

Styrelsen och verkställande direktören för

## IKEA Industry Älmhult AB

Org nr 556216-8285

upprättar härmed

# Årsredovisning

för räkenskapsåret 1 september 2023 - 31 augusti 2024

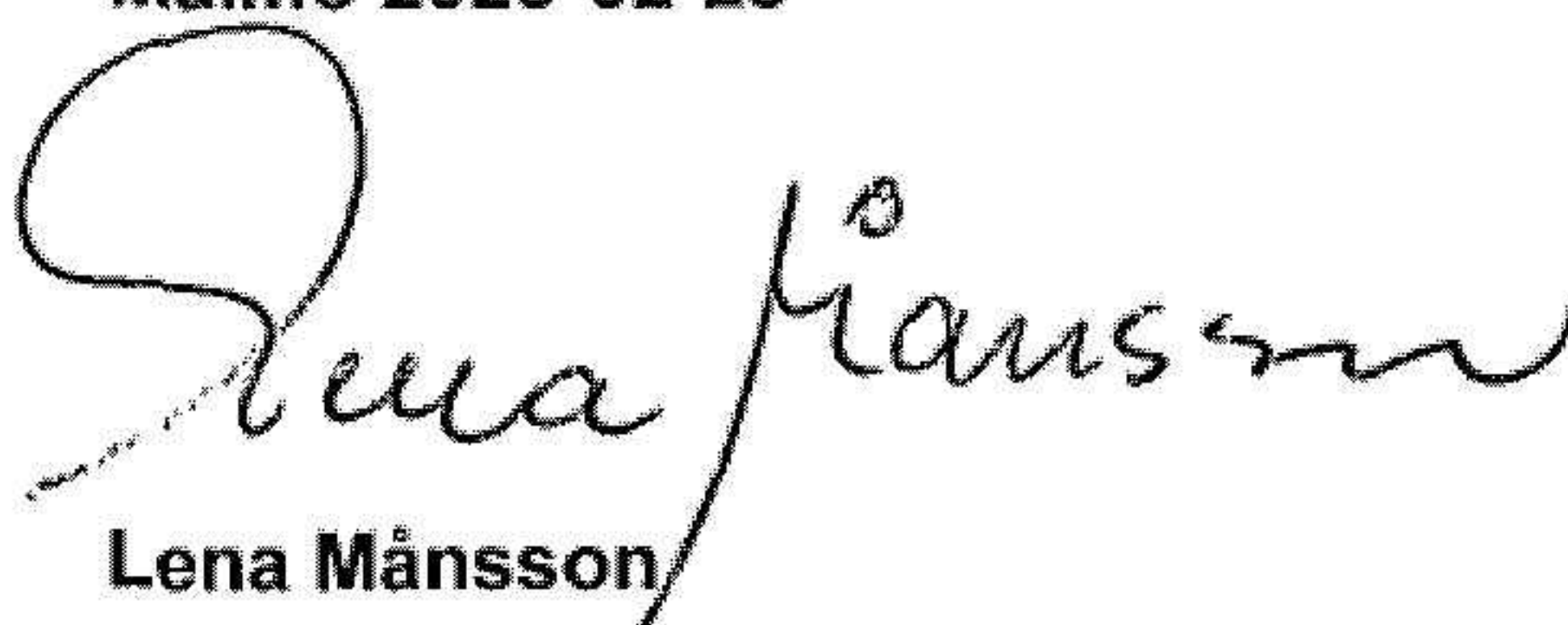
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### Fastställelseintyg

Undertecknad styrelseledamot i IKEA Industry Älmhult AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 28 februari 2025. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Malmö 2025-02-28

  
Lena Månsson

Jag intygar att  
kopian överens-  
stämmer med  
originalet.  
Philip Adamsson  
076-1284150



## Förvaltningsberättelse

### Allmänt om verksamheten

Bolaget, som har sitt säte i Älmhult, bedriver tillverkning av frontsystem till kök och förvaring. Produkterna baseras på Medium Density Fibreboard (MDF), vilka formateras, pigmentlackas och packeteras. All försäljning sker internt inom Inter IKEA-koncernen. Marknaden utgörs i huvudsak av norra och centrala Europa samt Asien.

### Utveckling av företagets verksamhet, resultat och ställning

| <i>Ekonomisk översikt (Tkr)</i> | <i>2023/24</i> | <i>2022/23</i> | <i>2021/22</i> | <i>2020/21</i> |
|---------------------------------|----------------|----------------|----------------|----------------|
| Nettoomsättning                 | 577 901        | 615 817        | 598 561        | 504 725        |
| Rörelsemarginal %               | 3              | 3              | 2              | 2              |
| Balansomslutning                | 379 127        | 373 680        | 333 469        | 316 766        |
| Avkastning på eget kapital %    | 3              | 1              | 2              | 5              |
| Soliditet %                     | 67             | 64             | 72             | 73             |

Definitioner: se not 26

### Väsentliga händelser under räkenskapsåret

Nedgången i produktions- och säljvolymerna vi sett de senaste åren har för året mattats av och volymerna har varit mer stabila än tidigare år. Trots en stabilare nivå hade vi volymerna som var lägre än förväntat. Likt föregående verksamhetsår har de lägre volymerna inneburit att vi behövt anpassa oss till de rådande förutsättningarna. Det har inneburit förändringar i organisationen, riktat fokus mot kostnadskontroll och ökad intern effektivitet.

Under verksamhetsåret har vi breddat vårt sortiment i form av garderobsdörrar. Under senare delen av året startade vi produktion av dörren FJÄREHALS och kommer under nästkommande verksamhetsår att producera dörren FYRUDDEN. För kökssegmentet kommer en ny svart version av BODBYN att börja produceras under kommande verksamhetsår.

Utökat produktsortiment har möjliggjorts av att vi under verksamhetsåret börjat ta vår nya lackeringslina i bruk. En del av lackeringslinan togs i bruk under året och resterande delar kommer att tas i bruk under första halvan av kommande verksamhetsår. Denna lackeringslina förbättrar vår kapacitet, möjliggör effektivisering av produktionen samt reducerar vår klimatpåverkan i form av minskad färgkonsumtion. Fler och fler av våra befintliga produkter flyttas nu över till denna lacklina samtidigt som vi ökar vår flexibilitet och möjlighet att utöka vårt produktsortiment ytterligare.

Utöver lackeringslinan är arbetet med vår solenergipark i full gång. Denna investering, som möjliggör egen produktion av el förväntas bli klar under kommande verksamhetsår.

I slutet av FY24 upptäcktes kvalitetsavvikelser vid interna kontroller. Tester på lagerförda kvantiteter genomfördes utan materiella skrotvärden. För att skydda slutkunden behövde ytterligare tester genomföras i kombination med ett alternativt körsätt i produktionen, vilket har påverkat produktionstakten under FY25:s första månader.

Under året har även en omorganisation skett, vilket resulterat i att bolagets bankkonton numera är interna och ingår i koncernens cashpool.



**Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer**

Volymerna är mer stabila men fortsatt på en lägre nivå jämfört med tidigare år. Blickar vi framåt kan vi se att efterfrågan från slutkunderna börjar sakteligen gå åt rätt håll. Ett till synes mer stabilt marknadsläge med lägre inflation än tidigare ger en mer positiv bild av framtiden.

Investeringar innefattas alltid av risker som kan innebära kostnader för bolaget. Vår nya lackeringslina är en kapacitetsinvestering vilket innebär utmaningar vid lägre volymer. Arbete med effektiv planering av produktionen och ökad maskintillgänglighet kommer bli viktigt både på kort och lång sikt och då efterfrågan går åt rätt håll ser vi på framtiden med tillförsikt.

Det utmanande marknadsläget som råder understryker vikten av att vara flexibel och redo att anpassa sig till snabbt ändrade förutsättningar.

**Icke-finansiella upplysning**

Hållbarhetsarbetet är en integrerad del i IKEA's strategi för tillväxt och värdeskapande och en naturlig del i det vardagliga arbetet. Ambitionen är att skapa en positiv inverkan för människor, samhälle och vår planet.

IKEA Sverige upprättar enligt 7 kap 31 a§ inte någon lagstadgad hållbarhetsrapport. Moderföretaget Inter IKEA Holding BV, org nr 27163852 med säte i Delft, upprättar en hållbarhetsrapport för hela koncernen där IKEA Industry AB ingår. Inter IKEA Holding BVs hållbarhetsrapport finns att tillgå hos IKEA Industry AB och den bifogas även IKEA Industry ABs årsredovisning vid registrering hos Bolagsverket.

IKEA's hållbarhetsstrategi, "IKEA Sustainability Strategy", reviderades 2024 med ambitiösa mål för att omvandla IKEA verksamheten. Fastän betydande framsteg har gjorts, så har vi en snabbt föränderlig värld som kräver ännu mer krävande mål och bråskande åtgärder.

För att hjälpa till att uppfylla denna vision och bidra till FN:s hållbarhetsmål, har IKEA satt nya djärva ambitioner och åtaganden med långsiktigt perspektiv.

IKEA Industry's hållbarhetsarbete omfattar huvudsakligen följande områden:

- \* vårt sätt att leda och arbeta med miljö och säkerhet
- \* ansvarsfull anskaffning av material och råvaror
- \* medarbetare och samhället
- \* hälsa och säkerhet
- \* brandsäkerhet
- \* vatten
- \* förnyelsebar , energieffektivitet och klimatpåverkan
- \* kemikalier
- \* avfall
- \* biologisk mångfald

**Tillstånds- eller anmälningspliktig verksamhet enligt miljöbalken**

IKEA Industry Älmhult AB bedriver en tillståndspliktig verksamhet enligt miljöbalken. Tillståndsplikten avser hela bolagets verksamhet. Samtliga villkor uppfylldes under verksamhetsåret, vilket också framgår av miljörapporten, som lämnas in årligen till tillsynsmyndigheten. Utifrån IKEA Industry-koncernens hållbarhetsplan, som sträcker sig till 2025, har bolaget en lokalt framtagna plan inom miljö och hållbarhet. IKEA Industry Älmhult AB har i sitt miljöarbete framförallt fokus på arbete med energi, kemikalier, avfall samt utsläpp till luft, vatten och mark.

Bolagets miljöpåverkan utgörs framförallt av utsläpp av flyktiga organiska ämnen (VOC) till luft. Processluft som innehåller VOC renas före utsläpp till omgivningen.

Reningsanläggningens reningsgrad uppgår till över 99%. De totala utsläppen av VOC till luft från lackeringsverksamheten får inte överstiga 30 ton per år som riktvärde och 40 ton per år som gränsvärde. År 2023 uppgick utsläppen av VOC till 9,6 ton.



2025031900822

Eget kapital

| 2023-08-31       | Bundet eget kapital |            | Fritt eget kapital              |                    |
|------------------|---------------------|------------|---------------------------------|--------------------|
|                  | Aktiekapital        | Reservfond | Bal.res. inkl<br>årets resultat | Summa eget kapital |
| Ingående balans  | 3 400               | 680        | 195 311                         | 199 391            |
| Årets resultat   |                     |            | 2 097                           | 2 097              |
| Vid årets utgång | 3 400               | 680        | 197 407                         | 201 487            |

| 2024-08-31       | Bundet eget kapital |            | Fritt eget kapital              |                    |
|------------------|---------------------|------------|---------------------------------|--------------------|
|                  | Aktiekapital        | Reservfond | Bal.res. inkl<br>årets resultat | Summa eget kapital |
| Ingående balans  | 3 400               | 680        | 197 407                         | 201 487            |
| Årets resultat   |                     |            | 8 587                           | 8 587              |
| Vid årets utgång | 3 400               | 680        | 205 994                         | 210 074            |

Förslag till disposition av företagets vinst eller förlust  
Styrelsen föreslår att fritt eget kapital, 205 993 754 kronor disponeras enligt följande:

|                         |         |
|-------------------------|---------|
| Balanseras i ny räkning | 205 994 |
| Summa                   | 205 994 |

Vad beträffar resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.



Resultaträkning

| Belopp i tkr                                                                   | Not | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|--------------------------------------------------------------------------------|-----|---------------------------|---------------------------|
| Nettoomsättning                                                                | 3   | 577 901                   | 615 817                   |
| Förändring av varulager<br>samt pågående arbeten för annans räkning            |     | 7 102                     | -8 254                    |
| Övriga rörelseintäkter                                                         | 4   | 2 870                     | 30 493                    |
|                                                                                |     | 587 873                   | 638 056                   |
| <b>Rörelsens kostnader</b>                                                     |     |                           |                           |
| Råvaror och förnödenheter                                                      |     | -277 300                  | -320 646                  |
| Övriga externa kostnader                                                       | 5   | -103 773                  | -90 694                   |
| Personalkostnader                                                              | 6   | -153 492                  | -176 496                  |
| Av- och nedskrivningar av materiella och immateriella<br>anläggningstillgångar |     | -35 219                   | -31 819                   |
| Övriga rörelsekostnader                                                        | 7   | -605                      | -171                      |
| <b>Rörelseresultat</b>                                                         | 8   | 17 484                    | 18 230                    |
| <b>Resultat från finansiella poster</b>                                        |     |                           |                           |
| Ränteintäkter och liknande resultatposter                                      |     | 221                       | 139                       |
| Räntekostnader och liknande resultatposter                                     | 9   | -1 898                    | -1 699                    |
| <b>Resultat efter finansiella poster</b>                                       |     | 15 807                    | 16 670                    |
| <b>Bokslutsdispositioner</b>                                                   |     |                           |                           |
| Koncernbidrag, lämnade                                                         |     |                           | -15 000                   |
| Bokslutsdispositioner, övriga                                                  | 10  | -4 956                    | 1 000                     |
| <b>Resultat före skatt</b>                                                     |     | 10 851                    | 2 670                     |
| Skatt på årets resultat                                                        | 11  | -2 264                    | -574                      |
| <b>Årets resultat</b>                                                          |     | 8 587                     | 2 096                     |

2025031900823



Balansräkning

| Belopp i tkr                                                                   | Not | 2024-08-31 | 2023-08-31 |
|--------------------------------------------------------------------------------|-----|------------|------------|
| TILLGÅNGAR                                                                     |     |            |            |
| Anläggningstillgångar                                                          |     |            |            |
| Materiella anläggningstillgångar                                               |     |            |            |
| Byggnader och mark                                                             | 12  | 58 028     | 60 292     |
| Maskiner och andra tekniska anläggningar                                       | 13  | 127 938    | 90 053     |
| Inventarier, verktyg och installationer                                        | 14  | 13 014     | 15 825     |
| Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar | 15  | 56 348     | 99 516     |
|                                                                                |     | 255 328    | 265 686    |
| Summa anläggningstillgångar                                                    |     | 255 328    | 265 686    |
| Omsättningstillgångar                                                          |     |            |            |
| Varulager m m                                                                  |     |            |            |
| Råvaror och förnödenheter                                                      |     | 23 523     | 19 147     |
| Varor under tillverkning                                                       |     | 7 934      | 5 006      |
| Färdiga varor och handelsvaror                                                 |     | 51 214     | 51 417     |
|                                                                                |     | 82 671     | 75 570     |
| Kortfristiga fordringar                                                        |     |            |            |
| Kundfordringar                                                                 |     | 248        | 109        |
| Fordringar hos koncernföretag                                                  |     | 24 364     | 15 744     |
| Aktuell skattefordran                                                          |     | 6 742      | 6 679      |
| Övriga fordringar                                                              |     | 9 350      | 9 362      |
| Förutbetalda kostnader och upplupna intäkter                                   | 17  | 424        | 529        |
|                                                                                |     | 41 128     | 32 423     |
| Summa omsättningstillgångar                                                    |     | 123 799    | 107 993    |
| SUMMA TILLGÅNGAR                                                               |     | 379 127    | 373 679    |

2025031900824



2025031900825

Balansräkning

| Belopp i tkr                                 | Not | 2024-08-31 | 2023-08-31 |
|----------------------------------------------|-----|------------|------------|
| <b>EGET KAPITAL OCH SKULDER</b>              |     |            |            |
| <i>Eget kapital</i>                          |     |            |            |
| <i>Bundet eget kapital</i>                   |     |            |            |
| Aktiekapital                                 |     | 3 400      | 3 400      |
| Reservfond                                   |     | 680        | 680        |
|                                              |     | 4 080      | 4 080      |
| <i>Fritt eget kapital</i>                    |     |            |            |
| Balanserat resultat                          |     | 197 407    | 195 311    |
| Årets resultat                               |     | 8 587      | 2 096      |
|                                              | 18  | 205 994    | 197 407    |
|                                              |     | 210 074    | 201 487    |
| <i>Obeskattade reserver</i>                  |     |            |            |
| Akkumulerade överavskrivningar               |     | 53 546     | 48 591     |
| <i>Avsättningar</i>                          |     |            |            |
| Uppskjuten skatteskuld                       | 16  | 2 169      | 1 135      |
| <i>Kortfristiga skulder</i>                  |     |            |            |
| Leverantörsskulder                           |     | 47 164     | 44 510     |
| Skulder till koncernföretag                  |     | 21 088     | 17 268     |
| Övriga skulder                               |     | 3 579      | 13 729     |
| Upplupna kostnader och förutbetalda intäkter | 20  | 41 507     | 46 959     |
|                                              |     | 113 338    | 122 466    |
| SUMMA EGET KAPITAL OCH SKULDER               |     | 379 127    | 373 679    |



Kassaflödesanalys

| Belopp i tkr                                                                        | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|-------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Den löpande verksamheten</b>                                                     |                           |                           |
| Resultat efter finansiella poster                                                   | 15 807                    | 16 670                    |
| Justering för poster som inte ingår i kassaflödet                                   | 24 35 140                 | 31 819                    |
|                                                                                     | 50 947                    | 48 489                    |
| Betald inkomstskatt                                                                 | -1 293                    | -407                      |
| <b>Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital</b> | <b>49 654</b>             | <b>48 082</b>             |
| <i>Förändringar i rörelsekapital</i>                                                |                           |                           |
| Ökning(-)/Minskning(+) av varulager                                                 | -7 101                    | -1 246                    |
| Ökning(-)/Minskning(+) av rörelsefordringar                                         | -8 642                    | 8 612                     |
| Ökning(+)/Minskning(-) av rörelseskulder                                            | -9 128                    | 24 832                    |
| <b>Kassaflöde från den löpande verksamheten</b>                                     | <b>24 783</b>             | <b>80 280</b>             |
| <b>Investeringsverksamheten</b>                                                     |                           |                           |
| Förvärv av materiella anläggningstillgångar                                         | -24 863                   | -107 325                  |
| Avyttring av materiella anläggningstillgångar                                       | 80                        | 150                       |
| <b>Kassaflöde från investeringsverksamheten</b>                                     | <b>-24 783</b>            | <b>-107 175</b>           |
| <b>Årets kassaflöde</b>                                                             | <b>0</b>                  | <b>-26 895</b>            |
| <b>Likvida medel vid årets början</b>                                               | <b>0</b>                  | <b>26 895</b>             |
| <b>Likvida medel vid årets slut</b>                                                 | <b>23 0</b>               | <b>0</b>                  |

2025031900826



Noter

Belopp i tkr om inget annat anges

Not 1 Redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med tidigare år. Bolaget är anslutet till koncernkonto. I balansräkningen redovisas koncernkontot som fordran på koncernbolag.

