGKA continues to uphold a healthy liquidity position.

Consolidated Income statement

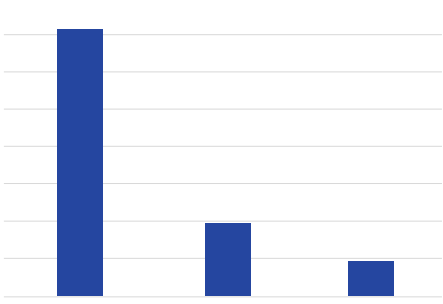
(in millions of Euros)

	FY21	FY22	FY23
Revenue	39 784	42 036	44 300
Cost of sales and services	-26 909	-28 070	-29 635
Gross profit	12 875	13 966	14 665
Operating expenses	-11 243	-12 271	-12 922
Other income	242	340	264
Operating income	1 874	2 035	2 007
Total financial income and expense	363	-1 202	196
Incoming before minority interests and taxes	2 237	833	2 203
Tax	-655	-546	-696
Income before minority interests	1 582	287	1 507
Minority interests	-3	0	0
Net income	1 579	287	1 507

Top selling countries



IKEA Retail sales per region



Responsible tax

Ingka Group pays taxes in all countries in which we operate.

We are committed to being a responsible taxpayer and recognise the effect of our tax contribution on the development of local economies and communities. We pay taxes in accordance with laws and regulations wherever we are present, as a retailer or in any other role.

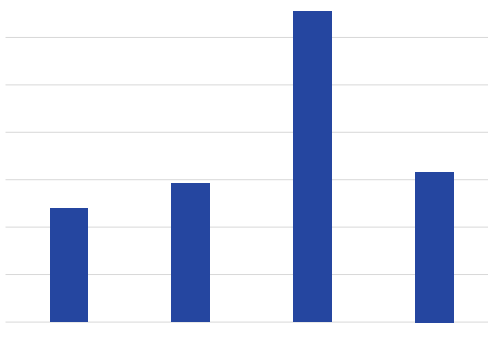
Our global tax principles are published on Ingka.com and we are a signatory to the B Team Responsible Tax Principles. We publish the Ingka Group Tax report annually, including country-by-country tax data. The latest report was published in November 2023 and can be found here.

Corporate income taxes amounted to 0.7 billion in FY23 (FY22: EUR 0.5 billion). Our total tax bill, including other taxes and duties such as property taxes, environmental taxes and customs duties, amounted to approximately EUR 1.2 billion (FY22: EUR 1.0 billion).

Our normalised tax rate of 28% remains in the 25-30% band, and the effective tax rate was 31.6%. The sale of our MEGA shopping centres in Russia reduced our net income and increased our effective tax rate.

Over the past five years (FY19–FY23), 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 tax rate



Investing in our future

We invest in the growth and transformation of our business. Our investment decisions are made with a long-term perspective, always in line with our values and Code of Conduct.

In FY23 Ingka Group capital expenditure amounted to EUR 2.8 billion, reflecting continued investments in business transformation, fulfilment capabilities, customer experiences, renewable energy, and responsible forestry. Examples include an investment of EUR 2.0 billion over the next three years in omnichannel growth in the United States. Read more on page 16.

Ingka Investments

Investments are made by all parts of Ingka Group including our retail and Ingka Centres businesses. In addition, Ingka Investments strengthens long-term growth and business development, secures our financial resilience and supports sustainability goals by making responsible investments. It manages assets worth EUR 26 billion. Its investments are organised in seven portfolios: Business Development Investments, Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Circularity Investments, Forestland Investments and Financial Markets Investments. Investment activities are balanced across three strategic movements: financial resilience, business development and sustainable future.

Our Investment Policy for Ingka Investments states our aim to have a positive impact on people and the planet. We are working to integrate Environmental, Social, Governance (ESG) factors into our screening and due diligence processes. 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.

Ingka Investments invested EUR 1.3 billion in assets and committed to EUR 1.9 billion with a particular focus on **Logistics and Fulfilment and Home Furnishing Services**, see pages 17 and 19, and **Financial Services and Life at Home Services**, see page 16. We also made progress across key areas linked to our sustainability agenda including circularity (see examples on page 58), renewable energy (page 54), and forestry (page 65). Our financial markets investments included several alternative funds focused on innovative companies in sectors such as water, biogas and 'blue economy' (relating to the sustainable use of ocean resources).

We continued to develop our approach to evaluating the social and environmental impacts of our investments and to establish criteria that our investment teams can use to evaluate new investment opportunities. We are aligning our approach to changing regulation, such as the EU's Corporate Sustainability Reporting Directive, and aim to go further where possible.

MATERIAL TOPIC

Ethical business conduct

At Ingka Group we act based on our IKEA culture and values and are guided by our vision to create a better everyday life for the many people. 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.

What we are proud of

- 89,900 co-workers completed our Code of Conduct training (including introduction training for new joiners and refresher training) (FY22: 98,300).
- Improved our guidance on how to identify co-workers in sensitive positions or at-risk functions who need to complete our additional anti-bribery and corruption training.

Challenges we are addressing

- According to international transparency index, anti-corruption efforts have stagnated in many countries, bringing higher exposure to the risk of corruption. We have a strong anti-corruption framework, and a complete implementation will go hand in hand with Ingka's transformation agenda with process and technology landscape.

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 FY23, 89,900 co-workers completed our Code of Conduct training (including introduction training for new joiners and refresher training), (FY22: 98,300). This training is now included in our mandatory training framework that defines which training is required for which roles.

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 Trust line, a confidential way to report 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 except for the US where we use a similar platform called iSpeak. The majority of concerns reported to Trust line in FY23 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, to ensure confidentiality, consistency and accountability. 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 some countries, we are making Trust line available for third parties to report concerns, see page 39.

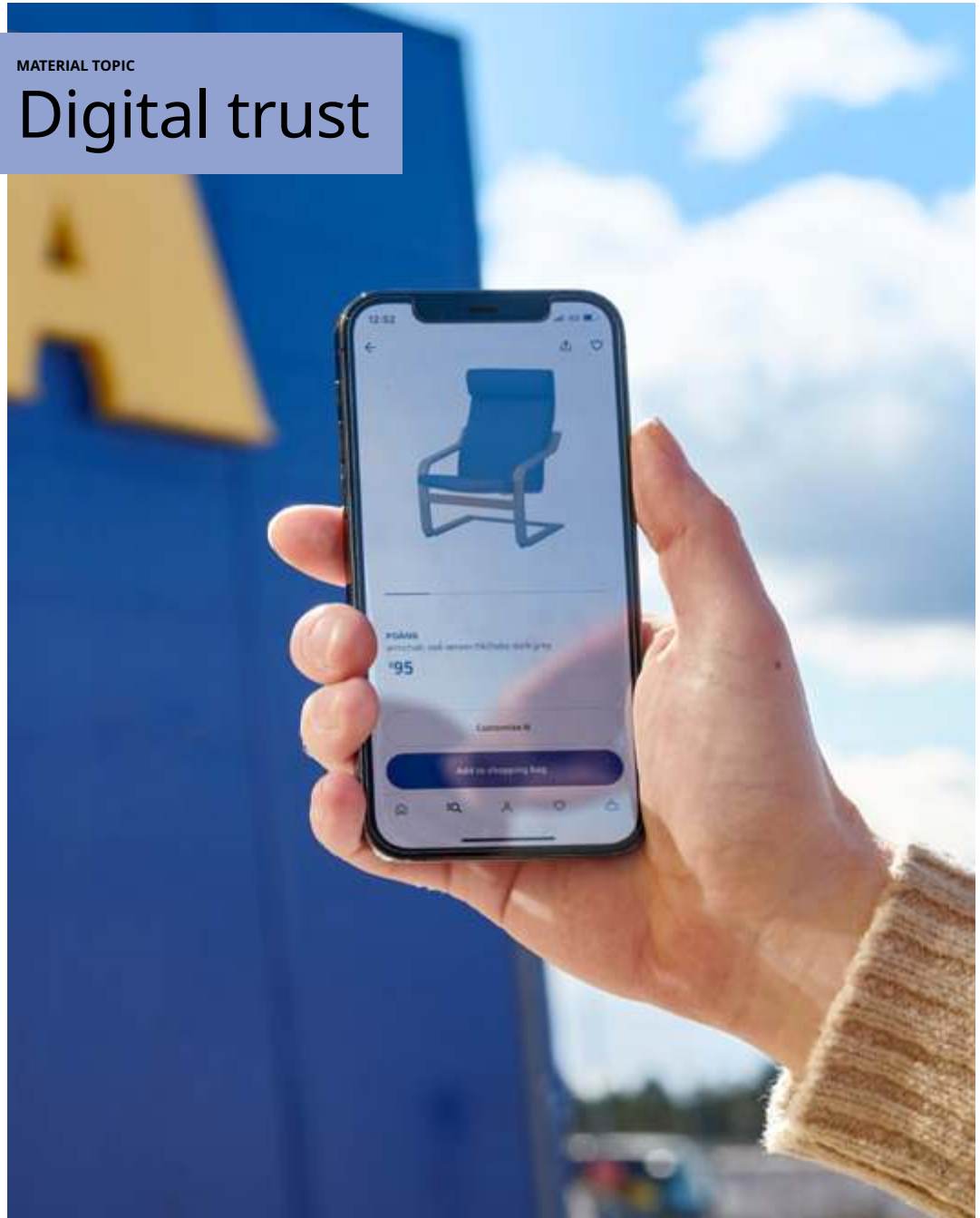
Anti-bribery and corruption (ABC)

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 (ABC) Framework incorporates policies, training, incident management, internal controls, self-assessments and compliance reviews to mitigate the risk of bribery and corruption. It is regularly reviewed and updated based on ABC risk assessments and changes are communicated across our markets. We reviewed and updated the Framework in FY23 and also updated our ABC policy.

ABC 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 ABC framework. From FY23, this includes an introduction to ABC online course followed by annual ABC refresher training. During FY23, we improved our guidance for functional leads on how to identify co-workers in sensitive positions or at-risk functions who need to complete our additional training. We also updated our reporting templates and provided co-workers with additional guidance on how to manage conflicts of interest and gifts and hospitality.

We promote a culture of integrity so that any co-worker, regardless of their role, feels that they can report ABC related incidents without fear of retaliation. We investigate any reports relating to bribery and corruption and ensure that appropriate mitigating actions are taken.



MATERIAL TOPIC

Digital trust

We are excited about the commercial possibilities of new technologies that have the potential to help us serve our customers in new and better ways. We are committed to using technology responsibly in line with our values, safeguarding customers and co-workers against any potential risks and building digital trust.

What we are proud of

- Rolled out our updated Digital Ethics Policy across Ingka, helping us to ensure a responsible approach to the use of AI.
- Our Digital Ethics team met with over 600 Ingka Group leaders to explore issues around digital trust and to improve understanding of our Digital Ethics Policy.
- Piloted a risk assessment tool that will be used for new technologies to enable our teams to identify and address any digital ethics risks.
- Co-workers completed more than 260,000 e-learning sessions on data protection and privacy.

Challenges we are addressing

- The rapid pace of technological change creates challenges for applying our Digital Ethics Policy.
- Cyber-attacks, ransomware and other cybersecurity threats as well as a rise in disinformation and misinformation are a growing risk for all businesses.

Responsible and trustworthy use of technology

Our Ingka Group Policy on Digital Ethics states that we will use data and algorithms, including AI, in a responsible and beneficial way.

It sets out our commitment to ensure that our algorithmic systems go beyond legal compliance, are trustworthy and reflect the Ingka Group values. It states that we will use digital technologies in line with our commitment to human rights, inclusion and the environment. Our 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).

We have a cross-functional Digital Ethics and Responsible AI team of data, algorithm and digital ethics specialists to implement our policy and contribute to our goal to make Ingka a digital leader in life at home. The team met with over 600 Ingka Group leaders in FY23 to explore issues around digital trust and to improve understanding of our Digital Ethics Policy and its implications for our use of technology. We have developed training for leaders and co-workers to improve understanding of AI and how we are using it in the business which includes upskilling on the responsible use of AI. We will pilot this in FY24.

We piloted a risk assessment tool that will be used for new technologies to enable our teams to identify and address any risks of non-compliance with our commitment to digital ethics.

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 cyber-security and data privacy experts works to embed data privacy into our daily operations, business processes and digital products.

Emerging regulatory changes such as the EU-US Data Privacy Framework or India's Digital Personal Data Protection Act may impact our ways of working. We monitor regulatory changes in the data privacy landscape, and we have established working groups to guide and update our data privacy practices as needed.

In FY23, co-workers completed more than 260,000 e-learning sessions on data protection. This included annual mandatory training on Handling and Sharing Information completed by around 140,000 co-workers and Data Privacy completed by over 115,000 co-workers. Over 7,700 managers and co-workers who handle co-worker data completed Securing Coworker Data training.

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 Supervisory Board, Audit Committee, Management Board and Group Management 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.

To help reduce the likelihood that cybersecurity risks could impact our business, we expanded our special awareness campaigns and exercises for co-workers and continued to invest in strengthening our cybersecurity systems and infrastructure.

We ran internal awareness campaigns throughout the year including during Cyber Awareness October, Data Privacy Day, Password Day and GDPR day to drive adoption of good cybersecurity and data privacy practices and to educate co-workers on risks relating to phishing, ransomware and other threats.

Advocacy and partnerships

We contribute to the work of the OECD Committee on Digital Economy Policy and to the Business at OECD (BIAC) and the US Council for International Business Foundation (USCIBF) "Privacy in the Metaverse and Relevant Immersive Technologies" roundtable.

We are part of the World Economic Forum's Digital Trust Initiative and Defining and Building the Metaverse initiative, where we contributed to reports on measuring digital trust, metaverse privacy and safety and interoperability in the metaverse.

AI and our co-workers

We always assess the impact of AI and new technologies on jobs and competence needs. Where needed, we upskill and reskill our co-workers, and strengthen long-term employability inside and outside Ingka Group. For example, when customers contact our online support many simple enquiries are now handled by our AI Chatbot Billie rather than co-workers. This means that our 8,500 co-workers in remote customer support can focus on more skilled tasks. To facilitate this we have upskilled and reskilled these co-workers in areas such as remote interior design, digital retail sales, relationship building, and handling customer inquiries that require complex problem-solving.

MATERIAL TOPIC

Responsible sourcing

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 people, communities and the planet.

What we are proud of

- Updated our IWAY process and introduced a new standard operating procedure for IWAY using a risk-based approach to increase our focus on high and critical risk suppliers.
- Started rolling out IWAY Advanced & Excellent requirements to strategic suppliers focusing on equality, diversity, and inclusion.
- 4,500 co-workers completed e-learning training on IWAY.

Challenges we are addressing

- We are working to improve our data to enable us to fully report progress against our IWAY target.
- We found failures to comply with our IWAY Must criteria during 36% of supplier IWAY reviews. Suppliers are expected to agree an action plan to address major non-compliances within 14 days of the audit.

IWAY supplier code of conduct

We work to ensure that our suppliers meet high social and environmental standards by implementing and maintaining compliance with IWAY – our supplier code of conduct.*

Scope

We determine if suppliers are in scope for our IWAY process through a risk-based approach determined by sector and our business relationship. We require all suppliers in scope to sign the IWAY Compliance Commitment.

All in scope suppliers are risk rated and those identified as high and critical risk must meet additional requirements (see IWAY implementation). The risk rating is based on internal and external data and factors such as the supplier's industry and location and the characteristics of the business they run.

Our IWAY process covers our retail and Ingka Centres suppliers. The IKEA Sustainability Report FY23 includes details of IWAY compliance in the home furnishing, food, IKEA Industry and transport supply chain.

Implementation

During FY23 we updated our IWAY process and developed a new standard operating procedure which increases our focus on high and critical risk suppliers.

We carry out an IWAY Initial Assessment for potential new suppliers with a risk level of critical or high. These potential new suppliers must be able to confirm that they comply with mandatory requirements (our 'IWAY Must'). We do not proceed to work with any suppliers that fail to meet these standards.

Once we start working with a supplier identified as high or critical risk, we put in place an appropriate mitigation plan with compliance monitoring. This plan may include supplier training, gap analysis and verification activities such as IWAY audits.

We 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.

Based on a successful pilot in FY22, we started rolling out IWAY Advanced & Excellent requirements to encourage strategic suppliers to adopt best practices for equality, diversity, and inclusion. This includes targets for FY25 relating to gender balance and employment of people from marginalised and underrepresented groups.

Training and engagement

We have several IWAY e-learning modules for co-workers depending on their role. 4,500 co-workers completed e-learning training on IWAY. We also operate an IWAY Support Hub for suppliers to help them understand our requirements.

IWAY audit results FY23

In FY23, we completed 200 IWAY review (audits) of high or critical risk Ingka Group suppliers (FY22: 256).

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 FY23, 4% of the reviews were conducted by an external auditor. In addition, 6.5% of the reviews were unannounced.

- We found failures to comply with our IWAY Must criteria during 36% of these IWAY reviews.
- The most common issues related to working hours, wages and benefits, occupational health and business ethics.
- The majority were identified among suppliers of last mile delivery and facilities management services with the highest numbers relating to suppliers in Russia,** India, Poland and France.
- Suppliers are expected to agree an action plan to address major non-compliances within 14 days of the audit.

We have started several initiatives to address these challenges and improve compliance among suppliers in sectors with higher rates of non-compliance. This includes increasing our focus on engaging suppliers in preventative actions as well as more frequent follow-ups and clarifying roles and responsibilities in regard to IWAY in our own business.

* IWAY stands for the 'IKEA Way' for responsibly procuring products, services, materials and components.
** IKEA stores in Russia (17 stores in total) were closed in mid 2022. The Ingka Centres MEGA shopping centres in Russia continued to operate in FY23. In September 2023 we announced an agreement to sell all our centres in Russia.

We also conducted 102 IWAY Initial Assessments to check compliance at potential new suppliers during the tender process (FY22: 168). We found that 20% of these suppliers did not meet all of our IWAY Must criteria. Where the supplier was not able to address this we did not proceed with the contract.

The wider supply chain

Our suppliers are responsible for communicating and ensuring compliance with our IWAY requirements in their own supply chain. This is one of the key ways we seek to mitigate human rights risks across our wider supply chain (see page 38 for more on human rights). We support suppliers with this through our training and ongoing dialogue.

Governance

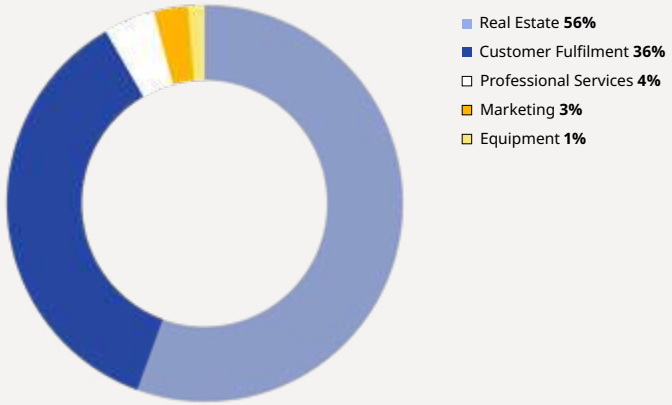
Our governance of responsible sourcing includes:

- Global IWAY Forum – oversees the development and implementation of IWAY.
- Country IWAY Forums – oversee implementation at the country level, with members from our procurement, business risk and compliance, and distribution teams.
- Category Area Management Forums – work to ensure compliance among the suppliers for their category.
- IWAY Calibration Group – reports to the Global IWAY Forum and is responsible for ensuring a consistent approach to implementation and verification of IWAY compliance across Ingka Group.

Advocacy and partnerships

We are a member of the Indirect Spend Alliance which aims to improve protection of human rights and reduce emissions among indirect spend suppliers, for example those providing services and goods not for resale.

Major non-compliances by supplier type
(% of IWAY reviews with major non-compliances by supplier type)



Key steps in our IWAY Process

IWAY MUST Implementation Phase

IWAY BASIC Implementation Phase
First 12 months after contract is signed

Continued Supplier Performance Management and Development
After the first 12 months

Governance

Our governance structure and processes and our ways of working support us to remain a well-managed, successful company, and to deliver on our strategic ambitions and goals.

Our approach to governance includes:

- Establishing clear responsibilities and accountabilities for our governance bodies including our Supervisory Board, Management Board and Group Management and our line management.
- Having strong risk identification and management processes.
- Putting in place values-based policies and rules with clear standpoints and requirements applicable across Ingka Group and all co-workers.
- Embedding sustainability into our governance, to ensure that environmental and social factors are considered in our business decision making.
- Engaging with our stakeholders inside and outside the business and conducting a regular formal double materiality assessment.

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

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 2023, 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**.

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 are designed to be easy to apply in co-workers' everyday work, making it clear what we stand for and what is expected. We regularly review and update our policies and rules.