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar och med tillägg för uppskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Tillkommande utgifter

Tillkommande utgifter som uppfyller tillgångskriteriet räknas in i tillgångens redovisade värde. Utgifter för löpande underhåll och reparationer redovisas som kostnader när de uppkommer.

För byggnader och större maskinanläggningar har skillnaden i förbrukningen av betydande komponenter bedömts vara väsentlig. Dessa tillgångar har därför delats upp i komponenter vilka skrivs av separat.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas som kostnad i resultaträkningen.

Hänsyn har tagits till beräknat restvärde, fastställt vid anskaffningstillfället i då rådande prisnivå.

Byggnader  
Maskiner och andra tekniska anläggningar  
Inventarier, verktyg och installationer

Nyttjandeperiod  
15 - 50 år  
5 - 10 år  
3 - 10 år

För byggnader har skillnaden i förbrukningen av betydande komponenter bedömts vara väsentlig. Byggnaderna består av ett antal komponenter med olika nyttjandeperioder. Huvudindelningen är byggnader och mark. Ingen avskrivning sker på komponentens mark vars nyttjandeperiod bedöms som obergränsad. Byggnaderna består av flera komponenter vars nyttjandeperiod varierar.

Följande huvudgrupper av komponenter har identifierats och ligger till grund för avskrivningen på byggnader:

|                               |       |
|-------------------------------|-------|
| - Stomme, fasad mm            | 50 år |
| - Yttertak                    | 40 år |
| - Installationer, el          | 20 år |
| - Installationer, ventilation | 15 år |

Nedskrivningar - materiella och immateriella anläggningstillgångar samt andelar i koncernföretag

Vid varje balansdag bedöms om det finns någon indikation på att en tillgångs värde är lägre än dess redovisade värde. Om en sådan indikation finns, beräknas tillgångens återvinningsvärde.

Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärde. Vid beräkning av nyttjandevärdet beräknas nuvärdet av de framtida kassaflöden som tillgången väntas ge upphov till i den löpande verksamheten samt när den avyttras eller utangeras. Den diskonteringsränta som används är före skatt och återspeglar marknadsmässiga bedömningar av pengars tidsvärde och de risker som avser tillgången. En tidigare nedskrivning återförs endast om de skäl som låg till grund för beräkningen av återvinningsvärdet vid den senaste nedskrivningen har förändrats.



IKEA Industry Älmhult AB

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**Leasingavtal**

Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella, som operationella leasingavtal. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden.

**Utländsk valuta***Poster i utländsk valuta*

Monetära poster i utländsk valuta räknas om till balansdagens kurs. Ikke-monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället.

**Varulager**

Varulagret är upptaget till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet. Därvid har inkuransrisk beaktats. Anskaffningsvärdet beräknas enligt först in- först ut- principen.

I egentillverkade halv- och helfabrikat består anskaffningsvärdet av direkta tillverkningskostnader och de indirekta kostnader som utgör mer än en oväsentlig del av den sammanlagda utgiften för tillverkningen. Vid värdering har hänsyn tagits till normalt kapacitetsutnyttjande.

Företaget tillämpar inkuranstrappa för sitt reservdelslager. Det innebär att artiklar som inte rört sig på tre år skrivs ned med 15%. Artiklar skrivs ned med maximalt 80%, och det gäller artiklar som inte rört sig på mer än sex år.

**Finansiella tillgångar och skulder**

Finansiella tillgångar och skulder redovisas i enlighet med kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärdet) i BFNAR 2012:1.

*Redovisning i och borttagande från balansräkningen*

En finansiell tillgång eller finansiell skuld tas upp i balansräkningen när företaget blir part i instrumentets avtalsmässiga villkor.

En finansiell tillgång tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången har upphört eller reglerats. Detsamma gäller när de risker och fördelar som är förknippade med innehavet i allt väsentligt överförs till annan part och företaget inte längre har kontroll över den finansiella tillgången. En finansiell skuld tas bort från balansräkningen när den avtalade förpliktelsen fullgjorts eller upphört.

*Värdering av finansiella tillgångar*

Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde, inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången.

Finansiella omsättningstillgångar värderas efter första redovisningstillfället till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen.

Kundfordringar och övriga fordringar som utgör omsättningstillgångar värderas individuellt till det belopp som beräknas inflyta.

Finansiella anläggningstillgångar värderas efter första redovisningstillfället till anskaffningsvärde med avdrag för eventuella nedskrivningar och med tillägg för eventuella uppskrivningar.

Räntebärande finansiella tillgångar värderas till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden.

*Värdering av finansiella skulder*

Finansiella skulder värderas till upplupet anskaffningsvärde. Utgifter som är direkt hänförliga till upptagande av lån korrigerar lånets anskaffningsvärde och periodiseras enligt effektivräntemetoden.



### Ersättningar till anställda

Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som en kostnad och en skuld då det finns en legal och informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitlig uppskattning av beloppet kan göras.

#### *Avgiftsbestämda planer*

Avgifterna för avgiftsbestämda planer redovisas som kostnad. Obetalda avgifter redovisas som skuld.

#### *Förmånsbestämda planer*

Planer för vilka pensionspremier betalas redovisas som avgiftsbestämda vilket innebär att avgifterna kostnadsförs i resultaträkningen.

### Inkomstskatter

Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

#### *Aktuell skatt*

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

#### *Uppskjuten skatt*

Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar netto redovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstodgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

### Koncernbidrag och aktieägartillskott

Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen.



**Not 2                    Uppskattningar och bedömningar**  
Inga betydande uppskattningar eller bedömningar har gjorts i bokslutet per 2024-08-31

**Not 3                    Nettoomsättning per geografisk marknad**

|                                    | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|------------------------------------|---------------------------|---------------------------|
| <i>Nettoomsättnings fördelning</i> |                           |                           |
| Sverige                            | 103 122                   | 71 471                    |
| Övriga Europa                      | 455 623                   | 510 625                   |
| Övriga Världen                     | 19 156                    | 33 721                    |
|                                    | <u>577 901</u>            | <u>615 817</u>            |

**Not 4                    Övriga rörelseintäkter**

|                                          | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|------------------------------------------|---------------------------|---------------------------|
| Realisationsvinst av anläggningstillgång | 80                        | –                         |
| Övrigt                                   | 2 790                     | 7 293                     |
|                                          | <u>2 870</u>              | <u>30 493</u>             |

**Not 5                    Arvode och kostnadsersättning till revisorer**

|                  | 2022-09-01-<br>2023-08-31 | 2023-09-01-<br>2024-08-31 |
|------------------|---------------------------|---------------------------|
| <i>KPMG</i>      |                           |                           |
| Revisionsuppdrag | 398                       | 382                       |

Med revisionsuppdrag avses lagstadgad revision av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning samt revision och annan granskning utförd i enlighet med överenskommelse eller avtal.

Detta inkluderar övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

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Not 6 Anställda, personalkostnader och arvoden till styrelse

| Medelantalet anställda | 2023-09-01-<br>2024-08-31 | varav<br>män | 2022-09-01-<br>2023-08-31 | varav<br>män |
|------------------------|---------------------------|--------------|---------------------------|--------------|
|                        |                           |              |                           |              |
| Sverige                | 190                       | 82%          | 214                       | 81%          |
| Totalt                 | 190                       | 82%          | 214                       | 81%          |

Redovisning av könsfördelning i företagsledningar

|                                  | 2023-09-01-<br>2024-08-31<br>Andel kvinnor | 2022-09-01-<br>2023-08-31<br>Andel kvinnor |
|----------------------------------|--------------------------------------------|--------------------------------------------|
| Styrelsen                        | 20%                                        | 20%                                        |
| Övriga ledande befattningshavare | 33%                                        | 38%                                        |

Löner och andra ersättningar samt sociala kostnader, inklusive pensionskostnader

|                            | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|----------------------------|---------------------------|---------------------------|
| Löner och ersättningar     | 104 694                   | 115 809                   |
| Sociala kostnader          | 45 057                    | 57 495                    |
| (varav pensionskostnad) 1) | (10 000)                  | (18 196)                  |

1) Av företagets pensionskostnader avser 455 (f.å. 300) företagets VD och styrelse.

Löner och andra ersättningar fördelade mellan styrelseledamöter m.fl. och övriga anställda

|                                                      | 2023-09-01-2024-08-31 |                     | 2022-09-01-2023-08-31 |                     |
|------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                                      | Styrelse<br>och VD    | Övriga<br>anställda | Styrelse<br>och VD    | Övriga<br>anställda |
| Löner och andra ersättningar<br>(varav tantiem o.d.) | 1 727<br>(-)          | 102 967             | 1 103<br>(-)          | 114 706             |

Not 7 Övriga rörelsekostnader

|                                                        | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|--------------------------------------------------------|---------------------------|---------------------------|
| Kursförluster på fordringar/skulder av rörelsekaraktär | -605                      | -22                       |
| Realisationsförluster av anläggningstillgång           | -                         | -149                      |
|                                                        | -605                      | -171                      |

Penneo dokumentnyckel: RXJLY-9PBJN-6V52T-R0A YM-M756R-YBBNI



**Not 8                    Operationell leasing****Leasingavtal där företaget är leasetagare**

| <i>Framtida minimileaseavgifter avseende icke<br/>uppsägningsbara operationella leasingavtal</i> | <i>2022-09-01-<br/>2023-08-31</i> | <i>2023-09-01-<br/>2024-08-31</i> |
|--------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Inom ett år                                                                                      | 81                                | 682                               |
| Mellan ett och fem år                                                                            | 1 376                             | 1 083                             |
| Senare än fem år                                                                                 | —                                 | —                                 |
|                                                                                                  | <b>1 457</b>                      | <b>1 765</b>                      |
| Räkenskapsårets kostnadsförda leasingavgifter                                                    | 778                               | 909                               |

**Not 9                    Räntekostnader och liknande resultatposter**

|                                | <i>2023-09-01-<br/>2024-08-31</i> | <i>2022-09-01-<br/>2023-08-31</i> |
|--------------------------------|-----------------------------------|-----------------------------------|
| Räntekostnader, koncernföretag | -303                              | -1 693                            |
| Räntekostnader, övriga         | -1 595                            | -6                                |
| Övrigt                         | —                                 | —                                 |
|                                | <b>-1 898</b>                     | <b>-1 699</b>                     |

**Not 10                  Bokslutsdispositioner, övriga**

|                                                        | <i>2023-09-01-<br/>2024-08-31</i> | <i>2022-09-01-<br/>2023-08-31</i> |
|--------------------------------------------------------|-----------------------------------|-----------------------------------|
| Skillnad mellan skattemässig och redovisad avskrivning |                                   |                                   |
| - Maskiner och andra tekniska anläggningar             | -4 498                            | 851                               |
| - Inventarier, verktyg och installationer              | -458                              | 149                               |
|                                                        | <b>-4 956</b>                     | <b>1 000</b>                      |

**Not 11                  Skatt på årets resultat**

|                          | <i>2023-09-01-<br/>2024-08-31</i> | <i>2022-09-01-<br/>2023-08-31</i> |
|--------------------------|-----------------------------------|-----------------------------------|
| Aktuell skattekostnad    | -1 230                            | -1 292                            |
| Uppskjuten skattekostnad | -1 034                            | 718                               |
|                          | <b>-2 264</b>                     | <b>-574</b>                       |



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Avstämning av effektiv skatt

|                                                      | 2023-09-01-<br>2024-08-31 |        | 2022-09-01-<br>2023-08-31 |        |
|------------------------------------------------------|---------------------------|--------|---------------------------|--------|
|                                                      | Procent                   | Belopp | Procent                   | Belopp |
| Resultat före skatt                                  |                           | 10 851 |                           | 2 670  |
| Skatt enligt gällande skattesats                     | 20,6%                     | -2 235 | 20,6%                     | -550   |
| Ej avdragsgilla kostnader                            | -5,7%                     | 616    | 40,0%                     | -1 068 |
| Ej skattepliktiga intäkter                           | -0,4%                     | 43     | 0,0%                      | —      |
| Återläggning värdeminskningssavdrag byggnad och mark | -3,2%                     | 346    | -12,2%                    | 326    |
| Omvärdering uppskjuten skatt                         | 9,5%                      | -1 034 | -26,9%                    | 718    |
| Redovisad effektiv skatt                             | 20,9%                     | -2 264 | 21,5%                     | -574   |

Not 12 Byggnader och mark

|                                        | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|----------------------------------------|---------------------------|---------------------------|
| <i>Akkumulerade anskaffningsvärden</i> |                           |                           |
| Vid årets början                       | 142 095                   | 134 592                   |
| Nyanskaffningar                        | 372                       | 6 926                     |
| Omklassificeringar                     | 178                       | 577                       |
| Vid årets slut                         | 142 645                   | 142 095                   |
| <i>Akkumulerade avskrivningar</i>      |                           |                           |
| Vid årets början                       | -81 957                   | -79 227                   |
| Omklassificeringar                     | -40                       | —                         |
| Årets avskrivning                      | -2 774                    | -2 730                    |
| Vid årets slut                         | -84 771                   | -81 957                   |
| <i>Akkumulerade uppskrivningar</i>     |                           |                           |
| Vid årets början                       | 154                       | 154                       |
| Vid årets slut                         | 154                       | 154                       |
| Redovisat värde vid årets slut         | 58 028                    | 60 292                    |
| <b>Varav mark</b>                      | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
| Akkumulerade anskaffningsvärden        | 2 468                     | 2 468                     |
| Nyanskaffningar                        | 315                       | —                         |
| Akkumulerade uppskrivningar            | 154                       | 154                       |
| Redovisat värde vid årets slut         | 2 937                     | 2 622                     |



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| Not 13 | Maskiner och andra tekniska anläggningar                                          | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|--------|-----------------------------------------------------------------------------------|---------------------------|---------------------------|
|        |                                                                                   |                           |                           |
|        | Akkumulerade anskaffningsvärden                                                   |                           |                           |
|        | Vid årets början                                                                  | 524 532                   | 488 737                   |
|        | Nyanskaffningar                                                                   | 6 464                     | 19 760                    |
|        | Avyttringar och utrangeringar                                                     | -5 136                    | -993                      |
|        | Omklassificeringar                                                                | 60 834                    | 17 028                    |
|        | Vid årets slut                                                                    | 586 694                   | 524 532                   |
|        | Akkumulerade avskrivningar                                                        |                           |                           |
|        | Vid årets början                                                                  | -434 479                  | -409 211                  |
|        | Återförda avskrivningar på avyttringar och utrangeringar                          | 5 136                     | 844                       |
|        | Årets avskrivning                                                                 | -29 413                   | -26 112                   |
|        | Vid årets slut                                                                    | -458 756                  | -434 479                  |
|        | Redovisat värde vid årets slut                                                    | 127 938                   | 90 053                    |
| Not 14 | Inventarier, verktyg och installationer                                           | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|        |                                                                                   |                           |                           |
|        | Akkumulerade anskaffningsvärden                                                   |                           |                           |
|        | Vid årets början                                                                  | 81 945                    | 76 203                    |
|        | Nyanskaffningar                                                                   | 197                       | 3 883                     |
|        | Avyttringar och utrangeringar                                                     | -772                      | -199                      |
|        | Omklassificeringar                                                                | -16                       | 2 058                     |
|        | Vid årets slut                                                                    | 81 354                    | 81 945                    |
|        | Akkumulerade avskrivningar                                                        |                           |                           |
|        | Vid årets början                                                                  | -66 120                   | -63 341                   |
|        | Återförda avskrivningar på avyttringar och utrangeringar                          | 772                       | 199                       |
|        | Omklassificeringar                                                                | 41                        | -                         |
|        | Årets avskrivning på anskaffningsvärden                                           | -3 033                    | -2 978                    |
|        | Vid årets slut                                                                    | -68 340                   | -66 120                   |
|        | Redovisat värde vid årets slut                                                    | 13 014                    | 15 825                    |
| Not 15 | Pågående nyanläggningar och förskott<br>avseende materiella anläggningstillgångar | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|        |                                                                                   |                           |                           |
|        | Vid årets början                                                                  | 99 516                    | 42 424                    |
|        | Omklassificeringar                                                                | -60 996                   | -19 664                   |
|        | Investeringar                                                                     | 17 828                    | 76 756                    |
|        | Redovisat värde vid årets slut                                                    | 56 348                    | 99 516                    |