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 in FY23 included:

- **Management Board**, which formally approves our sustainability strategy, taking into account 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, responsible for defining and following up on the overarching priorities, principles and frameworks for sustainability within Ingka Group. The committee met twice in the year and reviewed sustainability performance, including climate-related issues, in every meeting.
- Our **Chief Sustainability Officer** (CSO), 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 sustainability strategy across Ingka Group. In FY23 the CSO organised and was the deputy chairperson of the Sustainability Committee.
- The **Group Sustainability Management Team (GS MT)** is responsible for the development of sustainability strategy, policy, governance and communication and oversees our sustainability performance across Ingka Group. The GS MT role is to support the integration of sustainability into our Retail, Centres and Investment businesses as well as acting as external and internal advocates for our People and Planet Positive agenda. With their centre of expertise function they enable and equip all our management teams and co-workers across our business to lead and deliver on our strategic ambitions.
- The **Ingka cross-functional Sustainability leadership Team (SLT)** works closely together with the GS MT to ensure a cross-functional alignment on our sustainability agenda throughout Ingka Group. In addition to managers from Group Sustainability, on our SLT sit the Sustainability Managers for IKEA Retail, Ingka Centres and Procurement, the CFO of Ingka Investments, the New Business & Innovation Manager from Group Strategy, Development and Innovation, the ESG Reporting Manager from Group Finance, our Global Public Affairs manager along with business partners from Group Communication, Group Business Steering, Group People & Culture and Group Digital.
- 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.
- Our **ESG Reporting Forum** (environmental, social, governance) governed by Group Finance leads our work on ESG disclosures. The Forum brings together key group functions such as Sustainability, Risk, Business Steering, People & Culture, Finance, Communications, Legal & Governance and Public Affairs. It is leading a two year project to prepare for major new regulations and voluntary standards for ESG reporting working with our business functions to prioritise reporting that drives action and impact, ensures compliance and supports our ambitions to be leaders on transparency.

Collaborating with Inter IKEA Group

Our Management Board and members of our Group Management participate and represent Ingka Group in the Inter 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 improving alignment on sustainability across the value chain. 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. The Chief Financial Officers for both companies are meeting regularly to discuss readiness for changing ESG reporting requirements.

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 in FY24 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.

Risk management

We aim to take a balanced and forward looking approach to risk management so that we can perform against our Value Creation Goals.

We focus on and respond to key risks by implementing strong mitigation activities and through monitoring on three times a year. We aim to strengthen our resilience and ensure business continuity by staying ahead of emerging risks and understanding how future events could impact Ingka Group.

Below is a high-level summary of the main risks we face and the responses we have taken or which are in progress. We anticipate that these risks will remain relevant for the longer term and require multiple, continuous responses.

Geopolitics, supply disruptions and resource scarcity

Global political tensions will require us to operate in an increasingly multipolar political environment with further uncertainty around national policies, potentially impacting global supply chains. Through scenario planning, active geopolitical monitoring, and alignment between all Ingka Group businesses and stakeholders, we aim to anticipate and navigate these risks effectively while maintaining a strong focus on supporting people and communities.

Financial risk, including inflation and recession

Inflationary pressures and potential recession impact cost of living, consumer spending power, and our cost of operations. These risks are likely to continue challenging the ability of the many people to get access to affordable solutions in the mid to long term. Ingka Group monitors external developments and constantly rebalances our investment portfolios to focus on cost management programmes and reprioritise initiatives as needed. More information on financial risk management is described in note 24 to the consolidated financial statements.

Fraud and non-compliance

Ingka is evolving at a fast pace, increasing the complexity and diversity of our business both geographically and in terms of our digital activities. The regulatory landscape is also shifting rapidly with new regulations and legislation continuously being introduced. Therefore, our risk management approach includes identification and assessment of fraud and non-compliance risks. Wider measures are used to respond to these risks, which involve horizon scanning, implementing internal controls and providing steering documents, frameworks and training.

Retail transformation, commercial relevance, and shifting customer expectations

The digitalisation of customer interactions and the evolving nature of digital retailing require agile adaptation to continue being commercially relevant, to retain our market share, and to grow. Life at home has never been more important, which brings us many opportunities. Our efforts concentrate on advancing our omnichannel journey through the IKEA Retail strategy (supported by Ingka Centres and Ingka Investments strategies), transforming our operations, and conducting in-depth market analyses on customers' needs.

Cybersecurity and data privacy

Digital shifts and the rapid development of generative AI bring additional risks related to cybersecurity, data privacy, and digital ethics. With an increasing online share of our total sales and further dependency on technology for our operations, our exposure grows. Ingka Group strives to address these risks by executing on the multiyear cybersecurity strategy while remaining committed to using data in a responsible way.

Talent

Challenges to attract and retain talent could worsen if we experience declining co-worker engagement and motivation or if we fail to anticipate future workforce trends and expectations. Ingka Group has strengthened our talent strategy, including updating the entire Ingka Talent agenda and enriching our employer value proposition. Furthermore, we continue to work on securing equal and fair pay, as well as enhancing benefits and flexibility.

Wellbeing of our people

The fast pace of transformation could expose our co-workers to health and safety risks that jeopardise our wellbeing. We have a global Health and Wellbeing framework in all markets based on three pillars: mental, physical, and financial. The framework includes an Employee Assistance Programme available to co-workers in all countries, through external partners. We run multiple initiatives to identify and launch risk mitigation solutions, like introducing exoskeletons for co-workers who do heavy lifting.

Climate

The threats from and effects of climate change continue to intensify. Ingka Group remains steadfast in our commitment to our goals to contribute to a better planet. We have mapped climate-related risks and taken steps to better understand potential future costs, including physical impacts of extreme weather on our buildings and the rising cost of using fossil fuels. We disclose our performance against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and participate in CDP Climate. We have been making substantial investments in renewable energy, circularity, and responsible forestry both in and outside our value chain.

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 48.
- Social and employee risks – see Better lives page 31 and Responsible sourcing page 77.
- Human rights and children's rights risks – see pages 27, 38 and 41.
- Anti-corruption, anti-bribery and business ethics risks – see pages 74 and 85.

We conducted a double materiality assessment as part of our preparation for the EU Corporate Sustainability Reporting Directive (CSRD), see page 87.

Double materiality assessment

We regularly conduct a formal double materiality assessment to help us identify the sustainability topics of most importance to the business, our stakeholders and the planet.

Our most recent assessment in FY23 was a double materiality assessment, designed to identify the material impacts, risks and opportunities for our business and our stakeholders. The findings will play an important role in shaping our approach to ESG management and reporting over the next few years, and assist our preparations for the EU Corporate Sustainability Reporting Directive and EU taxonomy for sustainable activities.

The focus of our analysis was to:

- Identify topics which are new in relation to the previously conducted double materiality assessment in FY23 and to validate existing ones.
- Formulate topics in a way that they are recognizable for our co-workers in relation to how we manage associated impacts, risks and opportunities in order to drive action and long term value creation.

The assessment included:

- Identification of the list of potential sustainability topics (long list), that are, or might turn out to be, relevant to our business and stakeholders by analyzing various internal and external materials such as our previously conducted double materiality assessment in FY21, mega trend analysis, peer benchmarking, views of external stakeholders and value chain analysis.
- Assessment of the long list of topics from inside-out (impact materiality) and outside-in (financial materiality) perspectives through surveys, workshop series and discussions with senior management.
- A review of societal trends impacting society, the planet and the economy including unsustainable consumption and the rising cost of living, inequaltiy and evolving talent needs, climate change and nature loss and greater corporate accountability requirements.
- A review of impact materiality by assessing the topics in terms of severity and likelihood of our impact on people and planet.
- A review of finacial materiality by assessing the topics in terms of likelihood and potential size of the financial effect.
- We concluded the final list of material topics, based on consolidation of impact and financial materiality assessment results with active contribution and sign off by the Ingka Management Board while aligning throughout with Inter IKEA.

We mapped the identified material topics against our value creation goals and our four key movements: Better homes, Better lives, Better planet and Better company. This report is structured around the topics identified in the assessment. Some of the topics highlighted by the assessment have not previously been covered in detail in our reporting including customer and end user safety, biodiversity and water.

We will develop targets and KPIs for each material topic, where these do not yet exist, which will help ensure we focus our efforts on the impacts, risks and opportunities for each topic that matter most.

We will use a staggered approach to incorporate the material topics into our governance structure, risk management and strategy and annual plans. This will drive action and impact and help to ensure our reporting on these topics is ready for external assurance by 2026, in compliance with CSRD.

In FY24 we will further strengthen our double materiality assessment process, building on the learnings we took from this year's company-wide, collaborative, bottom-up assessment. This will include, for example, looking in more granularity on each topic at the impacts, risks and opportunities to see where we can further strengthen our process.

Stakeholder engagement

We engage with a variety of internal and external stakeholders to developour business and to ensure wehave a positive impact on society. We take seriously our responsibility as a large global brand to be an advocate on important issues adn to work with others to drive positive systemic change.

Stakeholder engagement is critical to delivering our vision and our strategies, enabling us to learn from others, lead on issues where we have expertise and advocate forpositive change. Ultimately it helps us to develop and deploy solutions that address major societal,environmental and regulatory challenges. Stakeholder views are a key input in our double materiality assessment.

We engage, build partnerships, and collaborate across sectors. Our key stakeholders include our co-workers, customers, people in the communities where we operate, NGOs, academia, policymakers, opinion leaders and peers. This includes our Ingka Young Leaders Forum of activists and professionals under 30 years old working towards environmental and climate justice who challenge us to keep improving and input into our strategy and reporting.

Our issue specific collaborations, partnerships and memberships in FY23 include

Better homes and Better company	We are a member of the UN Global Compact and the World Business Council for Sustainable Development (WBCSD). We work with the World Economic Forum, the B Team, Business at OECD (BIAC). Other memberships and partnerships include: Big Data Value Association (BDVA), Global Alliance for Responsible Media (GARM); Global Data Alliance / Digital Transformation Network; US Council for International Business Foundation (USCIBF) “Privacy in the Metaverse and Relevant Immersive Technologies” roundtable; WeLead; World Economic Forum Digital Trust Initiative and Defining and Building the Metaverse initiative; the World Federation of Advertisers (WFA).
Better lives	Our memberships and partnerships include: Business Disability Forum; Business Network on Civic Freedoms and Human Rights Defenders; Equal Pay International Coalition (EPIC); EU Pact for Skills; European Network Against Racism (ENAR); Learning Forum Skills Group; Open for Business; Red Cross; Stonewall; Tent Partnership for Refugees; The Conference Board; The Global Deal; UNHCR; UNICEF; Valuable 500; Workplace Pride; World Economic Forum Good Work Alliance, Future Skills Alliance, Chief Learning Officers community and Refugee Employment Alliance.
Better planet	Our CEO Jesper Brodin is co-chair of the WEF Alliance of CEO Climate Leaders and Chair of the B Team. Other memberships and partnerships include: 1.5 Shift Foundation (SITRA); Asia Clean Energy Coalition (ACEC) (founding member); Breakthrough 2030 Retail Campaign (Race to Zero) (up to May 2023); C40; Cambridge Institute for Sustainability Leadership (CISL); Climate Group (co-founders and members of RE100 and EV100); Corporate Leaders Group (CLG); Globe EU Bee Group (a forum for European Union policy makers, progressive businesses and civil society); Indirect Spend Alliance; Platform for Accelerating the Circular Economy (PACE) (from April 2023) ; RE-Source European Platform for Corporate Renewable Energy Sourcing; SME Climate Hub; SolarPower Europe; The Earthshot Prize; UK Net Zero Roadmap for Retail developed by the British Retail Consortium; We Mean Business Coalition (WMBC); World Resources Institute (WRI). We have endorsed the Marrakech Partnership for Global Climate Action Pathway for the retail sector.

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 shows where in this report you can find our progress on each principle.

United Nations Global Compact (UNGC) principles	Location in FY23 reporting
Human rights	
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and	**Human rights, pages 38 to 40 and 99.**
Principle 2 make sure they are not complicit in human rights abuses.	**Human rights, pages 38 to 40 and 99.** **IWAY supplier code of conduct, pages 78 to 80.**
Labour	
Principle 3 Businesses should uphold the right to freedom of association and the effective recognition of the right to collective bargaining;	**Equality, diversity and inclusion, pages 27 to 29.** **Human rights, pages 38 to 40 and 99.** **IWAY supplier code of conduct, pages 78 to 80.**
Principle 4 the elimination of all forms of forced and compulsory labour;	**Human rights, pages 38 to 40 and 99. Respecting and supporting childrens right's, pages 40 and 99. IWAY supplier code of conduct, pages 78 to 80.**
Principle 5 the effective abolition of child labour; and	**Respecting and supporting childrens rights, pages 40 and 99.** **IWAY supplier code of conduct, pages 78 to 80.**
Principle 6 the elimination of discrimination in respect of employment and occupation.	**Inclusion, pages 28 to 29.** **Women's empowerment principles, page 100.**
Environment	
Principle 7 Business should support a precautionary approach to environmental challenges;	**Better planet, pages 44, 47, 48, 57, 66 and 67.**
Principle 8 undertake initiatives to promote greater environmental responsibility; and	**Healthy and sustainable living, pages 18 to 21.** **Better planet, pages 44 to 67.**
Principle 9 encourage the development and diffusion of environmentally friendly technologies.	**Healthy and sustainable living, pages 18 to 21.** **Better planet, pages 44 to 67.**
Anti-corruption	
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	**Ethical business conduct, pages 73 to 74.**

IKEA Foundation

The IKEA Foundation is a fully independent strategic philanthropy that works to improve the lives of vulnerable children by enabling their families to create sustainable livelihoods, and fight and cope with climate change. They do this by working with partners to identify and solve problems, scale up solutions and change complex systems that contribute to poverty and climate change. Like Ingka Group, the IKEA Foundation works towards the vision of IKEA's founder – to create a better everyday life for the many people.

The IKEA Foundation receives all of its funding from the INGKA Foundation, with no other sources of funding. The INGKA Foundation is the owner and sole shareholder of Ingka Group. Dividends from Ingka Group are paid to the INGKA Foundation, which achieves its charitable purpose by providing funding to the IKEA Foundation.

Partner organisation SELCO Foundation supports Kalkeri Sangeet Vidyalaya school to generate renewable energy through solar power technology. ©Uttanchandani/Karnataka/2019

Powering communities with renewable energy

IKEA Foundation and its partners are committed to powering communities with renewable energy.

For example, IKEA Foundation is supporting SELCO Foundation's 'Energy for Health' programme in India. The initiative will power 25,000 healthcare facilities across 12 states with solar energy by 2026. By putting people living in poverty at the centre of their work, IKEA Foundation makes renewable energy access easier, more affordable and more inclusive.

Médecins Sans Frontières / Doctors Without Borders (MSF)

The IKEA Foundation started to provide support to MSF in 2013, responding to medical needs of Syrian refugees. Since then, the partnership has resulted in responding to a variety of medical and emergencies around the world in countries like the Philippines, Cameroon, Yemen, Ukraine, Afghanistan, Uganda, Turkey, Syria and Sudan. The IKEA Foundation is one of the largest donors of MSF.

During 2023, the IKEA Foundation paid out

EUR 289 million*

to create a better everyday life for the many people.

*Figure not yet audited.

Our data **FY23**

About our reporting

We aim to provide a transparent account of our performance through our reporting, highlighting areas where we are making progress as well as the challenges we're facing.

Our reporting is structured around our four key 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. It includes financial and nonfinancial performance against a wide range of goals and indicators. Our reporting channels include:

- **Ingka Group Annual Summary and Sustainability Report FY23** (this document). This provides an overview of our most material sustainability and ESG issues, summarising performance highlights and KPIs and progress and challenges for FY23. It provides an in-depth description of progress against targets, detailed actions from FY23, 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.

- **Short Summary of FY23.** Key highlights of our performane and challenges. This is based on the front section of our Annual Summary and Sustainability Report.

- **Ingka Group reporting website** (on ingka.com) provides a summary of FY23 performance, with progress and challenges and an update against our targets. On the site you can download the full report (this document) and the short summary.

Reporting scope

The Ingka Group Annual Summary and Sustainability Report FY23 covers the financial year 2023 (FY23), from 1 September 2022 to 31 August 2023, 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. You can read their report at www.ikea.com/global/en/our-business/reports/.

External assurance

The external assurance scope for FY23 covers our data on gender equal pay, gender balance, greenhouse gas emissions scope 1 and 2, scope 3 greenhouse gas emissions within our operational control, and indicators relating to energy efficiency and last mile home deliveries by electric vehicles.

See Assurance report of the independent auditor on page 126.

For more information on our environmental data, see page 100.

Ingka Group reporting website

IKEA Sustainability and Climate reports

Visitation and sales

	FY21	FY22	FY23
Total online visits with consent[1] (billion)	4.6	3.8	3.2
Number of IKEA App downloads (million)	24.0[2]	20.3	18.2
Number of visits to Ingka Centres meeting places[3] (million)	368	364	352
Number of visits to our physical retail locations (million)	657	680	697
Online sales growth (%)	75.0	-13.0	9.0
Sales increase, IKEA Retail (%)	6.3	5.6	5.7
Online conversion (%)	1.3	1.3	1.4

Our units

	FY21	FY22	FY23
Total number of customer meeting points[4]	465	482	537
Total number of countries	32	31	31
Fulfilment and replenishment units (Distribution centres, Customer Distribution centres and Central Parcel Units)[5]	88	87	91

Customer perception

	FY22	FY23
Happy Customer score	71	76
Brand Trust		47

Better homes data

[1] Via the website, using the app or TMall/WeChat.
[2] We have restated our data for FY21 due to an error in our previously reported data.
[3] During FY23 we changed how we gather data on the number of visits. We also restated some data for prior years to reflect changes in vendors at the Ingka Centres meeting places..
[4] Including full-size stores, city stores and plan and order points.
[5] We have changed the way this data is calculated and restated our data for previous years. Previously we reported by location, which meant that locations with multiple units were counted as one. We now report by individual unit.

Co-worker headcount by gender

Gender	FY21	FY22	FY23
Male	79,248	80,653	75,693
Female	94,962	96,505	89,534
Other	15	31	116
Not reported	0	3	10
Total employees	174,225	177,192	165,353

Co-workers by region

	Asia / Pacific	Europe	North America
Number of co-workers (headcount)	21,923	119,067	24,363

Co-worker headcount by country

	FY23
Australia	4,002
Austria	3,431
Belgium	4,465
Canada	7,037
China	9,354
Croatia	656
Czech Republic	2,289
Denmark	2,913
Finland	1,914
France	11,627
Germany	20,294
Hungary	1,764
India	2,935
Ireland	762
Italy	7,905
Japan	3,795
Netherlands	6,419
Norway	2,937
Poland	6,305
Portugal	2,620
Romania	1,371
Russia	2,420
Serbia	538
Slovakia	574
Slovenia	332
South Korea	1,838
Spain	9,440
Sweden	12,908
Switzerland	3,169
Ukraine	353
United Kingdom	11,610
United States	17,326
Other	50

Better lives data

Co-workers by contract type by gender FY23

	Male	Female	Other	Not reported	Total
Average number of co-workers (headcount)	75,693	89,534	116	10	165,353
Average number of permanent co-workers	69,761	82,442	113	9	152,325
Average number of temporary co-workers	5,932	7,092	3	1	13,028
Number of co-workers with non guaranteed hours contract	0	0	0	0	0

Co-worker turnover[1]

	FY21	FY22	FY23
Co-worker turnover rate	28.8	34.3	30.1
Voluntary co-worker turnover rate	17.9	23.9	21.0
Involuntary co-worker turnover rate	10.9	10.4	9.0
Total number of leavers	51,405	62,332	51,067

[1] We identified some errors in our previously reported data and as a result we have restated our data for FY21 and FY22.

Health & safety[1]

	FY21	FY22	FY23
Occuptional Health and Safety trainings – number of trainings completed[1]		47,619	46,183
The number of Lost Time Accidents (accidents resulting in more than one day of lost time)[2]			2,455
Lost Time Accident frequency rate (the number of Lost Time Accidents per million hours worked)[3]	12.61	15.19	13.07

Learning programmes

	FY21	FY22	FY23
Number of training hours (million hours)	2.4	2.8	2.6
Co-worker satisfaction with learning programmes (out of 5)	4.6	4.7	4.6

Co-worker engagement

	FY21	FY22	FY23
iShare response rate %	80	83	83
Overall iShare score %		80	79
Engagement Index - % of co-workers who feel engaged	80	81	79
Values Index - % of co-workers who believe we live our values	80	80	79
Leadership index %	81	83	83
Health and wellbeing score %		74	73
Great place to work - % of co-workers who believe Ingka/IKEA is a great place to work	83	82	80
% Co-workers who feel supported to live a healthy lifestyle	58	67	66
% Co-workers who feel that they actively contribute to taking care of people and planet	80	83	81
% Co-workers who feel empowered to create best customer experience	80	80	79
% Co-workers who feel they have good opportunities to develop their competences	73	74	74
Employer Net Promoter Score (eNPS)	28.7	27.4	23.0

[1] Includes our OH&S induction and OH&S training for managers.
[2] Includes data for own employees in IKEA Retail only.
[3] Includes data for own employees in IKEA Retail only. We identified an error in our previously reported data for FY22 and as a result we have restated this figure (previously reported as 17.16) Data for FY21 has also been restated (previously reported as 12.93).