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Not 16                    Uppskjuten skatt

|                                 | 2023-09-01-2024-08-31       |                           |        |
|---------------------------------|-----------------------------|---------------------------|--------|
|                                 | Uppskjuten<br>skattefordran | Uppskjuten<br>skatteskuld | Netto  |
| Väsentliga temporära skillnader |                             |                           |        |
| Byggnader och mark              | —                           | 2 554                     | -2 554 |
| Upplupna kostnader              | 385                         | —                         | 385    |
| Uppskjuten skattefordran/skuld  | 385                         | 2 554                     | -2 169 |

|                                 | 2022-09-01-2023-08-31       |                           |        |
|---------------------------------|-----------------------------|---------------------------|--------|
|                                 | Uppskjuten<br>skattefordran | Uppskjuten<br>skatteskuld | Netto  |
| Väsentliga temporära skillnader |                             |                           |        |
| Byggnader och mark              | —                           | 2 180                     | -2 180 |
| Upplupna kostnader              | 1 045                       | —                         | 1 045  |
| Uppskjuten skattefordran/skuld  | 1 045                       | 2 180                     | -1 135 |

Not 17                    Förutbetalda kostnader och upplupna intäkter

|                          | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|--------------------------|---------------------------|---------------------------|
| Förutbetalda kostnader   | 64                        | 165                       |
| Återbetalning punktskatt | 360                       | 364                       |
|                          | 424                       | 529                       |

Not 18                    Disposition av vinst eller förlust

Förslag till disposition av företagets vinst eller förlust

Styrelsen föreslår att fritt eget kapital, kronor 205 993 754 , disponeras enligt följande:

|                         |         |
|-------------------------|---------|
| Balanseras i ny räkning | 205 994 |
| Summa                   | 205 994 |

Not 19                    Antal aktier och kvotvärde

|              | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|--------------|---------------------------|---------------------------|
| antal aktier | 34 000                    | 34 000                    |
| kvotvärde    | 100                       | 100                       |

Not 20                    Upplupna kostnader och förutbetalda intäkter

|                                    | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|------------------------------------|---------------------------|---------------------------|
| Upplupna semester- och löneskulder | 16 281                    | 18 406                    |
| Upplupna pensionskostnader         | 6 100                     | 10 532                    |
| Upplupna sociala avgifter          | 5 116                     | 5 783                     |
| Upplupna energikostnader           | 1 946                     | 1 678                     |
| Övriga poster                      | 12 064                    | 10 560                    |
|                                    | 41 507                    | 46 959                    |



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Not 21                    Ställda säkerheter och eventualförpliktelser

|                       |      |      |
|-----------------------|------|------|
| Ställda säkerheter    | Inga | Inga |
| Eventualförpliktelser |      |      |
| Garantiåtaganden      | —    | —    |

Not 22                    Väsentliga händelser efter räkenskapsårets slut

I slutet av FY24 upptäcktes kvalitetsavvikelser vid interna kontroller. Tester på lagerförda kvantiteter genomfördes utan materiella skrotvärden. För att skydda slutkunden behövde ytterligare tester genomföras i kombination med ett alternativt körsätt i produktionen, vilket har påverkat produktionstakten under FY25:s första månader.

Not 23                    Likvida medel

|                                                       | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|-------------------------------------------------------|---------------------------|---------------------------|
| <i>Följande delkomponenter ingår i likvida medel:</i> |                           |                           |
| Kassamedel                                            | —                         | —                         |

Ovanstående poster har klassificerats som likvida medel med utgångspunkten att:

- De har en obetydlig risk för värdefluktuationer.
- De kan lätt omvandlas till kassamedel.
- De har en löptid om högst 3 månader från anskaffningstidpunkten.

Not 24                    Övriga upplysningar till kassaflödesanalysen  
Justeringar för poster som inte ingår i kassaflödet m m

|                                          | 2023-09-01-<br>2024-08-31 | 2022-09-01-<br>2023-08-31 |
|------------------------------------------|---------------------------|---------------------------|
| Avskrivningar                            | 35 220                    | 31 819                    |
| Realisationsvinst av anläggningstillgång | —80                       |                           |
|                                          | 35 140                    | 31 819                    |



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**Not 25                      Koncernuppgifter**

Företaget är helägt dotterföretag till IKEA Industry AB, org nr 556182-8459 med säte i Malmö.  
Detta moderföretag upprättar ingen koncernredovisning med hänvisning till undantagsregeln i årsredovisningslagen 7 kap. 2 §.  
Moderföretaget i koncernen är Inter IKEA Holding BV, org.nr. 27163852., med säte i Delft, Nederländerna.  
Inter IKEA Holding BV upprättar koncernredovisning för den största koncernen.  
Det utländska moderföretagets koncernredovisning går att rekvirera från Inter IKEA Holding B.V. Olof Palmestraat 1, Delft, Nederländerna

*Inköp och försäljning inom koncernen*

Av företagets totala inköp och försäljning mätt i kronor avser 5 (3) % av inköpen och 100 (100) % av försäljningen andra företag inom hela den företagsgrupp som koncernen tillhör.

**Not 26                      Nyckeltalsdefinitioner**

|                             |                                                                                                                                    |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Rörelsemarginal:            | Rörelseresultat / Nettoomsättning                                                                                                  |
| Balansomslutning:           | Totala tillgångar                                                                                                                  |
| Avkastning på eget kapital: | Årets resultat hänförligt till moderföretagets aktieägare / Genomsnittligt eget kapital hänförligt till moderföretagets aktieägare |
| Soliditet:                  | (Totalt eget kapital + 79,4 (79,4) % av obeskattade reserver) / Totala tillgångar                                                  |



IKEA Industry Älmhult AB  
Org nr 556216-8285

I enlighet med vår elektroniska signatur

Lena Månsson  
Ordförande

Janis Lencevics

Björn Ståhlacke

Piotr Szwarc  
Verkställande direktör

Lars-Göran Gustafsson  
Arbetslagarrepresentant

Magnus Martinsson  
Arbetslagarrepresentant

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska signatur  
KPMG AB

Camilla Alm Andersson  
Auktoriserad revisor  
Huvudansvarig revisor

Therese Johansson  
Auktoriserad revisor

2025031900838



2025031900839

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"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

## MAGNUS MARTINSSON

Underskrivare 1

Serienummer: 79085b886a0d3b[...]24476841ee3f5

IP: 151.186.xxx.xxx

2025-02-24 08:14:08 UTC



## Janis Lencevics

Underskrivare 1

Serienummer: 3efcae8653a064[...]9c7c81aa24465

IP: 151.186.xxx.xxx

2025-02-24 08:28:02 UTC



## Björn Olof Ståhlacke

Underskrivare 1

Serienummer: 0cd80450d89e8a[...]e524ec7dfa9a8

IP: 151.186.xxx.xxx

2025-02-24 11:18:25 UTC



## LARS-GÖRAN GUSTAFSSON

Underskrivare 1

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2025-02-24 12:15:36 UTC



## Piotr Slawomir Szwarc

Underskrivare 1

Serienummer: 13eb7ab542a0fc[...]85faf0f1ea0b6

IP: 151.186.xxx.xxx

2025-02-24 13:44:14 UTC



## Lena Cecilia Månsson

Underskrivare 1

Serienummer: 36018484cc7a47[...]b8b41ef8e4a71

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**THERESE KATARINA JOHANSSON**

Auktoriserad revisor

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**CAMILLA IRÉNE ALM ANDERSSON**

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# Revisionsberättelse

Till bolagsstämman i IKEA Industry Älmhult AB, org. nr 556216-8285

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för IKEA Industry Älmhult AB för räkenskapsåret 2023-09-01—2024-08-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av IKEA Industry Älmhult ABs finansiella ställning per den 31 augusti 2024 och av dess finansiella resultat och kassaflöde för räkenskapsåret enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till IKEA Industry Älmhult AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att

fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

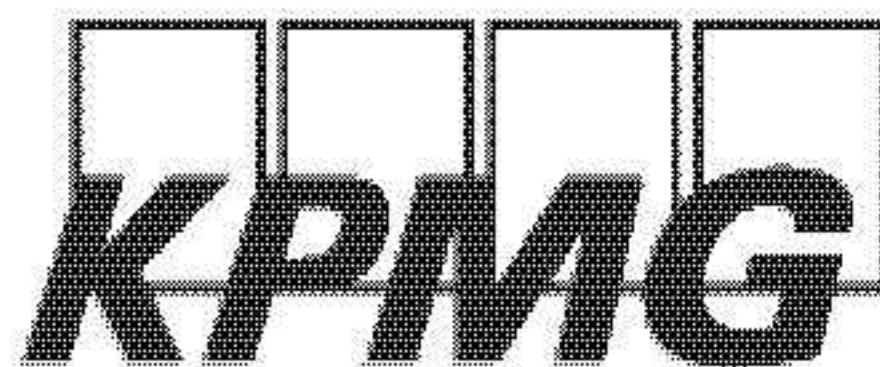
Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risker för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.





Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för IKEA Industry Älmhult AB för räkenskapsåret 2023-09-01—2024-08-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till IKEA Industry Älmhult AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets

organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda

ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö det datum som framgår av elektronisk signeringsverifikat

KPMG AB

KPMG AB

Camilla Alm Andersson  
Auktoriserad revisor  
Huvudansvarig revisor

Therese Johansson  
Auktoriserad revisor



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Auktoriserad revisor

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## CAMILLA IRÉNE ALM ANDERSSON

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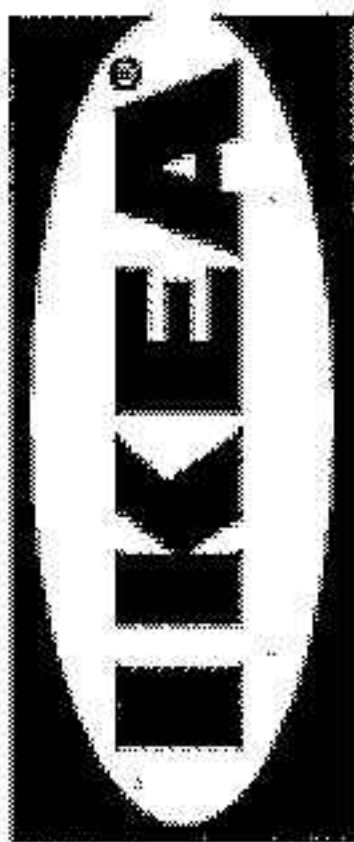
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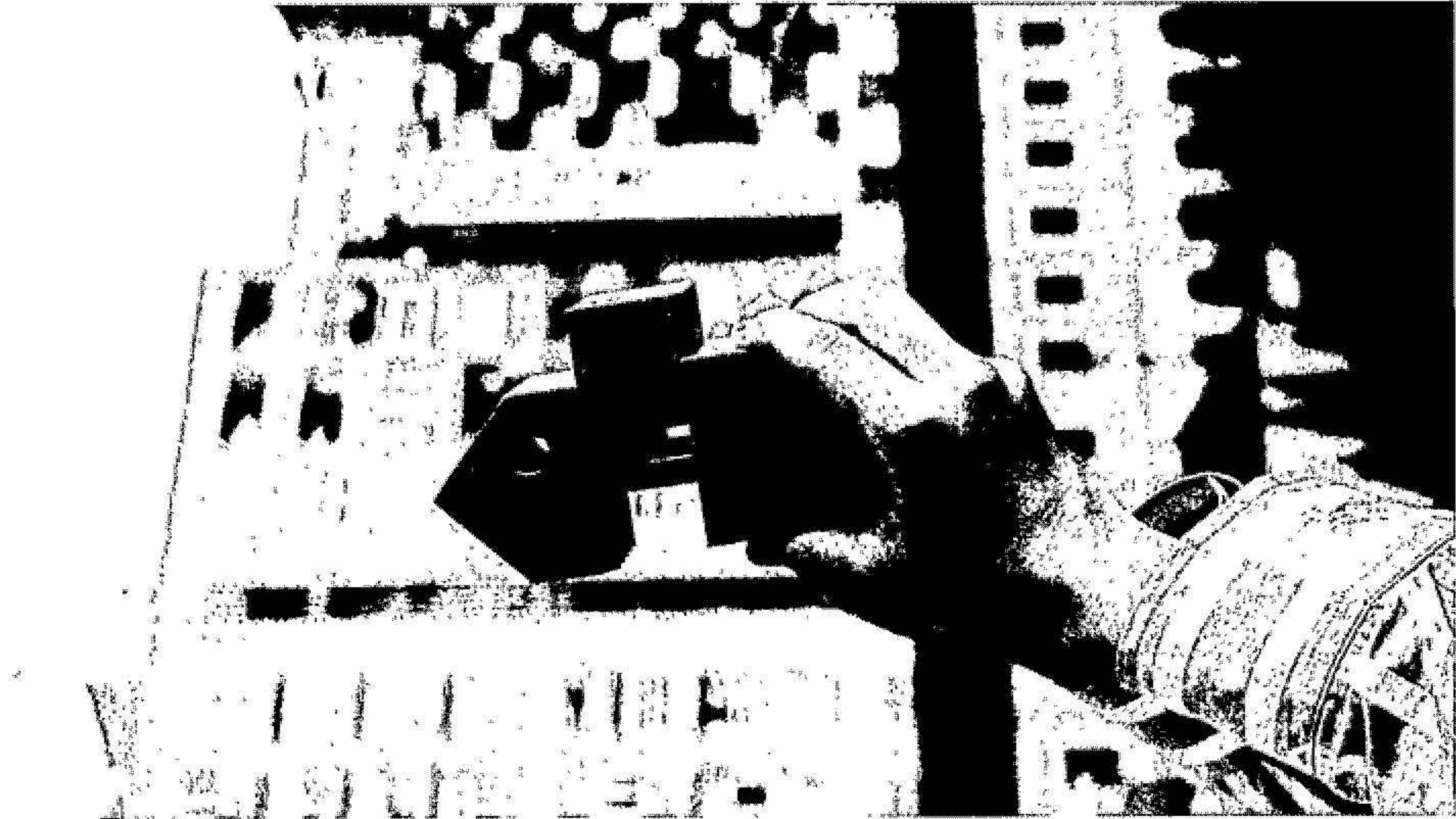


# IKEA Sustainability Report FY24





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## About this report

This report summarises our progress towards the commitments outlined in the [IKEA Sustainability Strategy](#) during FY24. It showcases a selection of initiatives that reflect our commitment to making a tangible impact. It covers the entire IKEA value chain and franchise system and provides an update on activities and the ongoing work to measure progress. The IKEA Sustainability Report is issued by Inter IKEA Group.<sup>1</sup> The reporting period follows the financial year 2024 (FY24), which runs from 1 September 2023 to 31 August 2024.

To ensure the long-term growth and development of the IKEA business, we use a franchise system. This provides financial stability while allowing franchisees to challenge, test and explore new markets and ideas. Together, we continue to develop the IKEA Brand.

"We" in this report refers to the IKEA business. The IKEA business is defined as the business activities performed by all companies operating within the IKEA franchise system.

The IKEA value chain encompasses more than the IKEA business and includes sourcing and extracting raw materials, manufacturing, transporting of products, retail activities in stores, customer travel to stores, product use in customers' homes and product end-of-life.

Please note that we review and update historical data for accuracy on an annual basis. These changes are updates to external reference data, improved calculation methodologies and data quality. Percentages in this report may not total 100% due to rounding differences.

<sup>1</sup> Inter IKEA Group consists of Inter IKEA Holding B.V. and all its subsidiaries. An overview of Inter IKEA Group can be found [here](#).

Following the publication of this report and in preparation for CSRD-compliant reporting from FY26, going forward, the sustainability reporting will undergo changes. The CSRD framework begins with a double materiality assessment, and based on the assessment of ESG topic materiality, future sustainability statements will be reported alongside financial data, analysing the impact of operations on people, the planet, and financial performance.



INTRODUCTION LETTER

# Investing in the future

**Our business direction is clear: we want to make IKEA more affordable, accessible and sustainable, especially for people with thin wallets. Last year, as part of this journey, we took two big steps – we lowered prices across all markets and made steady progress on our sustainability agenda.**

In FY24, we all experienced big global challenges: the continuing effects of climate change on people and nature, rising geopolitical conflicts, widespread economic pressures from inflation and a higher cost of living. For us, the only way forward is through tangible actions, here and now, to address climate change, nature loss and inequality.

Operating in over 60 markets around the world, we have both the responsibility and opportunity to drive change across various industries along our value chain and make a real difference in the communities where we operate. This year, IKEA stores had 899 million visits, and sales amounted to EUR 45.1 billion (EUR 47.6 billion in FY23).

Using our scale and reach, we aim to inspire and engage with our customers to make sustainable living the norm. During the year, we have worked hard on our sustainability agenda, and at the same time substantially lowered prices across all 63 IKEA retail markets.

We also made good progress towards our climate goals and are seeing positive signs that we can grow our business without increasing our greenhouse gas (GHG) emissions. In FY24, our total emissions were 5% lower than in the previous year (FY23) and 28% lower than in FY16 (our baseline year). The reduction in FY24 is attributed to continued increase in renewable energy, improved energy efficiency and movements towards electrification of transport. However, lower production volumes during the reporting period also contributed to the reduction.

In June 2024, our strengthened climate goals were validated by the Science Based Target initiative (SBTi). Delivering on these goals includes focusing on phasing out on-site coal, oil and oil-based fossil fuels and we are striving towards renewable energy use across the IKEA value chain. To make this a reality, we are, for example, expanding our existing programme to support suppliers' access to renewable electricity in 14 additional markets.

As materials stand for almost half of the IKEA climate footprint and also impact biodiversity and water, we are working hard to develop products with a lower footprint and increase the share of recycled materials. We are also improving traceability of the materials that we use by partnering with suppliers to more accurately measure and follow up on our progress.

Making the most out of raw materials has long been part of the IKEA DNA. This year, for example, we launched the foam-less sofa, DÅNHULT, that

uses thermo-bonded felt made from fabric waste. Scaling such innovations has the potential to inspire a broader industry transition towards circular solutions. To advance innovative material solutions faster, we have also made a venture investment in the Swedish company Nordic SeaFarm to support the farming of seaweed that could replace synthetic polymers in plastics and textiles in the future.

Recognising the critical role of nature in mitigating the impacts of climate change, during the year, we also developed high-level IKEA biodiversity and water agendas – a step towards further detailing specific actions and setting science-aligned targets.