Inclusion index

	FY22	FY23
Inclusion index	81.2 %	80.3 %

Gender balance*

(% of women)

	FY21	FY22	FY23
All co-workers[1]	54.5 %	54.3 %	54.1 %
All leaders (Management)[2]	49.8 %	49.5 %	50.0 %
Group Management (including our Management Board)	50.0 %	38.5 %	38.5 %
Supervisory Board	25.0 %	25.0 %	25.0 %
Business Boards (the boards of IKEA Retail, Ingka Investments and Ingka Centres)[3]	44.0 %	39.0 %	41.4 %
Country Boards (registered members only)	48.0 %	46.9 %	55.8 %
Country Boards (members and permanent invitees)	49.0 %	44.8 %	52.6 %
CEOs in our markets		45.8 %	45.8 %

Gender-equal pay[4]

	FY21	FY22	FY23
% co-worker population in scope for our Gender-equal Pay assessment	100.00	100.00	100.00*
% co-workers belonging to identical groups with gaps that cannot be explained by performance, competence and a country's legal requirements	5.04	4.84	3.87*
% of co-workers belonging to identical groups where financial investment is needed to close a pay gap	1.60	1.02	0.78*
% of managers who have completed the Gender-equal Pay training	50.0	51.0	59.4
% of recruiters that have completed Gender-equal Pay training	68.0	67.0	69.0

Community impact

	FY22	FY23
Number of people supported through our social impact and emergency response programmes	417,475	99,096
Number of refugees supported through our Skills for Employment programme	918	1,135
Number of countries running our Skills for Employment programme	22	22
Number of candidates recruited through our Hiring displaced talent framework		337

[1] We have restated our data for FY21 to correct an inaccuracy (previously reported as 55.3%).
[2] We have restated our data for FY22 to correct an inaccuracy (previously reported as 49.8%).
[3] We have restated our data for FY22 to correct an inaccuracy (previously reported as 37%).
[4] 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.

*Data included in the external assurance scope.

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 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.

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.
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.
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 have a global Health and Wellbeing Framework to guide our countries in helping co-workers look after their mental, physical and financial wellbeing; and we track the impact of our programmes including through our co-worker engagement survey.
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.
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 often work with social entrepreneurs and social businesses that support women and others facing inequality or poverty.
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.
Measure and publicly report on progress towards achieving gender equality	We report progress through our Annual Summary and Sustainability 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.

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 Corporate Value Chain (Scope 3) Accounting and Reporting Standard and measure and report our impact across the 13 scope 3 categories that are applicable to our business (see page 106).

Our climate data and progress against targets are subject to an independent review process by external auditors, KPMG (see pages 127 and 128). The scope of our external assurance in FY23 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, 13 and part of the data reported under categories 1 and 9. For category 1, the assurance covers the emissions arising from products and services purchased by Ingka Group Procurement for our operations. For category 9, the assurance covers emissions arising from customer travel to the Ingka Centres (not IKEA stores, shops and plan and order points) and home delivery of our products. 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. In previous reports, we used a FY17 baseline for waste data, but have now switched to a FY16 baseline for waste, to be consistent with our climate data.

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. Where estimates are used, we explain these in the report, and we work to improve our data collection systems year on year. In the data tables (see pages 101-117), some of the numbers may not add up to the totals shown due to rounding issues.

Greenhouse gas emission factors

We use emission factors from available sources such as Sphera MCL database (2022), DEFRA, the UK Department for Environment, Food & Rural Affairs (2023), IEA, International Energy Agency (2022, covering 2020) 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.

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 the purchase of renewable electricity certificates and supplier specific emission factors for district heating into account. We also measure and report data for our location-based emissions, which are based on average grid emissions factors for each country/region.

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 FY23 we made a number of changes to our methodology for calculating emissions. We have also extended the scope of our data for purchased goods and services (scope 3 category 1) to include all services we purchase across our own operations. We now cover all our indirect procurement categories in our emission calculation methodology.

For the first time in FY23 we are reporting our energy efficiency measured in kWh of energy consumption per m^2. This covers our IKEA Retail and Ingka Centres operations. Operations from Ingka Investments are not included, as energy consumption per m^2 is not a meaningful KPI for this business.

For the calculation of energy consumption per m^2, we are using the total energy consumption per m^2, we are using the total energy consumption of our full operations, including energy used by our tenants and energy from buildings that we lease. The data covers all the energy used in a building, including energy for charging of EV vehicles.

We share lessons learned on data collection and emissions models with peer companies to support collective corporate efforts to track and improve impacts.

Better planet data

Detail of data restatements for greenhouse gas emissions – FY23 compared to FY16-FY22

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 continuously improve the quality of the data that we are collecting from the sites in our operational control. These improvements have led to minor restatements of our historic data. In FY23 we have updated our Emission factors in alignment with Inter IKEA
Scope 2	Indirect emissions from electricity, district heating and district cooling	All scope 2 data	
Scope 3	Category 1 - Purchased goods	IKEA products & food Purchased goods and services for own operations	Data provided by Inter IKEA Group. See Inter IKEA Sustainability Report FY23 for details. This is the first year we have included data for services used in our own operations. We now cover all our indirect procurement categories in our emission calculation methodology for purchased goods and services for our own operations. The emissions from goods and services purchased for own operations are calculated using a spend-based approach. Historic years have been restated accordingly.
Scope 3	Category 2 - Capital goods		We have extended the scope of our capital goods to include all capitalised assets purchased during the last financial year. We apply a spend-based approach for all capital goods except for vehicles and construction, where activity-based data is used. Historic years have been restated accordingly.
Scope 3	Category 3 - Fuel and energy-related activities (not included in scope 1 and 2)	Well to tank (WTT) and transmission and distribution losses of fuel and energy	We have changed how our WTT emissions from electricity are calculated, as DEFRA no longer provides these factors. Instead DEFRA is providing a formula for how to calculate these emissions based on the scope 2 factors. Historic years have been restated accordingly.
Scope 3	Category 4 - Upstream transportation	Goods transport from supplier to Ingka	Data provided by Inter IKEA Group. See Inter IKEA Sustainability Report FY23 for details.
Scope 3	Category 5 - Waste from own operations	Construction waste	We continuously improve the quality of the data that we are collecting from the sites in our operational control. These improvements have led to minor restatements of our historic data.
Scope 3	Category 6 – Business travel	Business travel	No changes.

Detail of data restatements for greenhouse gas emissions - FY23 compared to FY16-FY22 (continued)

EMISSIONS SCOPE	GREENHOUSE GAS PROTOCOL CATEGORY	AFFECTED DATA	EXPLANATION OF CHANGE
Scope 3	Category 7 – Employee commuting	Employee commuting	No changes.
Scope 3	Category 8 – Upstream leased assets	Sites that are operated by Ingka, but where the building is under the operational control of a 3rd party service provider.	We continuously improve the quality of the data that we are collecting from the sites in our operational control. These improvements have led to minor restatements of our historic data.
Scope 3	Category 9 - Downstream transportation and distribution	Customer travel Home delivery	We have corrected errors in the number of customers that have travelled to our Shopping Centres in historic years. We have also updated the number of customers that have travelled to our stores, to also include IKEA Food customers. We have updated our methodology for calculating distance travelled for home deliveries. We have refined how we simulate routes to estimate total km. Historic data has been adjusted accordingly.
Scope 3	Category 11 - Use of sold products	Product use at home	Data provided by Inter IKEA Group. See Inter IKEA Sustainability Report FY23 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 FY23 for details.
Scope 3	Category 13 – Downstream leased assets	Emissions from tenants outside our direct operational control.	We continuously improve the quality of the data that we are collecting from the sites in our operational control. These improvements have led to minor restatements of our historic data.

Our climate footprint[1]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
Scope 1	152,180	189,508	166,527	138,951*
Scope 2	590,960	403,704	285,244	208,663*
Total scope 1 & 2	743,140	593,212	451,772	347,614
Scope 3	28,849,951	26,599,698	25,193,861	22,042,900**
TOTAL scope 1, 2 & 3	**29,593,091**	**27,192,910**	**25,645,633**	**22,390,514**

Climate footprint across our value chain FY16-FY23[2]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
Materials	10,909,890	12,221,541	11,961,824	9,632,899
Food ingredients	778,780	627,699	713,766	701,661
Production	3,186,508	2,200,951	2,070,107	2,131,863
Product transport	1,145,958	1,235,383	1,131,114	897,413
Construction	260,920	184,307	289,931	322,244
Goods and services used in own operations	1,194,959	1,298,559	1,240,178	1,275,517
Own operations (Retail, Ingka Centres & Investments)	1,048,103	845,271	658,809	519,383
Customer and co-worker travel & home deliveries	3,274,320	2,804,300	2,739,447	2,717,112
Product use at home	6,178,783	4,293,758	3,399,225	2,881,506
Product end of life	1,614,871	1,481,141	1,441,232	1,310,915
TOTAL	29,593,091	27,192,910	25,645,633	22,390,514

[1] Changes in historic years are due to improved data quality and methodology changes.
[2] Previous years' data has been restated for the categories production, product transport, construction, goods and services used in own operations, customer travel & home deliveries, product use at home and product end of life due to changes in our data methodology and improved data quality (see pages 101-102).

*Data included in the external assurance scope.
** 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, 13 and part of the data reported under categories 1 and 9. For category 1, the assurance covers the emissions arising from products and services purchased by Ingka Group Procurement for our operations. For category 9, the assurance covers emissions arising from customer travel to the Ingka Centres (not IKEA stores, shops and plan and order points) and home delivery of our products.

Scope 1 and 2 emissions by business unit[1]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
IKEA stores, shops & plan and order points	291,595	260,099	165,872	115,583*
Distribution centres	24,496	26,798	27,070	17,687*
Ingka Centres	426,937	305,636	258,809	214,313*
Offices	112	3	1	30*
Off-site wind & solar		675	20	0*
TOTAL	743,140	593,212	451,772	347,614

Scope 1 Biogenic emissions[1]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
Diesel bio-fuel blend (on-site use)		13	6	4
Biogas (on-site use)		5,353	7,672	12,195
Biomass, wood based (on-site use)	11,109	5,819	7,164	8,330
TOTAL	**11,109**	**11,185**	**14,842**	**20,529**

Scope 2 emissions from total electricity use in our operations (location and market based)[1]

	FY16	FY21	FY22	FY23
Total electricity (MWh)	2,438,574	2,361,933	2,398,154	2,283,333
Location-based emissions (tonnes CO_2e)	996,584	861,734	838,492	763,698*
Market-based emissions (tonnes CO_2e)	556,160	376,795	259,722	185,034*
Footprint reduction due to use of renewable electricity	-44.2%	-56.3%	-69.0%	-75.8%

[1] Changes in historic years are due to improved data quality.

* Data included in the external assurance scope.

Scope 3 emissions by Greenhouse Gas Protocol category[1]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
1. Purchased goods and services	15,869,570	16,133,734	15,832,756	13,562,190
2. Capital goods	461,487	399,322	440,217	501,629**
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)	236,226	184,397	148,962	118,493**
4. Upstream transportation and distribution	1,145,958	1,235,383	1,131,114	897,413
5. Waste generated in operations[2]	47,849	41,843	35,022	30,475**
6. Business travel	94,744	9,737	18,434	31,000**
7. Employee commuting	118,612	141,723	128,974	144,892**
8. Upstream leased assets	6,420	11,135	6,373	5,087**
9. Downstream transportation and distribution	3,060,964	2,652,840	2,592,039	2,541,220
11. Use of sold products	6,178,783	4,293,758	3,399,225	2,881,506
12. End of life treatment of sold products	1,614,871	1,481,141	1,441,232	1,310,915
13. Downstream leased assets	14,468	14,684	19,512	18,080**
TOTAL	**28,849,951**	**26,599,698**	**25,193,861**	**22,042,900**

[1] Previous years' data has been restated for categories 1, 2, 3, 4, 5, 8, 9, 11, 12 & 13 due to changes in our data methodology and improved data quality (see page 101-102). We do not report data for categories 10 (processing of sold products) and 14 (franchisees) since they are not applicable. We are working to extend our climate footprint to include emissions from investments (category 15) and will report this data next year.
[2] Construction waste data has been included for the first time in FY22.

** 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, 13 and part of the data reported under categories 1 and 9. For category 1, the assurance covers the emissions arising from products and services purchased by Ingka Group Procurement for our operations. For category 9, the assurance covers emissions arising from customer travel to the Ingka Centres (not IKEA stores, shops and plan and order points) and home delivery of our products.

Energy use[1]
(MWh)

	FY16	FY21	FY22	FY23
Energy use	3,185,871	3,302,867	3,253,292	3,030,236

Energy use by source[1]
(MWh)

	FY16	FY21	FY22	FY23
Renewable electricity purchased	1,236,882	1,505,548	1,644,429	1,659,040
Fuel consumption from coal and coal products				
Fuel consumption from crude oil and petroleum products	19,494	43,496	23,309	15,282
Fuel consumption from natural gas	535,003	690,938	616,615	495,088
Fuel consumption from other non-renewable sources				
Consumption of purchased or acquired electricity, heat, steam, & cooling from non-renewable sources	1,214,752	810,381	684,064	548,329
Renewable electricity generated on-site	76,809	128,280	145,396	148,342
Renewable district heating and cooling	71,550	80,868	80,668	79,081
Renewable fuels used on-site	31,381	43,356	58,811	85,075
TOTAL	3,185,871	3,302,867	3,253,292	3,030,236

Energy use by business unit FY23[1]

	IKEA stores, shops & plan and order points	Distribution centres	Ingka Centres	Offices	Off-site wind & solar	TOTAL
Total energy (MWh)	1,662,343	243,502	1,096,047	17,943	10,403	3,030,236
Renewable energy (MWh)	1,377,955	176,377	388,875	17,929	10,403	1,971,538
Non-renewable energy (MWh)	284,388	67,124	707,172	14	0	1,058,698
Share of renewable energy as % of total energy	82.9%	72.4%	35.5%	99.9%	100.0%	65.1%

[1] Changes in historic years are due to improved data quality.

Renewable electricity use in our operations[1]

	FY16	FY21	FY22	FY23
Total electricity (MWh)	2,438,574	2,361,933	2,398,154	2,283,333
Renewable electricity (MWh)	1,313,690	1,633,828	1,789,824	1,807,382
Share of total electricity from renewable electricity (%)	53.9%	69.2%	74.6%	79.2%
Share of electricity consumption generated on-site (%)	3.1%	5.4%	6.1%	6.5%
Share of electricity consumption generated by Ingka Investments (%)	0.0%	35.0%	35.6%	42.4%
Number of countries with 100% renewable electricity	17	23	26	28

Renewable energy generation by type[1]

(MWh)

	FY16	FY21	FY22	FY23
Electricty from wind	304,417	3,308,825	3,588,229	3,132,777
Electricity from photovoltaic	119,746	165,734	191,788	204,757
TOTAL	**424,162**	**3,474,559**	**3,780,017**	**3,337,533**

Renewable electricity investments

	FY16	FY21	FY22	FY23
Share of electricity use in our operations coming from our off-site and on-site investments in wind and solar	3.1%	40.4%	41.7%	48.9%

Electricity generated from Ingka Group wind power and solar by country FY23[2]

COUNTRY	MWh	%
United States	755,118	22.6%
Finland	441,883	13.2%
Canada	387,000	11.6%
Poland	385,789	11.6%
Germany	381,662	11.4%
Romania	302,089	9.1%
Sweden	182,886	5.5%
Portugal	155,727	4.7%
France	129,696	3.9%
Lithuania	57,869	1.7%
Other	157,814	4.7%
TOTAL	**3,337,533**	**100.0%**

Energy efficiency by business unit*

(KWh / m^2)

	FY16	FY21	FY22	FY23
IKEA stores, shops & plan and order points	155	144	144	132
Distribution centres	57	60	59	54
Ingka Centres	311	269	249	224
TOTAL	185	152	149	136

[1] Changes in historic years are due to improved data quality.
[2] This covers off-site electricity generated from Ingka Group investments and electricity generated on our sites.

*Data included in the external assurance scope.

Total greenhouse gas emissions from transport[1]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
Home deliveries[2]	221,441	359,778	334,564	312,870*
Customer travel[3]	2,839,523	2,293,062	2,257,475	2,228,350*
Co-worker travel[3]	213,356	151,460	147,408	175,892*
TOTAL	**3,274,320**	**2,804,300**	**2,739,447**	**2,717,112**

Relative greenhouse gas emissions from transport[1]

(tonnes CO_2e per trip)

	FY16	FY21	FY22	FY23
Home deliveries, customer travel & co-worker travel	0.0051	0.0050	0.0049	0.0050

Home deliveries made by zero emission vehicles[4]

	FY16	FY21	FY21	FY23
Share of home deliveries made by electric or zero emission vehicles		11.0%	12.3%	24.6%*

Greenhouse gas emissions from products and food (scope 3)[5]

(tonnes CO_2e)

	FY16	FY21	FY22	FY23
Products and food	23,814,791	22,060,473	20,717,268	17,556,257

[1] Changes in historic years are due to improved data quality. See IKEA Sustainability Report FY23 for further details on changes to the methodology for calculating customer travel.
[2] Greenhouse gas emissions for customer deliveries are calculated from the distance travelled by different category of vehicle (diesel and electric). The data is collected from our fulfilment systems as well as through manual processes, and 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.
[3] Greenhouse gas emissions for co-worker and customer travel are 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).
[4] Data calculated in the last month of the financial year (August).
[5] The data covers scope 3 emissions arising from Ingka Group sales (88.0% 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.

* Data included in the external assurance scope.

Climate footprint by country

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
All	22,390,514	138,951	208,663	22,042,900	13,562,190	501,629	118,493	897,413	365	30,110	31,000	144,892	5,087	2,541,220	2,881,506	1,310,915	18,080
All	20,558,678	68,346	47,237	20,443,095	13,506,380	232,937	40,930	897,413	313	19,567	27,956	128,158	1,875	1,395,143	2,881,506	1,310,915	0
All	577,659	13,942	3,745	559,971	0	225,504	5,494	0	52	2,045	1,719	9,462	2,824	312,870	0	0	1
All	7,359	26	4	7,328	0	0	14	0	0	4	1,065	5,857	388	0	0	0	0
All	1,246,524	56,636	157,677	1,032,210	55,810	43,134	71,897	0	0	8,494	247	1,344	0	833,206	0	0	18,079
All	295	0	0	295	0	53	158	0	0	0	13	71	0	0	0	0	0
Australia	539,931	1,051	5,490	533,390	349,953	4,474	2,365	23,419	0	1,494	599	3,148	0	38,533	75,195	34,209	0
Australia	9,888	70	387	9,431	0	0	171	0	0	94	47	261	0	8,858	0	0	0
Austria	417,066	562	710	415,793	276,361	3,413	391	18,487	0	167	561	2,633	0	27,414	59,361	27,006	0
Austria	4,074	71	0	4,004	0	0	48	0	0	36	67	370	0	3,481	0	0	1
Belgium	581,767	1,735	0	580,033	387,017	3,587	354	26,295	0	206	749	3,543	0	35,441	84,430	38,411	0
Belgium	5,010	788	0	4,222	0	0	131	0	0	36	54	296	0	3,706	0	0	0
Canada	962,845	6,275	56	956,514	626,399	8,715	1,473	42,629	0	2,750	1,241	5,690	0	68,469	136,877	62,271	0
Canada	70,075	2,428	0	67,647	0	56,376	483	0	52	95	116	639	0	9,886	0	0	0
Canada	483	0	0	483	434	48	0	0	0	0	0	0	0	0	0	0	0
Canada	7	0	0	7	0	0	7	0	0	0	0	0	0	0	0	0	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Climate footprint by country contd.

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
China	826,522	9,896	668	815,959	530,095	19,383	4,486	34,315	275	742	1,851	6,832	149	57,524	110,181	50,126	0
China	16,094	0	0	16,094	0	0	0	0	0	62	66	354	2,820	12,792	0	0	0
China	198,744	3,783	2,246	192,715	4,344	35,900	6,687	0	0	2,620	81	432	0	142,652	0	0	0
Croatia	72,438	86	0	72,352	48,468	21	58	3,277	0	33	125	633	0	4,429	10,522	4,787	0
Croatia	1,552	0	0	1,552	0	0	0	0	0	0	0	0	0	1,552	0	0	0
Croatia	8,178	0	0	8,178	434	48	42	0	0	26	0	0	0	7,627	0	0	0
Czech Republic	242,050	402	930	240,717	156,745	1,774	385	10,534	0	136	368	1,955	261	19,348	33,823	15,387	0
Czech Republic	3,950	0	0	3,950	0	0	0	0	0	0	0	0	0	3,950	0	0	0
Czech Republic	27,404	6	2,692	24,706	869	97	463	0	0	164	4	22	0	23,087	0	0	0
Denmark	338,936	148	455	338,333	218,970	5,991	180	15,228	12	138	517	2,530	0	23,630	48,894	22,244	0
Denmark	33,348	0	1	33,348	0	28,188	1	0	0	16	31	172	3	4,936	0	0	0
Finland	195,291	189	0	195,103	123,742	714	69	8,594	0	83	317	1,570	0	19,866	27,594	12,554	0
Finland	3,668	0	0	3,668	0	0	0	0	0	0	0	0	0	3,668	0	0	0
Finland	12,329	39	0	12,291	434	48	93	0	0	10	1	5	0	11,699	0	0	0
Finland	3	0	0	3	0	0	3	0	0	0	0	0	0	0	0	0	0
France	1,875,193	5,024	359	1,869,810	1,243,425	14,462	646	83,273	0	739	1,891	9,372	0	126,978	267,381	121,643	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Climate footprint by country contd.