The IKEA business touches the lives of millions across our value chain and protecting human rights is central to our business. This year, we made significant progress in strengthening the IKEA supplier code of conduct, IWAY. Key developments include advancing the rights of seafarers, improving animal welfare standards, and finalising the development of IWAY for agriculture. This marks a major step in our efforts to secure responsible sourcing and ensuring social and environmental conditions across our agricultural value chains.

Through our partnership with UNICEF, we're also incorporating the perspectives of young people into our approach to a just transition and climate action.

Following the publication of this report, we will transition to reporting our sustainability performance in accordance with CSRD starting from

FY26. We welcome the increased transparency and comparability this brings, and in both our actions and reporting we remain committed to driving tangible, meaningful change.

We're actively working towards contributing to systemic change. This includes advocating for harmonised, actionable, and forward-looking policies, as well as renewable energy infrastructure, incentives for circular business models and measures to protect and restore nature. For example, in the fall, we participated in both the United Nations Conference of the Parties (COP) for biodiversity (COP16) in Columbia and climate (COP29) in Azerbaijan.

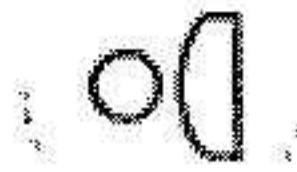
By working together and with the right enablers in place – policies, global standards, and common ways of measuring progress – we can scale solutions even faster. This is not the time to slow down, this is the time to step up and act.



Jon Abrahamsson Ring  
Chief Executive Officer, Inter IKEA Group

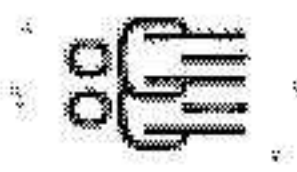


## The IKEA business in FY24



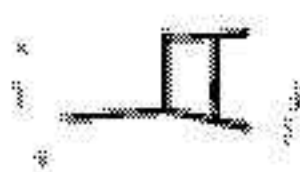
**216,000**  
IKEA co-workers

219,000 co-workers in FY23.



**~1,500**  
IKEA suppliers and partners<sup>1</sup>

With around 800 home furnishing suppliers in more than 50 markets and over 140 global food suppliers.



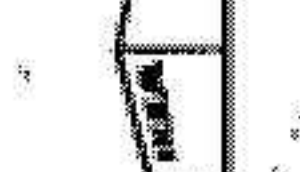
**9,500**  
products in the IKEA range

Approximately 2,550 products were newly developed, renewed, or improved by IKEA of Sweden in FY24.



**4.6 billion**  
visits to IKEA websites

An increase of 21% compared to FY23.



**899 million**  
visits to IKEA stores

IKEA opened 56 new sales locations in FY24, including 3 full-size stores, 8 small stores, and 44 Plan and Order points.



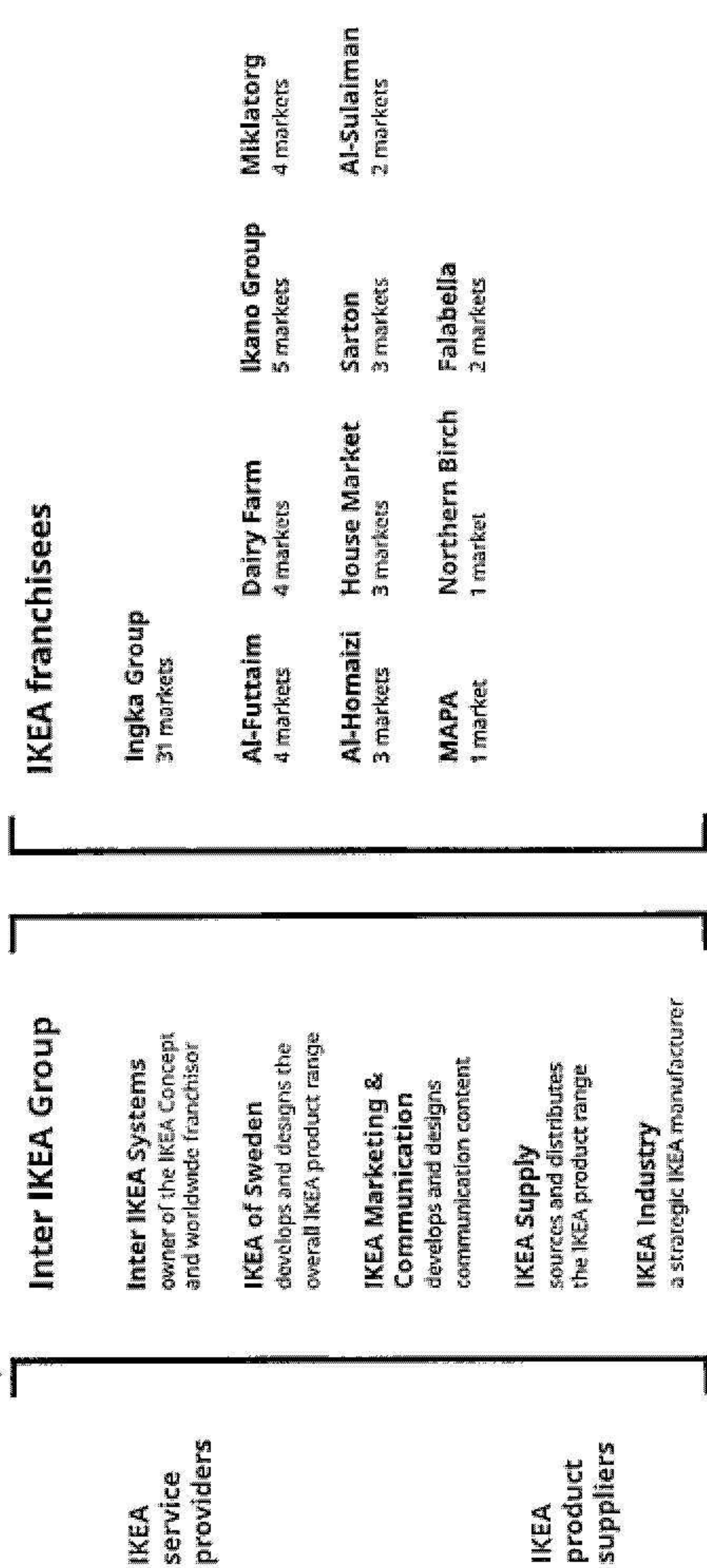
**45.1 billion**  
IKEA retail sales (in EUR)<sup>2</sup>

Total IKEA retail sales for FY24 amounted to EUR 45.1 billion, a decrease of 5.3% (4% when adjusted for currency impact) compared to FY23. The drop is mainly due to lower prices.

<sup>1</sup> We work with approximately 1,500 suppliers for home furnishing, transport, logistics and distribution services, components, and food.

<sup>2</sup> Excluding sales taxes, including sales of IKEA products, food and services by IKEA franchisees.

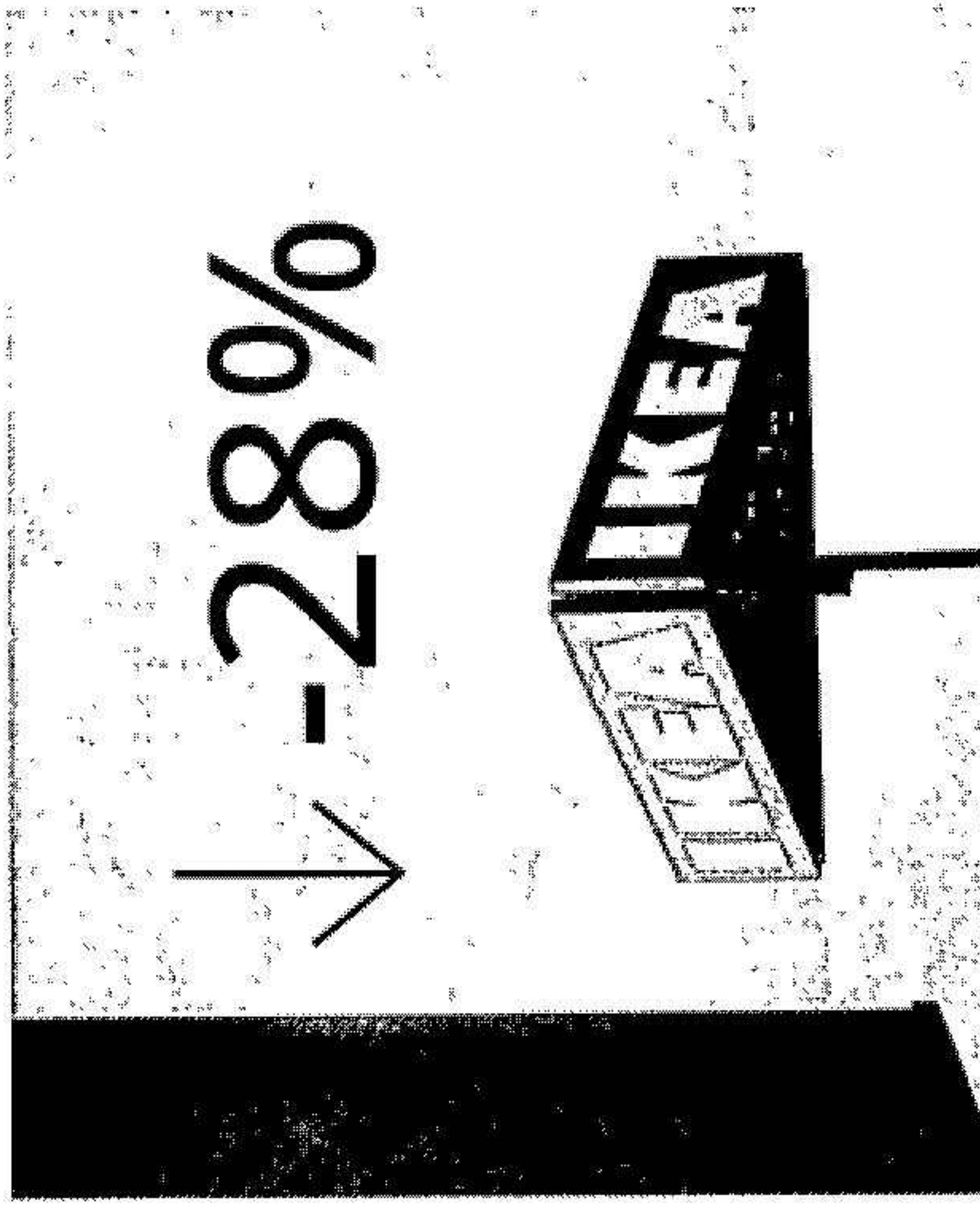
### The IKEA franchise system



*This is a simplified overview of the IKEA franchise system and value chain (read more). In total, there were 12 IKEA franchise groups in 63 markets as of 31 August 2024. Inter IKEA Group includes the IKEA franchisor (Inter IKEA Systems B.V.), range, supply and manufacturing. The IKEA sustainability agenda is set and governed by the Strategic Sustainability Council, hosted and led by Inter IKEA Systems B.V., with the Inter IKEA Group CEO as chair. Read more about our sustainability governance on page 56.*

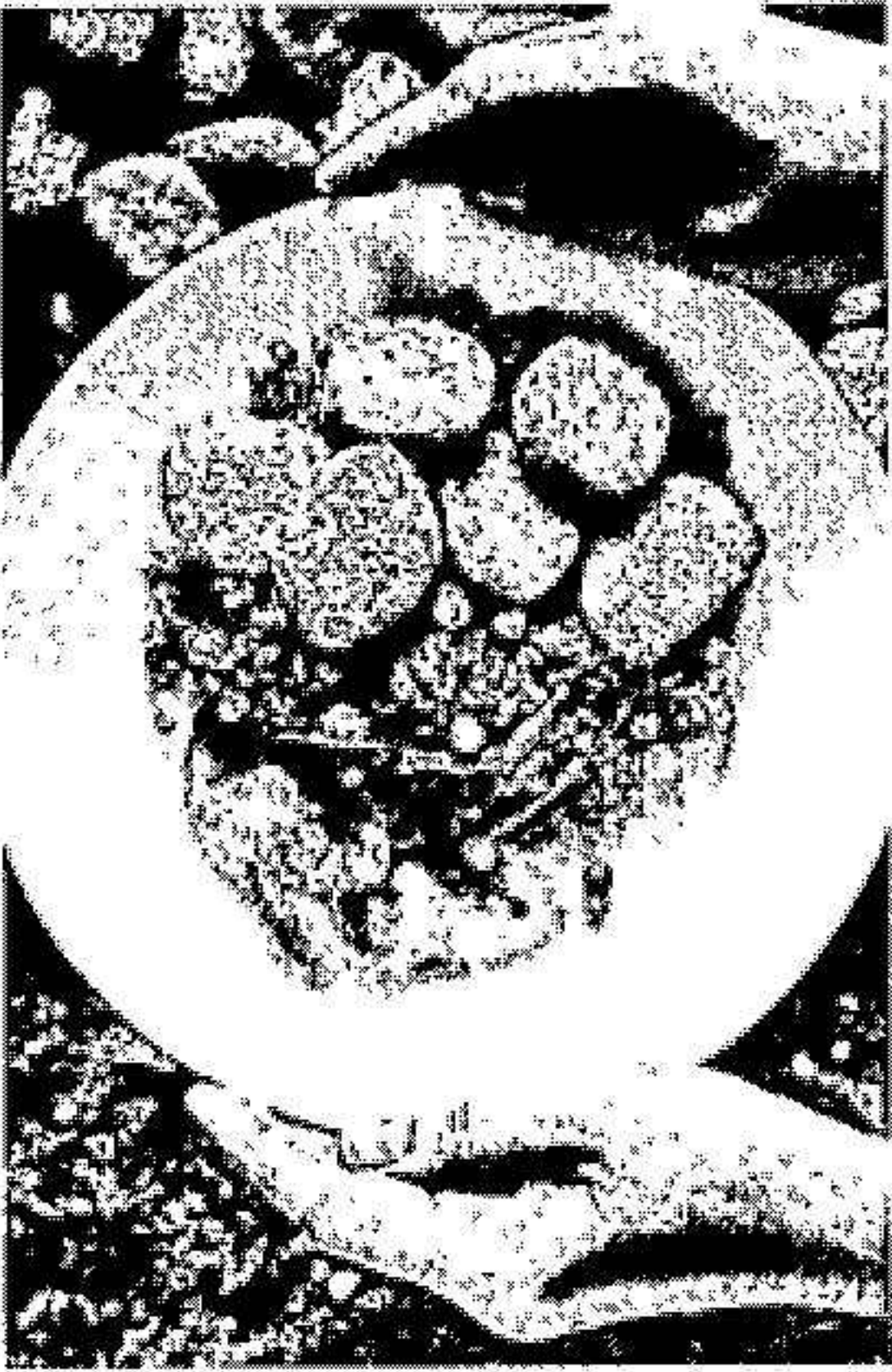


# FY24 sustainability highlights



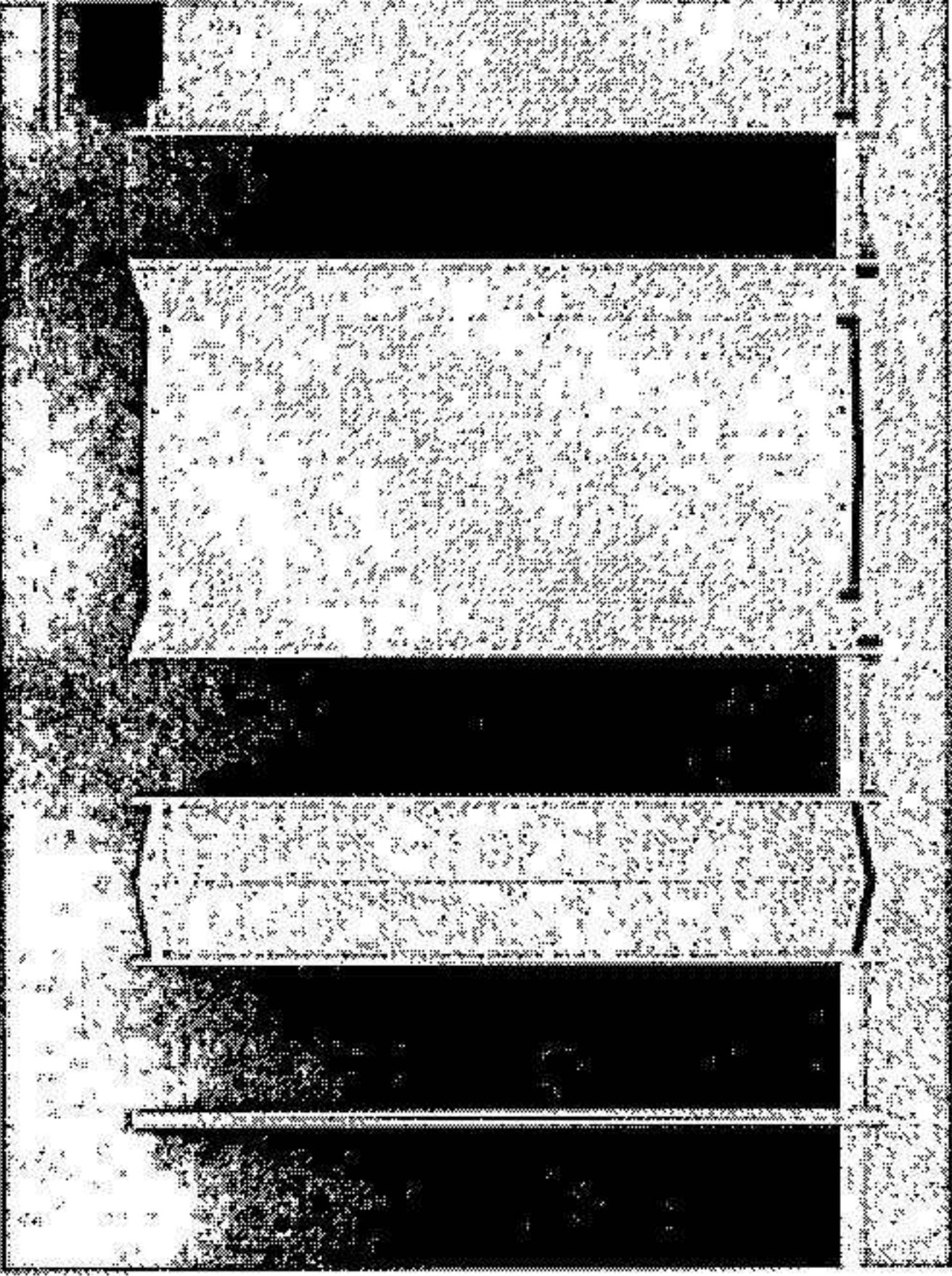
**Decreasing our climate footprint by 8.4 million tonnes of CO<sub>2</sub> eq in absolute terms compared to our FY16 baseline – a reduction of 28%.**