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
France	31,259	791	145	30,323	0	0	226	0	0	97	177	972	0	28,850	0	0	0
France	13,896	11	0	13,885	434	48	14	0	0	12	2	11	0	13,151	0	0	213
France	2	0	0	2	0	0	2	0	0	0	0	0	0	0	0	0	0
Germany	3,129,926	9,060	2,306	3,118,560	2,070,005	19,757	4,144	140,609	0	1,186	3,204	16,338	0	206,437	451,482	205,398	0
Germany	46,030	1,941	0	44,089	0	0	970	0	0	255	260	1,433	0	41,171	0	0	0
Germany	484	0	0	484	434	48	0	0	0		0	1	0	0	0	0	0
Germany	4	0	0	4	0	0	4	0	0	0	0	0	0	0	0	0	0
Hungary	188,087	606	350	187,130	123,463	1,154	232	8,393	0	105	278	1,506	0	12,790	26,949	12,260	0
Hungary	3,877	0	0	3,877	0	0	0	0	0	0	0	0	0	3,877	0	0	0
India	144,169	518	14,443	129,208	79,886	1,880	7,067	4,903	0	224	668	2,339	1,372	7,964	15,743	7,162	0
India	11,188	41	477	10,670	0	0	233	0	0	12	1	6	0	10,418	0	0	0
India	388	0	0	388	0	0	0	0	0	0	0	0	388	0	0	0	0
India	25	0	0	25	0	0	0	0	0	0	4	21	0	0	0	0	0
Ireland	116,088	20	0	116,068	78,153	306	95	5,525	0	47	119	641	0	5,369	17,741	8,071	0
Ireland	3,195	0	0	3,195	0	0	0	0	0	0	0	0	0	3,195	0	0	0
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Climate footprint by country contd.

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
Italy	1,097,810	2,816	0	1,094,994	721,927	13,463	1,349	48,301	0	723	1,403	6,867	0	75,315	155,090	70,557	0
Italy	20,977	387	0	20,591	0	0	140	0	0	103	50	274	0	20,024	0	0	0
Italy	42,778	506	0	42,272	869	97	291	0	0	31	4	24	0	37,114	0	0	3,841
Japan	364,049	338	0	363,711	234,754	3,128	740	15,495	0	228	627	3,138	0	33,214	49,753	22,635	0
Japan	3,854	0	0	3,854	0	0	26	0	0	4	14	79	0	3,731	0	0	0
Latvia	23	0	0	23	0	23	0	0	0	0	0	0	0	0	0	0	0
Lithuania	31	0	0	31	0	30	1	0	0	0	0	0	0	0	0	0	0
Netherlands	817,808	2,384	608	814,816	538,205	6,340	627	36,017	0	344	1,104	4,888	0	59,030	115,647	52,613	0
Netherlands	8,820	508	0	8,312	0	0	99	0	0	54	0	0	0	8,160	0	0	0
Netherlands	8	0	0	8	0	0	0	0	0	0	1	7	0	0	0	0	0
Netherlands	17	0	0	17	0	0	0	0	0	0	3	14	0	0	0	0	0
Netherlands	84	0	0	84	0	0	0	0	0	0	13	71	0	0	0	0	0
New Zealand	3,160	0	0	3,160	2,725	435	0	0	0	0	0	0	0	0	0	0	0
Norway	415,812	57	89	415,666	276,797	3,379	137	18,631	0	128	515	2,534	0	26,505	59,823	27,216	0
Norway	31,648	0	0	31,648	0	28,188	0	0	0	0	0	0	0	3,460	0	0	0
Poland	636,031	1,855	322	633,853	413,706	4,060	1,524	28,185	0	688	971	4,898	0	48,148	90,501	41,172	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Climate footprint by country contd.

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
Poland	75,840	661	0	75,180	0	56,376	333	0	0	151	7	39	0	18,274	0	0	0
Poland	96,700	2,180	293	94,227	3,475	388	2,305	0	0	519	0	0	0	87,540	0	0	0
Poland	70	0	0	70	0	0	70	0	0	0	0	0	0	0	0	0	0
Portugal	298,502	670	0	297,831	197,155	1,996	266	13,352	0	140	467	2,340	0	19,740	42,871	19,504	0
Portugal	7,412	0	0	7,412	0	0	0	0	0	0	0	0	0	7,412	0	0	0
Portugal	35,482	78	0	35,404	1,303	145	127	0	0	101	4	24	0	26,073	0	0	7,625
Portugal	4	0	0	4	0	0	4	0	0	0	0	0	0	0	0	0	0
Romania	129,281	66	0	129,215	77,532	13,926	237	5,303	2	202	222	1,113	0	5,905	17,027	7,746	0
Romania	7,578	0	0	7,578	0	0	0	0	0	0	0	0	0	7,578	0	0	0
Romania	34	0	0	34	0	0	34	0	0	0	0	0	0	0	0	0	0
Russia	3,398	535	1,285	1,578	0	0	535	0	0	257	122	544	0	119	0	0	0
Russia	3,780	337	2,320	1,124	0	0	969	0	0	126	4	25	0	0	0	0	0
Russia	566,662	48,794	151,925	365,942	37,130	5,635	61,326	0	0	4,764	96	531	0	255,894	0	0	567
Serbia	54,936	354	0	54,582	35,751	243	715	2,377	0	284	265	484	0	3,360	7,632	3,472	0
Serbia	1,518	0	0	1,518	0	0	0	0	0	0	0	0	0	1,518	0	0	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Climate footprint by country contd.

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
Slovakia	68,640	15	0	68,625	45,842	391	23	3,126	0	29	91	487	0	4,029	10,038	4,567	0
Slovakia	1,986	0	0	1,986	0	0	0	0	0	0	0	0	0	1,986	0	0	0
Slovakia	30,541	1,078	0	29,463	434	48	234	0	0	20	3	14	0	28,710	0	0	0
Slovenia	38,657	10	96	38,551	24,630	139	28	1,677	0	16	66	317	0	3,844	5,384	2,450	0
Slovenia	346	0	0	346	0	0	0	0	0	0	0	0	0	346	0	0	0
South Korea	249,742	6,154	17,668	225,919	145,025	2,334	4,906	9,387	0	154	314	1,545	0	18,400	30,142	13,713	0
South Korea	3,610	0	0	3,610	0	0	0	0	0	0	0	0	0	3,610	0	0	0
Spain	997,808	3,067	0	994,741	637,244	17,748	1,043	42,775	9	677	1,910	8,180	0	85,325	137,346	62,484	0
Spain	55,647	15	0	55,632	0	28,188	92	0	0	36	13	69	0	27,235	0	0	0
Spain	59,843	154	0	59,689	869	97	72	0	0	192	10	53	0	52,674	0	0	5,722
Sweden	1,107,917	312	659	1,106,946	746,216	41,234	396	40,102	14	314	1,903	7,385	0	82,037	128,764	58,580	0
Sweden	11,686	490	416	10,780	0	0	292	0	0	77	198	1,089	0	9,123	0	0	0
Sweden	6,962	26	4	6,932	0	0	14	0	0	4	1,064	5,850	0	0	0	0	0
Sweden	135,449	6	520	134,923	3,041	339	221	0	0	35	33	180	0	130,965	0	0	110
Sweden	1	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Climate footprint by country contd.

(tonnes CO_2e)

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. Downstream transportation and distribution	11. Use of sold products	12. End of life treatment of sold products	13. Downstream leased assets
Switzerland	574,728	614	126	573,988	388,099	3,761	132	26,495	0	224	497	2,615	0	28,387	85,074	38,703	0
Switzerland	4,457	16	0	4,441	0	0	13	0	0	21	37	205	0	4,165	0	0	0
Switzerland	966			966	869	97	0	0	0	0	0	0	0	0	0	0	0
Ukraine	355	1	0	355	0	0	0	0	0	0	54	300	0	0	0	0	0
United Kingdom	1,383,224	4,247	616	1,378,360	924,491	9,707	1,760	62,243	0	507	2,025	8,909	93	77,846	199,856	90,923	0
United Kingdom	53,517	1,352	0	52,165	0	28,188	301	0	0	85	246	1,352	0	21,993	0	0	0
United Kingdom	16,535	0	0	16,535	434	48	22	0	0	1	1	7	0	16,021	0	0	0
United Kingdom	3	0	0	3	0	0	3	0	0	0	0	0	0	0	0	0	0
United States	2,686,511	9,279	0	2,677,233	1,783,598	25,020	4,569	118,467	0	6,601	2,913	12,880	0	169,748	380,385	173,053	0
United States	41,769	4,046	0	37,723	0	0	966	0	0	685	331	1,827	0	33,914	0	0	0
United States	7	0	0	7	0	0	0	0	0	0	1	6	0	0	0	0	0
United States	29	0	0	29	0	0	29	0	0	0	0	0	0	0	0	0	0

Function: Ingka Group | IKEA stores, shops & plan and order points | Distribution centres | Support Units | Ingka Centres | Investments

Total waste produced by business unit[1]

(tonnes)

	FY16	FY21	FY22	FY23
IKEA stores, shops & plan and order points	436,607	450,724	412,638	381,759
Distribution centres	50,207	76,199	59,399	54,806
Ingka Centres	81,618	60,866	60,225	56,723
Offices[2]		147	53	166
TOTAL	**568,432**	**587,936**	**532,315**	**493,455**

Waste FY23 – by business unit & disposal route

(tonnes)

	IKEA stores, shops & plan and order points	Distribution centres	Ingka Centres	Offices	TOTAL
Waste recycled	300,043	46,815	27,524	111	374,493
Waste incinerated with energy recovery	57,377	5,856	14,047	54	77,334
Waste landfilled or incinerated without recovery	24,339	2,135	15,153	1	41,628
TOTAL	381,759	54,806	56,723	166	493,455

Water use by business unit[1]

(m^3)

	FY16	FY21	FY22	FY23
IKEA stores, shops & plan and order points	5,338,527	4,683,651	5,104,267	5,086,466
Distribution centres	156,213	209,257	189,720	200,055
Ingka Centres	3,408,601	3,624,951	3,807,126	3,988,640
Offices	91,379	4,297	6,454	9,977
Investments		101	110	143
TOTAL	**8,994,720**	**8,522,257**	**9,107,677**	**9,285,281**

Construction waste FY23 - by business unit & disposal route[3]

(tonnes)

	IKEA stores, shops & plan and order points	Distribution centres	Ingka Centres	Offices[4]	TOTAL
Waste recycled	4,482	1,329	255		6,066
Waste incinerated with energy recovery	785				785
Waste landfilled or incinerated without recovery	7,334	509	6,912		14,754
TOTAL	12,600	1,838	7,167		21,605

[1] Changes in historic years are due to improved data quality.
[2] Data for offices was collected for the first time in FY21.
[3] Data for construction waste was collected for the first time in FY22.
[4] Data not collected for offices.

Forestry investments

(hectares)

Country	FY23
Latvia	92,800
United States	69,500
Romania	50,600
Lithuania	27,100
Estonia	22,000
New Zealand	19,500
TOTAL	281,500

Consolidated income statement 1 September–31 August

(in millions of Euros)

	FY21	FY22	FY23
Revenue	39,784	42,036	44,300
Cost of sales and services	-26,909	-28,070	-29,635
Gross profit	**12,875**	**13,966**	**14,665**
Operating expenses	-11,243	-12,271	-12,922
Other income	242	340	264
Operating income	**1,874**	**2,035**	**2,007**
Total financial income and expense	363	-1,202	196
Income before minority interests and taxes	**2,237**	**833**	**2,203**
Tax	-655	-546	-696
Income before minority interests	**1,582**	**287**	**1,507**
Minority interests	-3	0	0
Net income	**1,579**	**287**	**1,507**

Better company data

Consolidated balance sheet 31 August – Assets

(in millions of Euros)

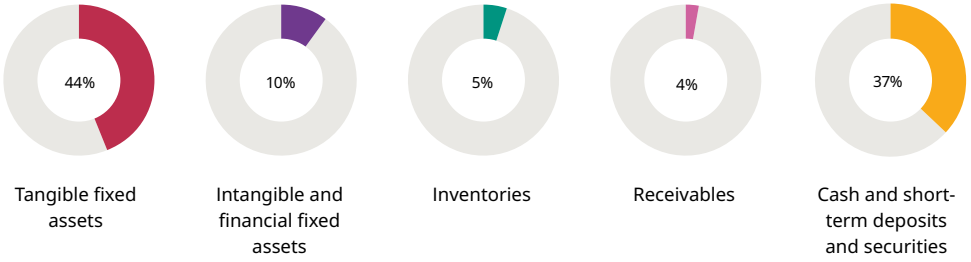
	FY21	FY22	FY23
Tangible fixed assets	24,633	25,647	24,740
Intangible fixed assets	2,511	3,196	3,316
Financial fixed assets	2,186	2,442	2,564
Total fixed assets	**29,330**	**31,285**	**30,620**
Inventories	1,966	2,700	2,742
Receivables	1,676	1,963	1,997
Securities	21,215	20,678	20,470
Cash and short-term deposits	907	1,138	717
Total current assets	**25,764**	**26,479**	**25,926**
Total assets	**55,094**	**57,764**	**56,546**

Consolidated balance sheet 31 August – Equity & liabilities

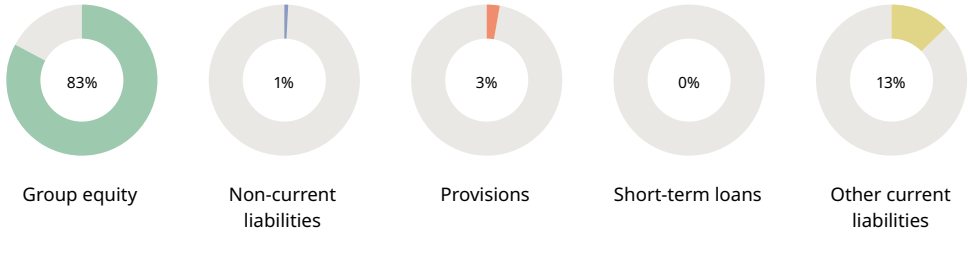
(in millions of Euros)

	FY21	FY22	FY23
Group equity	**45,233**	**47,640**	**46,685**
Provisions	1,851	1,563	1,489
Non-current liabilities	587	767	795
Total non-current liabilities	**2,438**	**2,330**	**2,284**
Short-term loans	54	12	3
Other current liabilities	7,369	7,782	7,574
Total current liabilities	**7,423**	**7,794**	**7,577**
Total equity and liabilities	**55,094**	**57,764**	**56,546**

FY23 Total assets – EUR 56,546 million



FY23 Total equity and liabilities – EUR 56,546 million



IWAY reviews and initial assessments

	FY21	FY22	FY23
Initial supplier assessments for potential new suppliers (number of)	202	168	102
Suppliers who failed to comply with "IWAY Musts" in the initial assessment (%)			19.6
IWAY reviews of Ingka Group suppliers (number of)	338	256	200
IWAY reviews with major non-compliances identified i.e. failure to comply with "IWAY Musts" (%)	23.0	24.6	36.0
IWAY reviews performed by external auditors (%)		5.9	4.0
IWAY reviews that were unannounced (%)		3.9	6.5

IWAY reviews by supplier type FY23

Category	Number of IWAY Reviews by supplier type	% of IWAY Reviews by supplier type	Number of IWAY Reviews with major non-compliances by supplier type	% IWAY Reviews with major non-compliances by supplier type
Customer Fulfilment	81	40.5	26	32.1
Professional Services	12	6.0	3	25.0
Real Estate	102	51.0	40	39.2
Marketing	2	1.0	2	100.0
Equipment	3	1.5	1	33.3

IWAY reviews by country FY23

Country	Number of IWAY Reviews	% of IWAY Reviews	Number of IWAY Reviews with major non-compliances	% IWAY Reviews with major non-compliances
Australia	0	0.0	0	0.0
Austria	0	0.0	0	0.0
Belgium	3	1.5	1	33.3
Canada	9	4.5	3	33.3
China	21	10.5	2	9.5
Croatia	1	0.5	1	100.0
Czech Republic	0	0.0	0	0.0
Denmark	2	1.0	0	0.0
Finland	4	2.0	2	50.0
France	9	4.5	6	66.7
Germany	0	0.0	0	0.0
Hungary	0	0.0	0	0.0
India	15	7.5	9	60.0
Ireland	3	1.5	2	66.7
Italy	9	4.5	3	33.3
Japan	1	0.5	0	0.0

IWAY reviews by country FY23 (continued)

Country	Number of IWAY Reviews	% of IWAY Reviews	Number of IWAY Reviews with major non-compliances	% IWAY Reviews with major non-compliances
Netherlands	9	4.5	0	0.0
Norway	4	2.0	0	0.0
Poland	19	9.5	9	47.4
Portugal	4	2.0	0	0.0
Romania	5	2.5	4	80.0
Russia	33	16.5	18	54.5
Serbia	3	1.5	3	100.0
Slovenia	1	0.5	1	100.0
Slovakia	0	0.0	0	0.0
South Korea	0	0.0	0	0.0
Spain	13	6.5	0	0.0
Sweden	5	2.5	3	60.0
Switzerland	0	0.0	0	0.0
Ukraine	0	0.0	0	0.0
United Kingdom	8	4.0	2	25.0
United States	19	9.5	3	15.8

Cases of modern slavery identified FY23

	FY23
Number of identified cases of child labour in the Ingka Group supply chain	0

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
Take urgent action to combat climate change and its impacts	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. 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 tackle climate change and advocating for action beyond our business. Promoting more sustainable food. See the Better homes, Better planet and Better company sections.
Ensure healthy lives and promote wellbeing for all at all ages	Inspiring and enabling healthy and sustainable living through our products and communications. Offering healthier food to customers and co-workers. Advocating for a healthy future for children through our climate positive initiatives. Health, safety and wellbeing in the workplace, including protecting co-workers and customers. See the Better homes and Better lives sections.
Achieve gender equality and empower all women and girls	Working to ensure gender equality and gender-equal pay. Partnering with social enterprises that support women and supporting charities and community groups that tackle issues affecting women's lives. See the Better lives section.
Ensure access to affordable, reliable, sustainable and modern energy for all	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. See the Better homes, Better planet and Better company sections.
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	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. See the Better lives and Better company sections.
Reduce inequality within and among countries	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. See the Better lives section.
Ensure sustainable consumption and production patterns	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. See the Better homes, Better planet and Better company sections.

SUSTAINABLE DEVELOPMENT GOALS	HOW INGKA GROUP CONTRIBUTES
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss	Responsible sourcing of goods and services that help to run our business. Investing in responsibly-managed forests. Promoting biodiversity around our stores. See the Better planet section.
Strengthen the means of implementation and revitalise the global partnership for sustainable development	Partnering with others to extend our impact beyond our own business, engaging with governments and others to advocate for positive change and taking a stand on the issues we believe in. See Advocacy and partnerships section in Better lives and Better planet, and Stakeholder engagement section in Better company.
End poverty in all its forms everywhere	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 to create positive change in local communities. Supporting vulnerable suppliers and tenants during times of crisis. See the Better lives section.
End hunger, achieve food security and improved nutrition and promote sustainable agriculture	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. See the Better homes and Better lives sections.
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Offering our co-workers opportunities for training and development. Providing and promoting learning and decent employment opportunities for young people. See the Better lives section.

SUSTAINABLE DEVELOPMENT GOALS	HOW INGKA GROUP CONTRIBUTES
Ensure availability and sustainable management of water and sanitation for all	Managing water resources. Inspiring and enabling customers and co-workers to save water at home. See the Better homes and Better planet sections.
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Generating more renewable energy than we consume. Investing in wind and solar power. Investing in renewable heating and cooling in our buildings. 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. Investing in businesses that are developing circular solutions. See the Better homes, Better planet and Better company sections.
Make cities and human settlements inclusive, safe, resilient and sustainable	Contributing to thriving communities through our Neighbourhood Framework. Striving for zero waste and using resources in a circular way. Inspiring and enabling customers to live more sustainably through IKEA products, and promoting circular consumption. Making residential solar affordable and accessible for more people. Supporting communities during times of crisis. Tackling emissions from travel and deliveries. See the Better homes, Better lives and Better planet sections.
Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Phasing out single-use plastic from our IKEA restaurants, cafés and bistros. Offering resonsibly-sourced fish and seafood. See the Better homes and Better planet sections.
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	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 and Digital Ethics policy. See the Better lives and Better company sections.

KPMG

Assurance report of the independent auditor

To: The Board of Managing Directors Ingka Holding B.V.

Our conclusion

We have reviewed the following KPI's in the 'Annual Summary and Sustainability Report FY23' (hereafter: the Report) of Ingka Holding B.V. at Leiden for the year ended 31 August 2023 (hereafter: information in the report):

- 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, 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 9 - the emissions arising from customer travel to the Ingka Centres),
- Energy Efficiency indicators,
- Last Mile Delivery EV Indicators,
- Gender Diversity indicators and Gender Equal Pay indicators.

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 Holding B.V. 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 Holding B.V. 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 / the sustainability indicators 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 Holding B.V. 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 the beforementioned indicators 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

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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 skepticism 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 the company;
- 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 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 visit to Italy was 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 the company;
  - 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, 22 January 2024
KPMG Accountants N.V.

U.C. van Zessen RA

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