[Page 13](#)



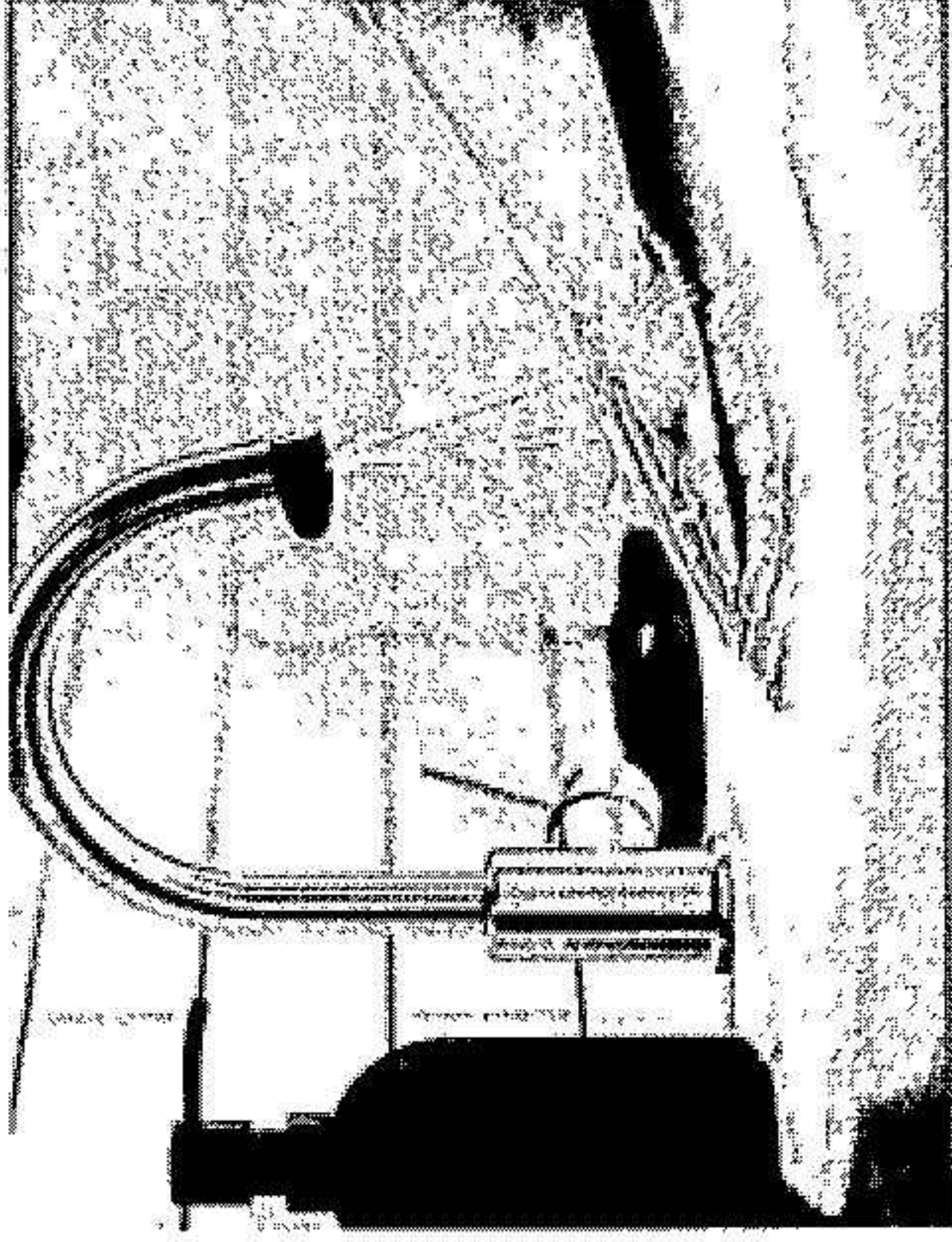
Expanding our plant-rich food offer through new dishes and investments in innovative ingredients.

[Page 10](#)



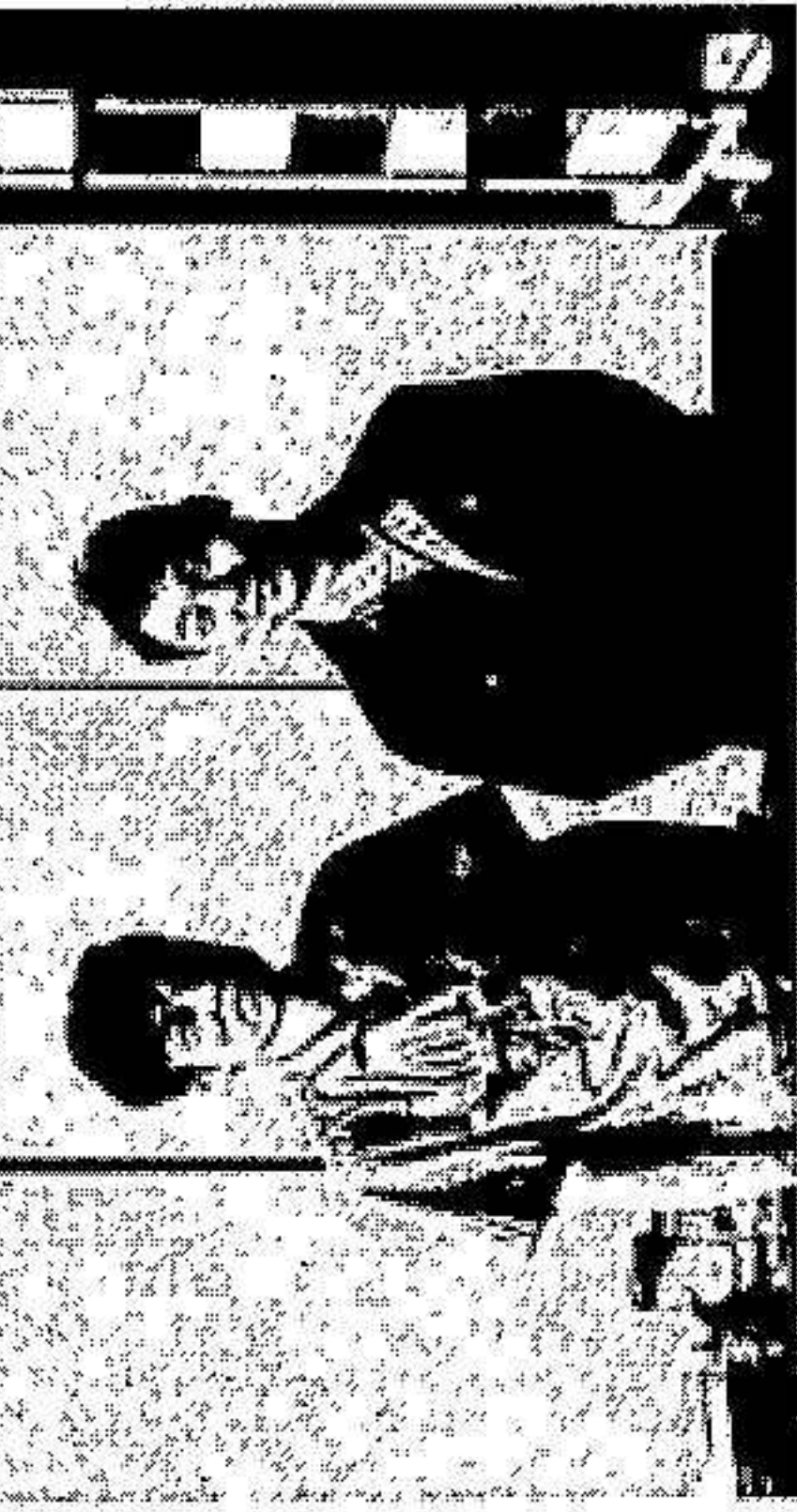
Improving PAX with foldable frame, designed for easy disassembly and reassembly.

[Page 22](#)



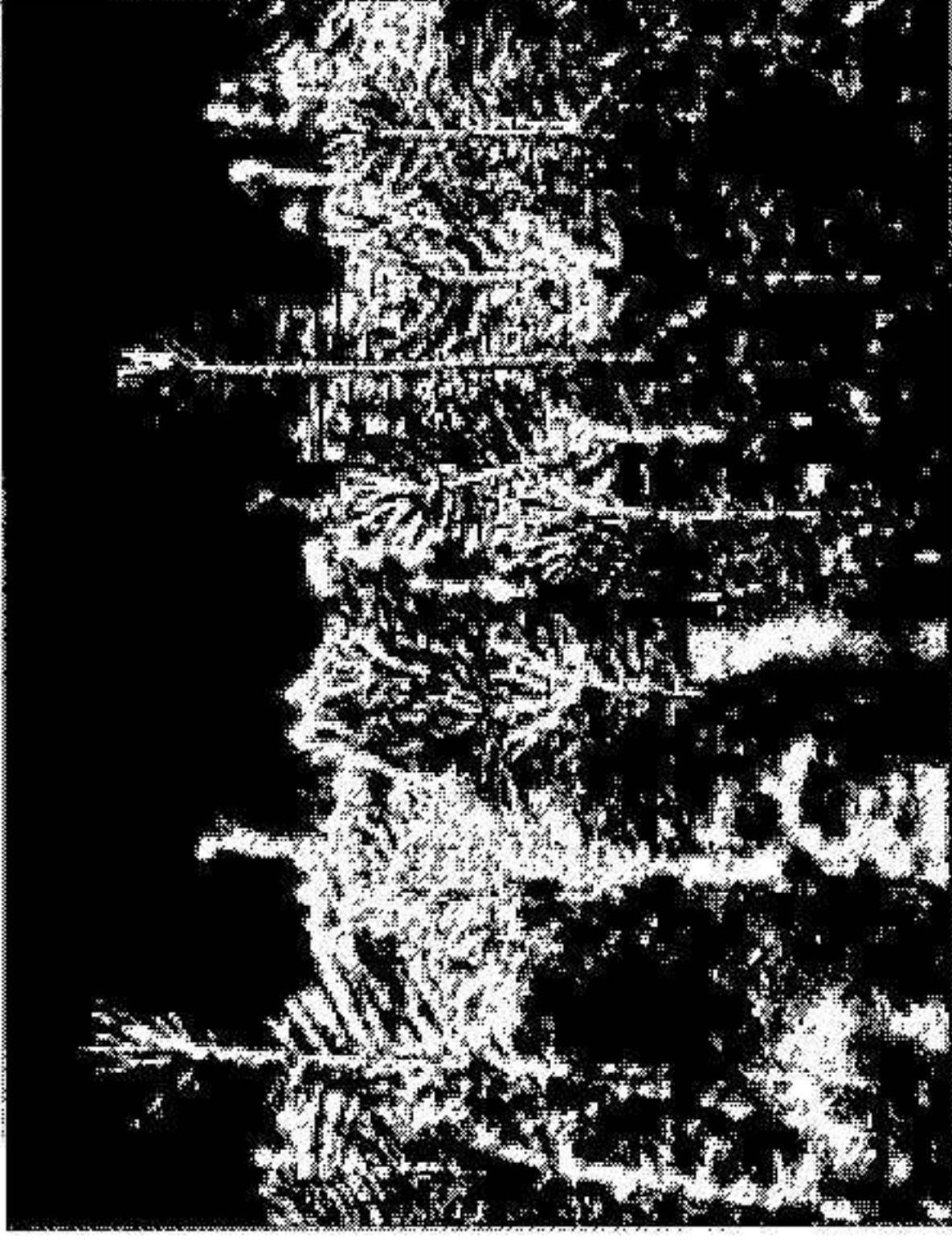
Driving innovative solutions for water efficiency at home through initiatives like the 50L Home Coalition pilot in Los Angeles and the Drop It project in Sweden.

[Page 11](#)



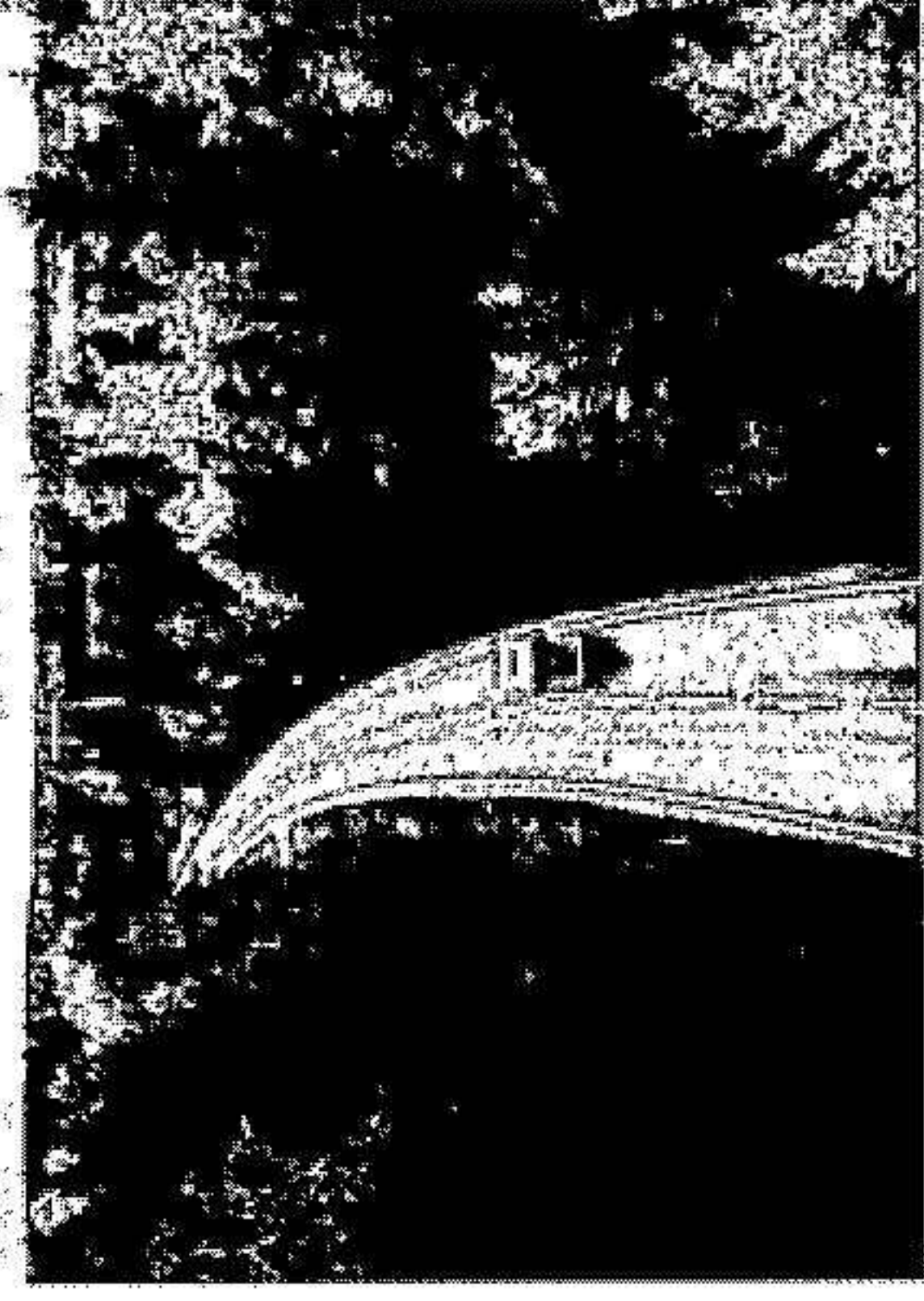
Increasing protections for migrant workers through a partnership with the International Organization for Migration (IOM) to drive systematic change starting with our supply chain.

[Page 49](#)



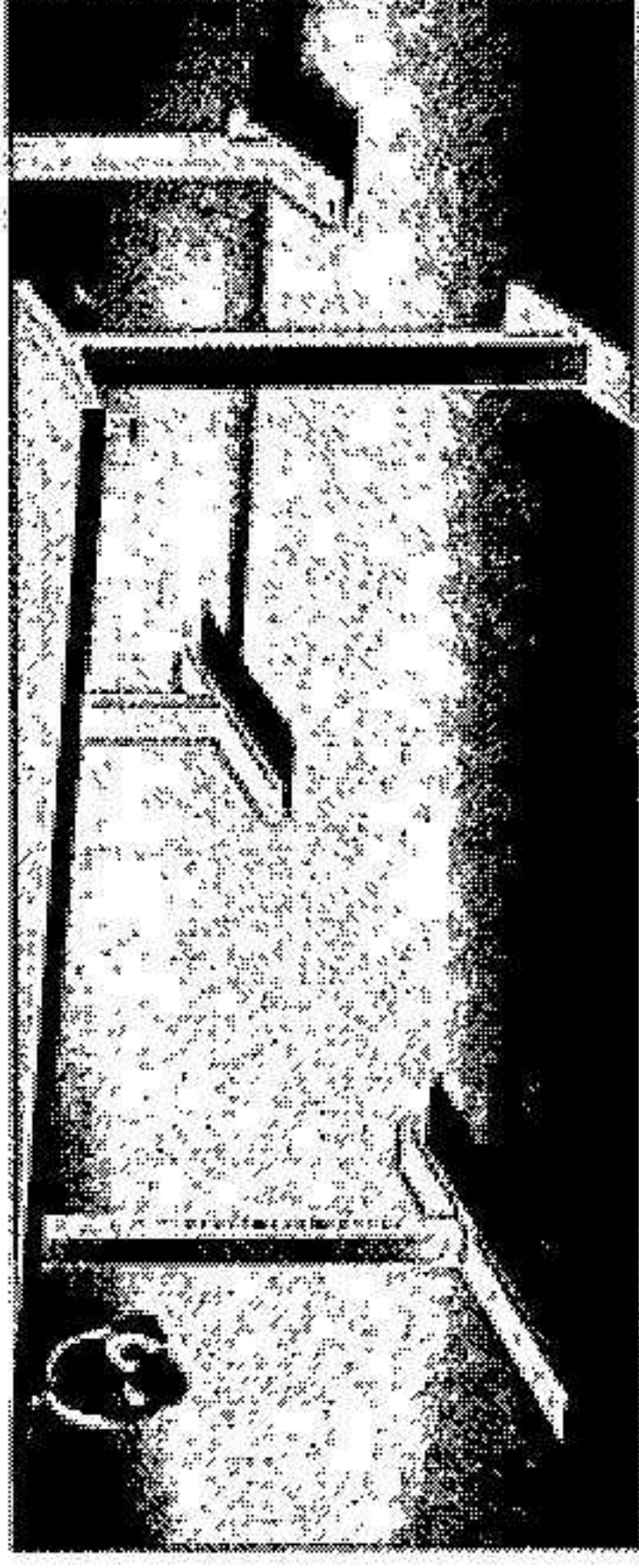
Restoring FSC certification in Poland, our biggest wood sourcing market, by working together with business partners and stakeholders.

[Page 36](#)



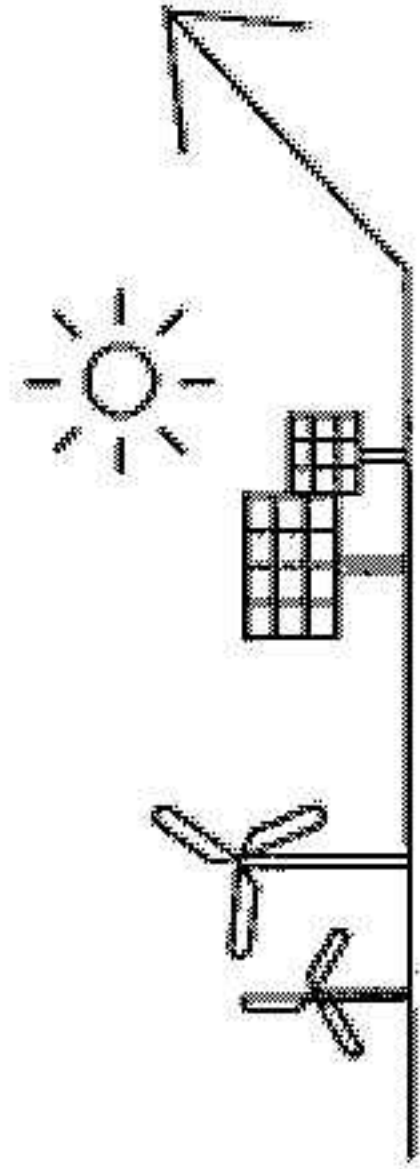
Reporting for the first time on road safety to promote transparency and take action on improvements, playing our part in reaching the UN Sustainable Development Goal target to reduce road fatalities and injuries by half by 2030.

[Page 48](#)



Achieving the same function with less material using high-strength steel instead of regular steel in the MITTZON sit/stand desk.

[Page 16](#)



Increasing the share of renewable electricity from FY23 to FY24:

- 77% to 81% for retail
- 91% to 95% for logistics services
- 71% to 75% for production



# IKEA Sustainability Strategy

The purpose of the IKEA Sustainability Strategy is to inspire, activate and lead us in our planning, decision-making and goal-setting so that together we can achieve the changes we want to see for the IKEA business and in the world.

The IKEA Sustainability Strategy, introduced in 2018, sets a common direction for the IKEA franchise system and value chain and is reviewed annually. During FY24, the strategy was updated in accordance with our strengthened ambitions and actions plans, and to align with the latest insights and science.

The overall structure of our sustainability strategy, organised into three focus areas, remains intact. The updated ambitions for each focus area are shown in the diagram on the right.

One important update is the shift to 'Net Zero and Beyond' instead of 'Climate positive' as this better reflects the next chapter of the IKEA climate journey with strengthened climate goals, in line with the 1.5°C target and the Net-Zero Standard by Science Based Targets initiative (SBTi).

To better reflect the critical role of nature, the focus area "Circular & climate" has been updated to "Climate, nature, & circularity". The IKEA business depends on nature for our materials, and nature has always been an integral part of the IKEA approach to sustainability.

Further important updates in the strategy involve adjusting our circularity commitment as an ongoing "transition toward a circular business", rather than setting a fixed endpoint by 2030. This is the same for "Aiming to use only renewable or recycled materials by 2030", which has been updated to "Aiming to use only renewable or recycled materials". These revisions reflect the evolving understanding of circular practices while acknowledging challenges in fully achieving our goals by 2030.

We have also adjusted our "Healthy & sustainable living" ambition, continuing to inspire and enable as many people as possible to move towards healthy and sustainable lifestyles in any area where IKEA has an influence. Since the strategy launched in 2018, we have been unable to measure progress towards our goal of inspiring and enabling one billion people to live better within the planet's boundaries. This is because the impact on planetary boundaries is measured globally, not individually. Our updated ambition brings us in line with science and supports a wider approach, committing to offer products that directly improve a healthy and sustainable lifestyle, for example, in the areas of energy, water, air, waste and food.

## Healthy & sustainable living

### Our ambitions for 2030

We will inspire and enable people to move towards healthy and sustainable lifestyles by making healthy and sustainable living a desirable choice that is affordable, attractive and accessible for as many people as possible.

We will offer products where environmental and social impact, as well as circular capabilities have been considered. We will also offer products and services that can directly support a healthy and sustainable lifestyle in, for example, the areas of energy, water, air, waste and food. We will inspire behaviours that lead to a reduced environmental footprint as well as better health and wellbeing at home.

### We are committed to:

- Offering home furnishing products, services and solutions that support a healthy and/or sustainable life at home
- Offering a food range that supports healthy and sustainable eating
- Contributing to creating a shift in society where healthy and sustainable lifestyles become the default

## Climate, nature & circularity

### Our ambitions for 2030

We are transitioning towards a circular business built on clean, renewable energy and regenerative resources, de-coupling virgin, non-renewable material use from our growth. The aim is to end our dependency on virgin, non-renewable materials and fossil fuels.

We will contribute to limiting the global temperature increase to 1.5°C, in line with the Paris agreement, by drastically reducing emissions in line with science, removing and storing carbon through forestry, agriculture and products, as well as contributing with additional reductions in society. We will also do our part to contribute to clean air and water and improved biodiversity.

### We are committed to:

- Transitioning towards a circular business
- Taking climate action by halving emissions from the IKEA value chain, on our way towards net zero
- Regenerating resources, protecting ecosystems and improving biodiversity

## Fair & equal

### Our ambitions for 2030

By 2030, our ambition is to play our full part in contributing to a fair and equal society by respecting and promoting human rights across the value chain and contributing to resilient societies.

We recognise our responsibility to address the negative impacts of our business and will always seek to create a positive impact for people. We will provide and support decent and meaningful work, including providing and promoting a living wage and ensuring a just transition.

We will ensure that the IKEA business contributes to a more equal, diverse and inclusive society through our business practices, as well as our products, services and communication. We will also use our size and influence to advocate for a fair and equal society.

### We are committed to:

- Being a responsible business and contributing to resilient societies
- Providing and supporting decent and meaningful work across the IKEA value chain
- Being an equal, diverse and inclusive business

Overview of the IKEA Sustainability Strategy focus areas, commitments and ambitions for 2030.



# Healthy & sustainable living



Where we are focusing our efforts:

Offering home furnishing products, services and solutions that support a healthy and/or sustainable life at home

Page 8

Offering a food range that supports healthy and sustainable eating

Page 10

Contributing to creating a shift in society where healthy and sustainable lifestyles become the default

Page 11

## FY24 SUMMARY OF PROGRESS

**This year, we had 899 million visits to IKEA stores and 4.6 billion visits to our websites. Interacting with so many people around the world, we have a unique opportunity and responsibility to support making sustainable living the norm.**

We believe that the home is the most important place in the world – it's where life happens: where people eat, sleep, relax, work, and socialise. We believe that a better life starts at home and we want sustainable living to be affordable and accessible to everyone, especially those with thin wallets. We focus on key areas that directly support people's ability to live a healthier and more sustainable lifestyle, such as energy, water, air, waste and food. In FY24, we further improved offerings across some of these areas.

The IKEA business took several actions to improve energy efficiency for our customers. For example, we piloted a new energy insights feature in our Home Smart application in Sweden, empowering users to track real-time consumption to reduce energy use. Moreover, we improved the energy efficiency of our fridge and freezer appliances, progressing towards our goal of improving the energy efficiency of our appliances.

To make a shift in society, collaboration is key. In FY24, we collaborated with the Drop it project in Sweden to provide insights on the interaction between technical

water-saving innovations and behavioural change to enable customers to reduce water use (page 11). We also continued to invest in the development of a water recycling shower solution (page 9).

In FY24, we expanded our plant-rich food offerings by introducing the plant-based hot dog to new markets, launching an affordable plant-rich rice and vegetable mix dish, and hybrid options like Sweden's PANNBIFF patty, made of 50/50 meat and plant-based ingredients (page 10). Additionally, we invested in a Toronto-based start-up that focused on developing plant-rich alternatives replicating the texture and quality of whole-cut meat and seafood (page 10).

To reduce waste and improve energy efficiency, the IKEA business discontinued offering lithium ion coin cell batteries in FY24, transitioning to LADDA rechargeable batteries instead, which are compatible with all IKEA products (page 9).

Despite our progress in FY24, we acknowledge ongoing challenges. While interest in sustainable options is growing, achieving lasting behavioural change remains difficult. In FY24, we advanced the 50L Home Coalition's Los Angeles pilot, aiming to demonstrate not only the potential to reduce water use to 50L per person per day – below the city average – but also the feasibility of achieving this while maintaining daily convenience (page 11). These initiatives drive us to innovate and deliver impactful solutions that are affordable and accessible for the many.



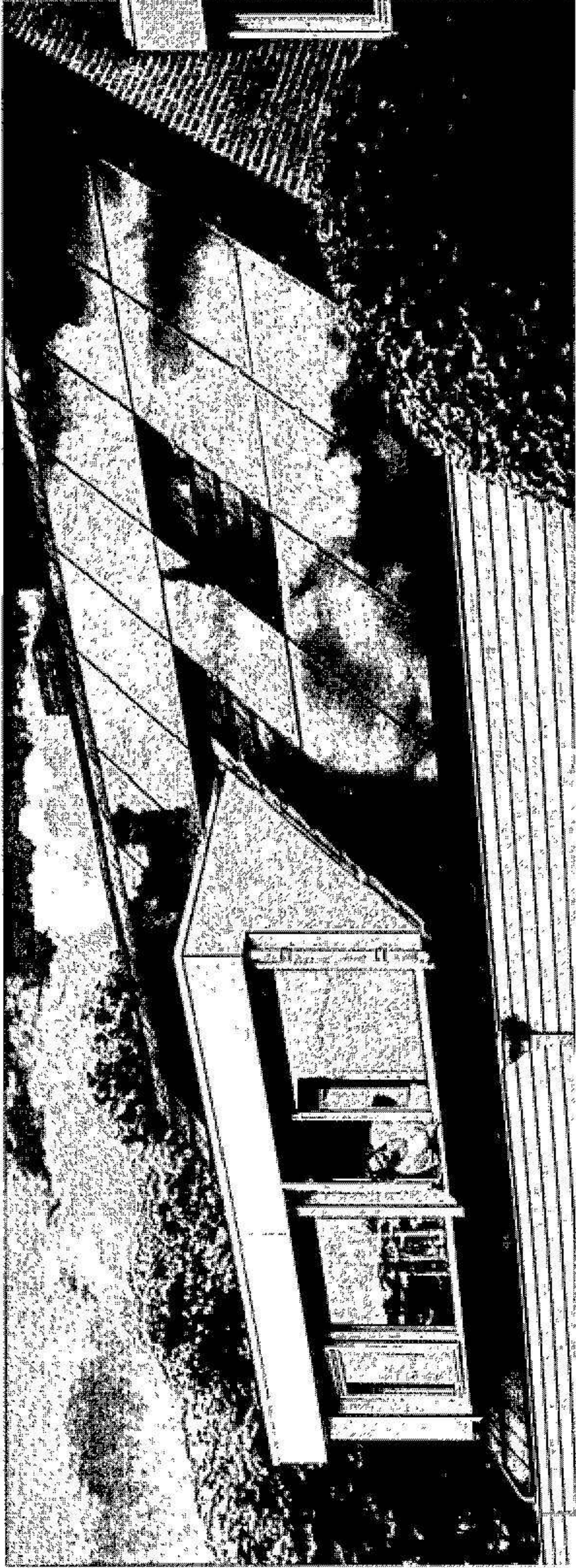
Where we are focusing our efforts:

Offering home furnishing products, services and solutions that support a healthy and/or sustainable life at home

Develop and promote affordable home furnishing products, services and solutions with the primary function to:

- Inspire and enable resource-efficient consumption in the areas of energy, water, waste and prolonging product life.
- Enhance people's physical, social, and mental health in their everyday life at home, including the adaptation of homes to the impacts of climate change as well as air and water purification.

FY24 KEY ACTIVITIES



Bringing renewable energy solutions to customers

IKEA Energy Services<sup>1</sup> continues to provide a diverse range of offerings which vary by country, including solar panels, battery storage systems, electric vehicle charging solutions, and a heat pump service that allows customers to purchase high-quality heat pumps at affordable prices.

Several challenges were faced in FY24, leading to a reduction in the number of markets offering energy services, decreasing from 11 in FY23 to seven by the end of FY24. The challenges in these markets include partner availability, changes in government subsidies for consumers, cost of living concerns and government policies that

prevent customers from selling excess energy generated back to the grid, affecting affordability for consumers.

We remain committed to helping our customers generate and access affordable renewable energy. During FY25, we are reviewing our approach to identify markets where energy services are most likely to succeed and those where we may need to wait for policy changes before implementation. We are also focusing on how we can apply lessons learned from successful markets such as Sweden to other locations. The aim is to expand energy services to more markets in FY25. However, the goal of covering all markets<sup>2</sup> by 2025 is not expected to be reached.



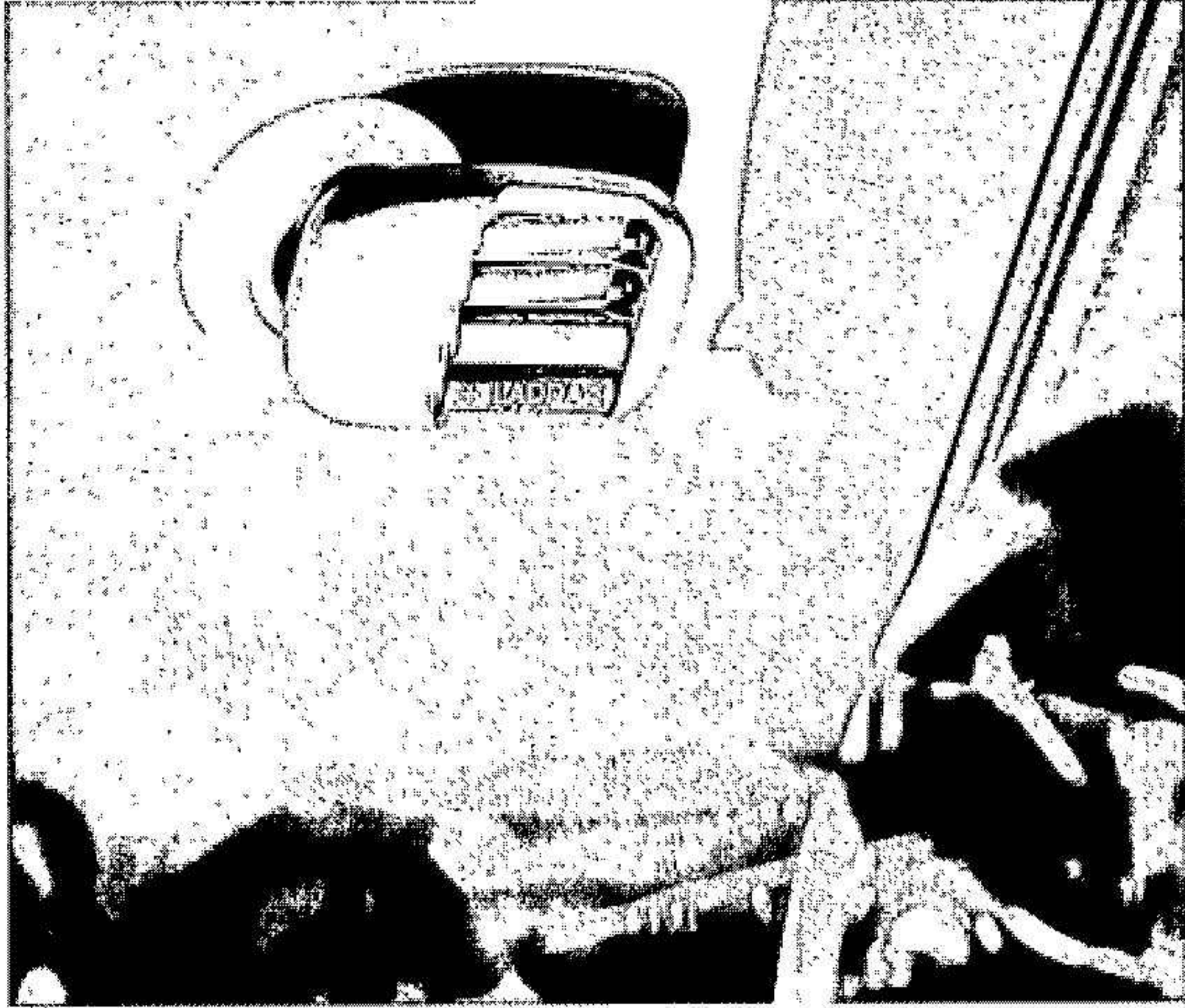
Improving energy efficiency for cooling

The IKEA business is dedicated to improving the energy efficiency of our appliances, including our cooling range. In FY24, we made important strides by improving the energy efficiency fridges and freezers in our range.

<sup>1</sup> IKEA Energy Services is a business unit within the largest IKEA franchisee Ingka Group.

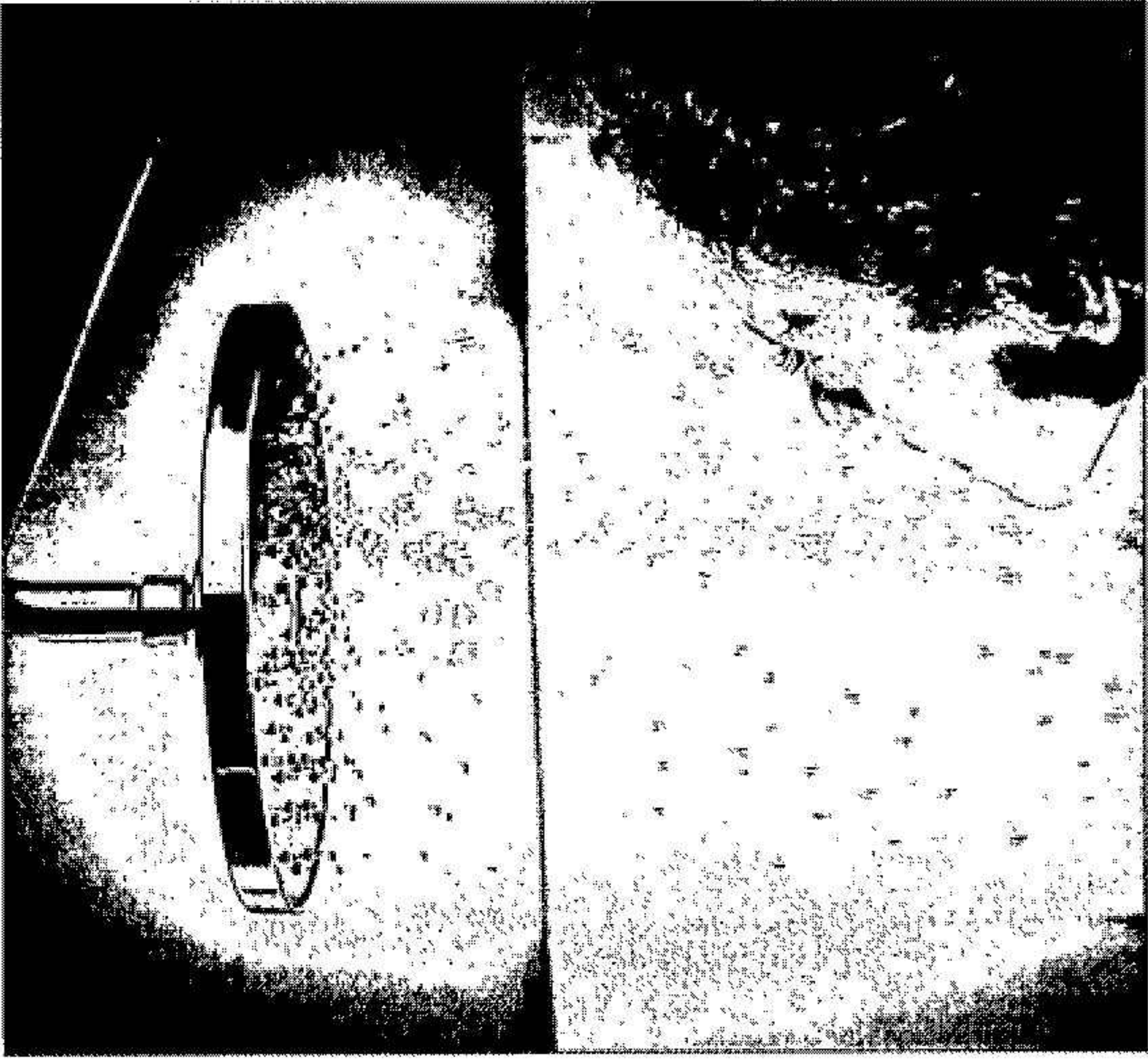
<sup>2</sup> The goal is set by and applies to markets operated by Ingka Group.





#### Transitioning to rechargeable batteries

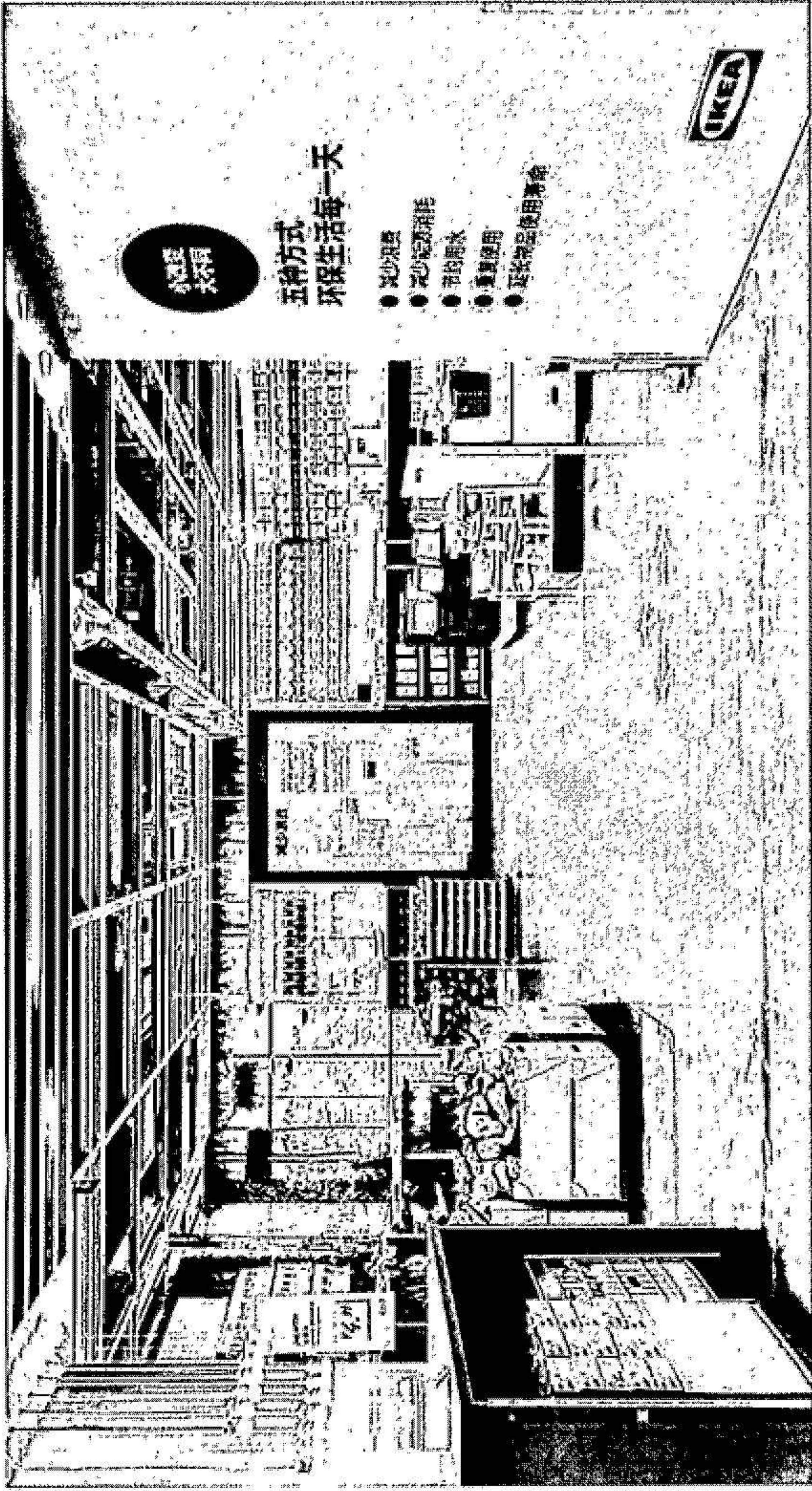
In FY24, the IKEA business took a step to reduce waste and energy use by discontinuing the sale of lithium ion coin cell batteries. Instead, we now focus exclusively on LADDA rechargeable batteries, designed to work seamlessly with all IKEA products and other brand's products. These batteries are particularly effective in energy-demanding items such as portable speakers, toys, flashlights, and cameras. By making this decision, we aim to enable customers to reduce waste and adopt more sustainable energy solutions in their daily lives.



#### Creating a water recycling shower solution

The IKEA business has continued the development of a water recycling shower solution designed to clean shower water in a closed-loop system. In FY24, we achieved significant progress in transforming this concept from an innovative idea to a production-ready design in collaboration with our manufacturing partner.

While we have taken many steps forward and generated important learnings in the product development of water recycling solutions, key challenges remain, including ensuring affordability, retrofit compatibility and regulatory compliance across regions.



#### Enhancing the Sustainable Living Shop experience

The Sustainable Living Shop is a dedicated section in IKEA stores where customers can discover products that support sustainable living. In FY24, the shop was enhanced to emphasise the connection between sustainability and affordability.

Recognising a gap between the in-store display of sustainable products and the related online content, we introduced QR codes to product displays in selected stores. These codes link customers directly to the online sustainability content of corresponding products, bridging the gap by providing detailed information that complements the in-store experience, enabling customers to make more informed, sustainable choices.



Where we are focusing our efforts:

## Offering a food range that supports healthy and sustainable eating

Develop and promote a food range that is plant-rich<sup>1</sup> and nutritious, full of variety, and creates an eating experience that is sustainable, healthy, delicious and affordable.

### FY24 KEY ACTIVITIES



#### Expanding our plant-rich food offer

In FY24, the plant-based<sup>2</sup> hot dog, a hot dog made from plant-based ingredients, was introduced to new markets, including the USA, following its initial launch in 14 European markets in FY23. This initiative aims to make plant-based choices more appealing and affordable, inviting more customers to choose them over traditional animal protein-based options.

During FY24 we developed a plant-rich rice and vegetable mix dish, to be launched in January 2025, at a recommended price of Euro 1.99, making it accessible to more people in our restaurants.

We continue to evaluate our products according to IKEA Food Nutrition Profiling System (IFNPS). This way, we can better work towards, and measure, making our food healthier. We introduced LÅNGLUR smoothies, made from fruit and vegetables and developed using the IFNPS to meet our internal criteria for healthier<sup>3</sup> food.

We recognise the importance of shifting diets toward more plant-rich foods as being a key step in addressing the challenges in the global food system. Studies suggest that hybrid products,<sup>4</sup> such as those combining plant-based and animal proteins, can be a step in the right direction toward encouraging more plant-rich eating habits and may bridge the gap between traditional meat eaters and those interested in plant-based options. In Sweden, a hybrid product named PANNBIFF was introduced in FY24. This innovative patty, where the protein is 50% minced beef and 50% plant based, ingredients sourced locally from yellow peas, reimagines the traditional Swedish dish. The PANNBIFF has quickly climbed to the 6th spot in sales<sup>5</sup> at IKEA Sweden.

<sup>2</sup> In May 2024, the IKEA definition of "plant-based" was updated to better align with the ongoing work with the global industry standard definition. Following this update, we now define "plant-based" as foods derived from plants and fungi rather than animal sources. To sustain continuity and comparability in reporting, the sub-goal of "50% of main meals offered in the restaurants to be plant-based" from FY21, will be based on the previous definition of plant-based until the end of 2025 where meals can include up to 10% animal-produced ingredients, such as dairy, eggs, and honey.

<sup>3</sup> IFNPS classifies foods or beverages as healthier if they have a better nutritional composition compared to equivalent foods from a similar product category. There are three levels of classification in the system: "Green" is the best, followed by "Yellow" and "Red". "Healthier" means products have been classified as better than "Red", e.g., "Green" or "Yellow".

<sup>4</sup> The hybrid offer is one of the 18 prioritised behaviour change techniques from the WRI Playbook 2.0: Blend plant-based ingredients into ground or minced meat-based dishes to reduce the meat content.

<sup>5</sup> 6th Most sold item in Main Courses PA (14th May – 31st August 2024)

<sup>1</sup> The IKEA business defines "plant-rich" as a meal/dish that is at least 75% plants, qualified as foods whose ingredients are derived only from plants and the remaining 25% can contain any animal-derived ingredient.



#### Investing in innovative food options for the future

In FY24, Inter IKEA Group invested in a Toronto-based start-up dedicated to developing plant-based alternatives that replicate the texture, quality, and experience of whole-cut meat and seafood. One important innovation is plant-based "salmon" that not only tastes but also flakes like real salmon, making it easier for customers to transition to plant-based options, without compromising familiarity. The start-up is called New School Foods and we look forward to continuing our collaboration, aiming to support their innovation and bring these food offerings to the IKEA stores in the future.



Where we are focusing our efforts:

Contributing to creating a shift in society where healthy and sustainable lifestyles become the default

Provide knowledge and ideas through our marketing and communication to guide people to adopt behaviours to:

- Reduce their environmental impact at home by eating more plant-rich food, being energy- and water-efficient, reducing waste and by participating in the circular economy.
- Support healthy living at home with a focus on good quality sleep, well balanced and nutritious food, sufficient physical activity, mental wellbeing and an active social life.
- Influence a shift in societal norms where healthy lifestyles become the default.

FY24 KEY ACTIVITIES



Enabling smarter energy use with Home Smart

We launched a new feature in our Home Smart application, now piloting in Sweden, to enable users save energy and reduce costs. The application tracks real-time consumption data from users' energy providers and gives valuable, actionable insights, such as highlighting customers' peak and off-peak usage times.



Accelerating collaboration efforts - 50L Home Coalition

As a founding member of the 50L Home Coalition, the IKEA business is driving innovative solutions for sustainable water use and energy efficiency. The aim of the 50L Home Coalition is to develop urban water solutions that enhance both water and energy efficiency, contributing to resilient, zero-carbon systems. In FY24, we progressed the 50L Home Coalition's Los Angeles pilot, retrofitting 32 homes with water metering devices to gather data on water and energy use and monitor behaviour. The pilot, launched in FY23, has entered the final stages and aims to enhance water efficiency and demonstrate the possibility of 50L per person per day living compared to the Los Angeles daily average of 225L per person.<sup>1</sup> Our goal is to demonstrate that achieving water and energy savings can be done with water and energy-efficient alternatives that maintain the same functionality without sacrificing or compromising daily habits in the home. Read more about the [50L Home Coalition](#) and its ambitions.



Drop it project – Enabling efficient water use in the home

In Sweden, we are collaborating with the Research Institute of Sweden (RISE) on the Drop it project to reduce household water consumption. The two-year field study involves 21 households and includes ongoing water usage measurements. This initiative aims to explore the interaction between technical innovations and positive behavioural changes.

To empower customers to make sustainable choices in their daily routines, we have installed low-flow taps, such as the BROGRUND wash-basin mixer tap and sensor tap, as well as the ÅBÄCKEN water-saving nozzle. Additionally, the SVÅGAN shower monitor – which tracks shower duration, water usage and temperature – has been implemented in participating homes to promote awareness and encourage efficient water use.

We are eager to see the final results, aiming to identify solutions that achieve lasting reductions in water use for the 21 pilot homes to benefit more households in the future.

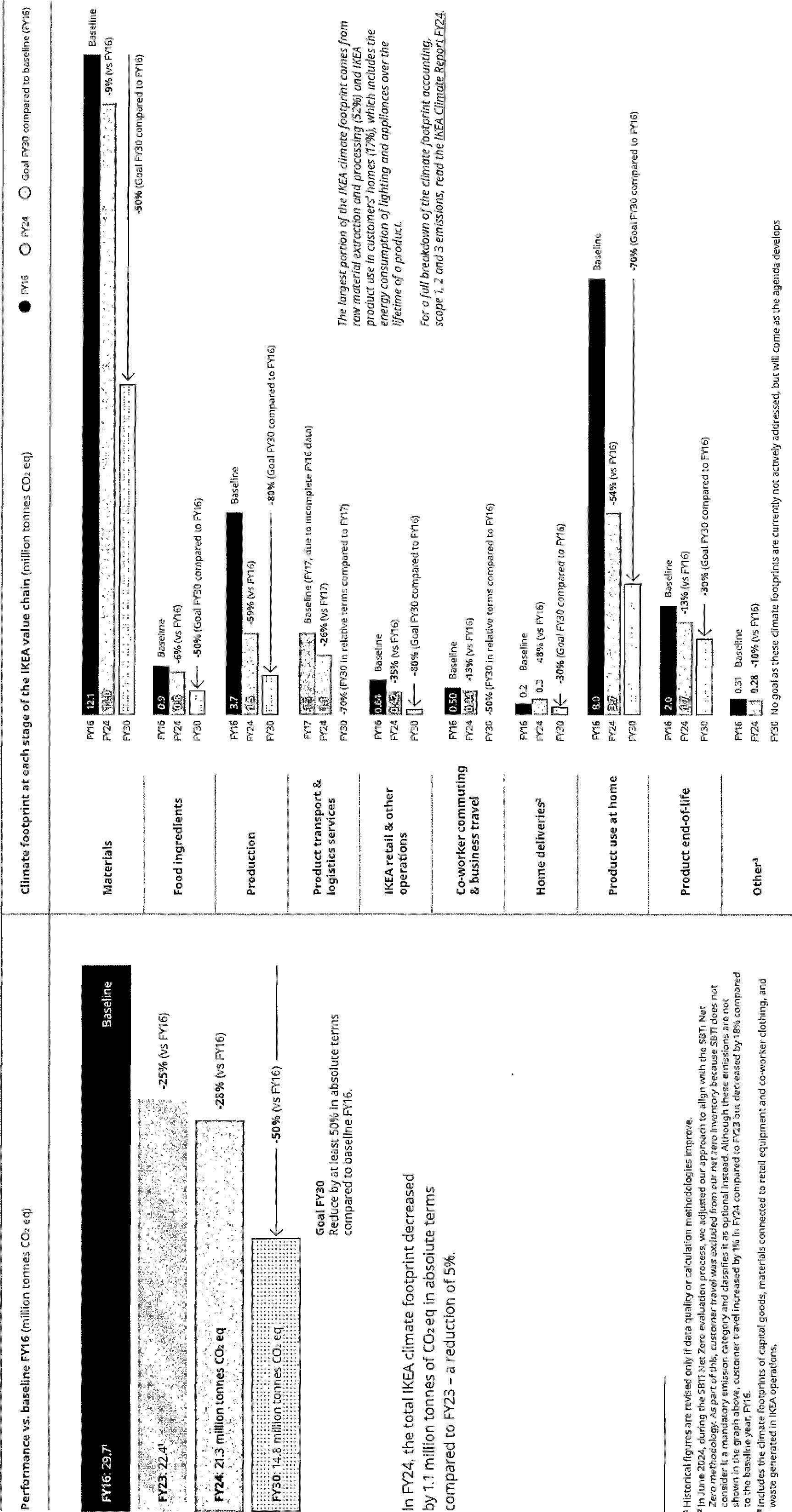
<sup>1</sup> Los Angeles Department of Water and Power consumption data sent to the State Water Resources Control Board.







## IKEA climate footprint



<sup>1</sup> Historical figures are revised only if data quality or calculation methodologies improve.  
<sup>2</sup> In June 2024, during the SBTi Net Zero evaluation process, we adjusted our approach to align with the SBTi Net Zero methodology. As part of this, customer travel was excluded from our net zero inventory because SBTi does not consider it a mandatory emission category and classifies it as optional instead. Although these emissions are not shown in the graph above, customer travel increased by 1% in FY24 compared to FY23 but decreased by 18% compared to the baseline year, FY16.  
<sup>3</sup> Includes the climate footprints of capital goods, materials connected to retail equipment and co-worker clothing, and waste generated in IKEA operations.



FY24 SUMMARY OF PROGRESS

1. Reducing GHG emissions across the IKEA value chain, in absolute terms



In FY24, the IKEA climate footprint is estimated to be 21.3 million tonnes CO<sub>2</sub> equivalent (eq) in absolute terms, which is a decrease of 5% compared to FY23, and 28% lower compared to the baseline FY16. The reduction in FY24 was attributed to the continued increase in renewable energy, a focus on energy efficiency, movements towards electrification of transport but also lower production volumes.

**Materials** used in IKEA products account for the largest part of our climate footprint. In FY24, the emissions from materials used decreased by 2% compared to FY23. While the footprint of materials is still based on estimates, work has been ongoing to increase the share of recycled materials, use materials more efficiently, and develop products with a lower climate footprint. Some key movements from FY24 include maintaining the share of recycled wood, continued implementation of thin hot-rolled steel and the switch from paperboard to corrugated cardboard in packaging.

**Product use at home** represents the second-largest portion of the IKEA climate footprint. Compared to FY23, we saw an emissions reduction of 4% in FY24. The reduction is partly attributed to a 2% improvement in energy efficiency (lumen per watt) of the lighting range. The climate footprint of IKEA home appliances used by customers at home decreased by 9% in FY24 compared to FY23. A reduction in sales quantity (pieces) of lighting and appliances also contributed to the decreased product use at home footprint.

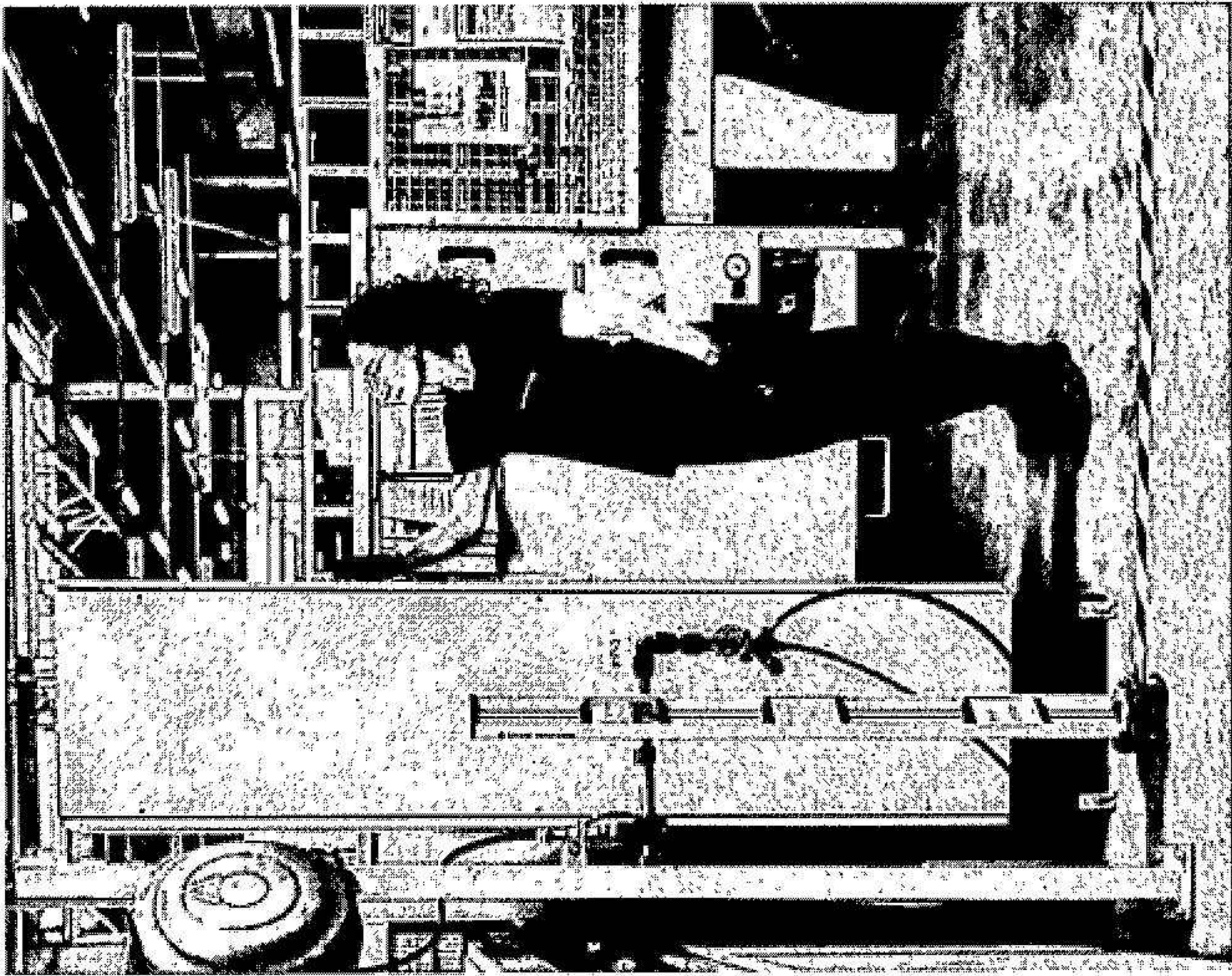
**Food ingredients** emissions decreased in FY24 by 6% compared to FY23. We continued to work towards increasing the share of plant-rich food and reducing red meat. We estimate that 36% of the main meals offered in the IKEA stores operated by Ingka Group, the largest IKEA franchisee, were plant-based in FY24, compared to around 30% in FY23. We expanded our plant-rich offer in FY24 – one example was PANNBIFF, the 50% plant based and 50% minced beef product launched in Sweden.

In **production**, the climate footprint decreased by 21% in FY24 compared to FY23. The renewable electricity share increased from 71% in FY23 to 75% in FY24, while the renewable energy share rose from 48% to 52%. The increase in renewable energy is mainly driven by the FY25 movement towards 100% renewable electricity use in 13 key countries. These countries represent our biggest markets in terms of electricity use in production, and where we have implemented a supplier renewable electricity programme. A total of 93 additional factories or suppliers achieved 100% renewable electricity in FY24, bringing the total to 491, which constitutes 44% of our direct suppliers.<sup>1</sup> Lower production volumes during the reporting period also contributed to the decrease in emissions during FY24.

<sup>1</sup> Includes home furnishing, components and media print suppliers but excludes food suppliers.

**Product transport** emissions improved in FY24 despite higher shipping volumes. While transport activity increased by 9% (in tonne-kilometres), we reduced absolute emissions by 0.2% and relative emissions by 9% compared to FY23.

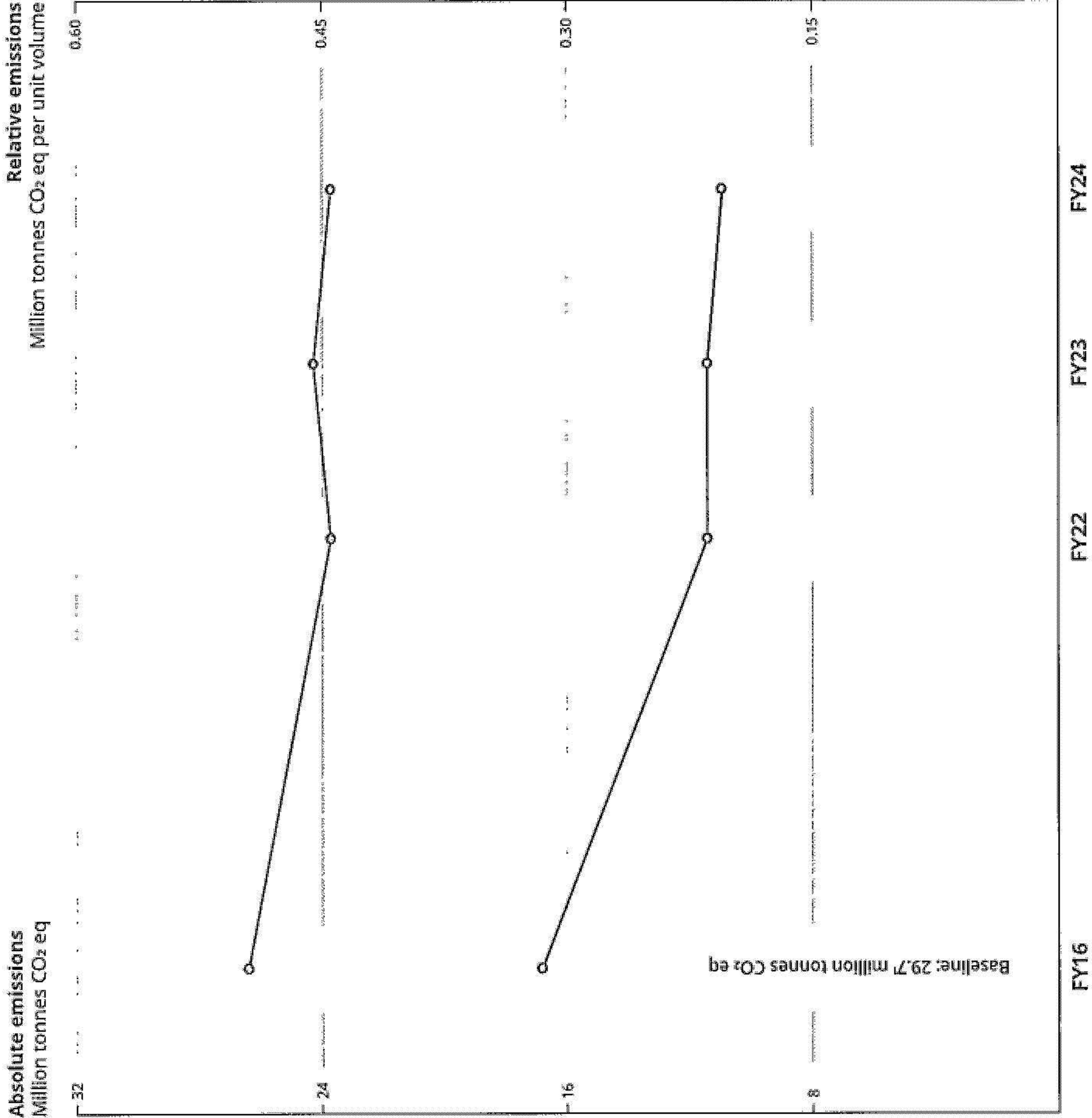
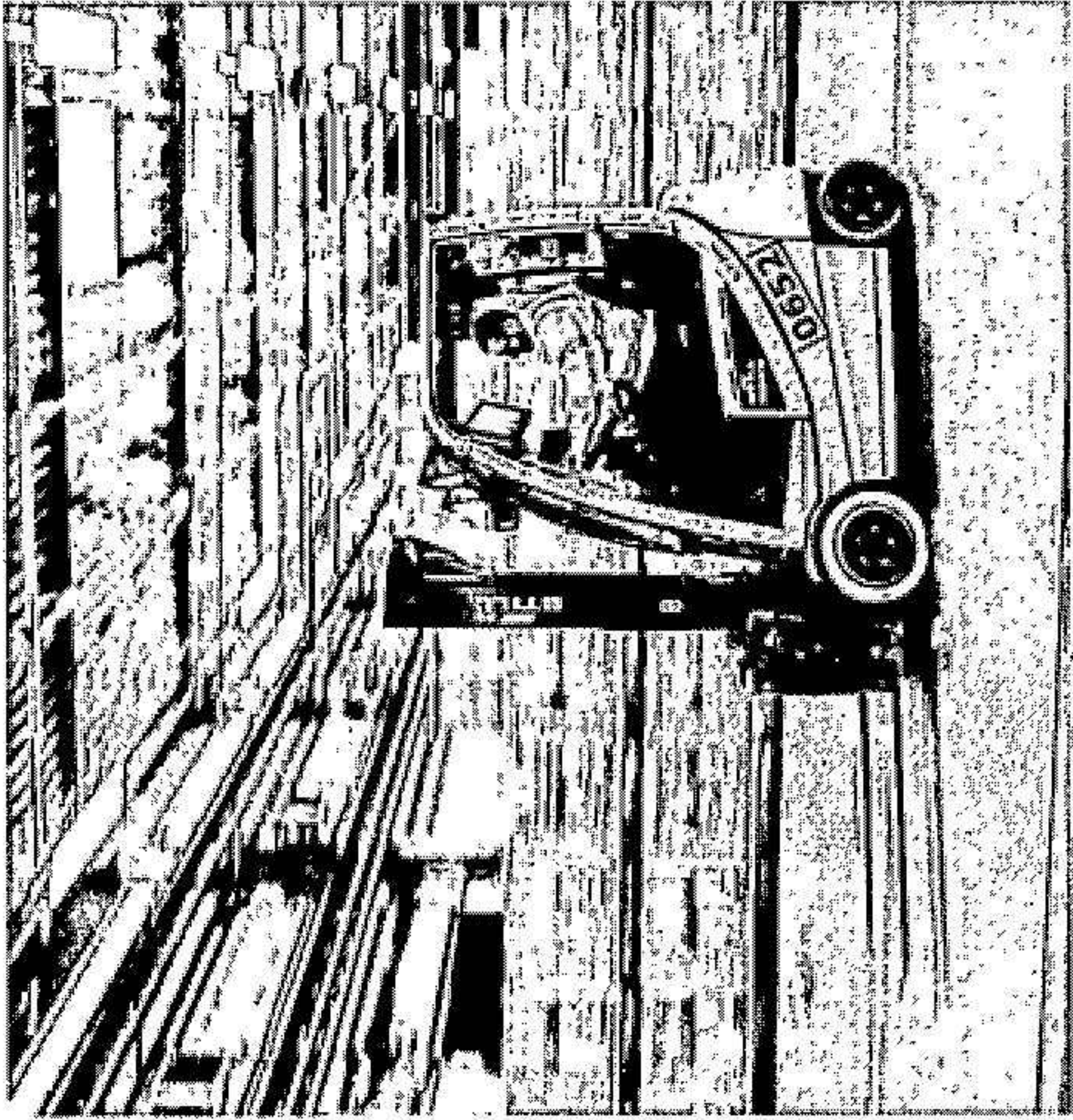
In **IKEA retail and other operations**, the share of renewable energy increased from 67% in FY23 to 71% in FY24, including an increase in renewable electricity from 77% to 81%.





### The IKEA climate footprint in both absolute and relative terms

The graph to the right shows our total value chain emissions reduction compared to our baseline year and year-over-year reductions for the past three financial years, measured in million tonnes of CO<sub>2</sub> eq. It shows our absolute emissions reductions as well as our relative upstream and downstream emissions reductions in the same period. Measuring relative emissions helps us understand efficiency improvements in the upstream and downstream parts of our business.



**Absolute emissions**

The grey bars represent the absolute emissions from all parts of the IKEA value chain. In FY24, we saw an estimated year-over-year reduction of 5% in total emissions. This is an estimated 28% reduction compared to our FY16 baseline.

**Upstream relative emissions**

The green line illustrates upstream emissions measured per cubic meter (m<sup>3</sup>) of production. Our upstream supply chain emissions include materials, food ingredients, production and product transport and logistics services. In FY24, we saw an estimated reduction of 6% in emissions per m<sup>3</sup> produced compared to FY23. This is an estimated 9% reduction compared to our FY16 baseline.

**Downstream relative emissions**

The red line illustrates downstream emissions measured per m<sup>3</sup> of sales. Our downstream emissions include retail operations, co-worker commuting and business travel and home deliveries, product use at home and product end-of-life. In FY24, we saw an estimated reduction of 3% in emissions per m<sup>3</sup> sold. This is an estimated 34% reduction compared to our FY16 baseline.

<sup>1</sup> Historical figures are revised only if data quality or calculation methodologies improve.



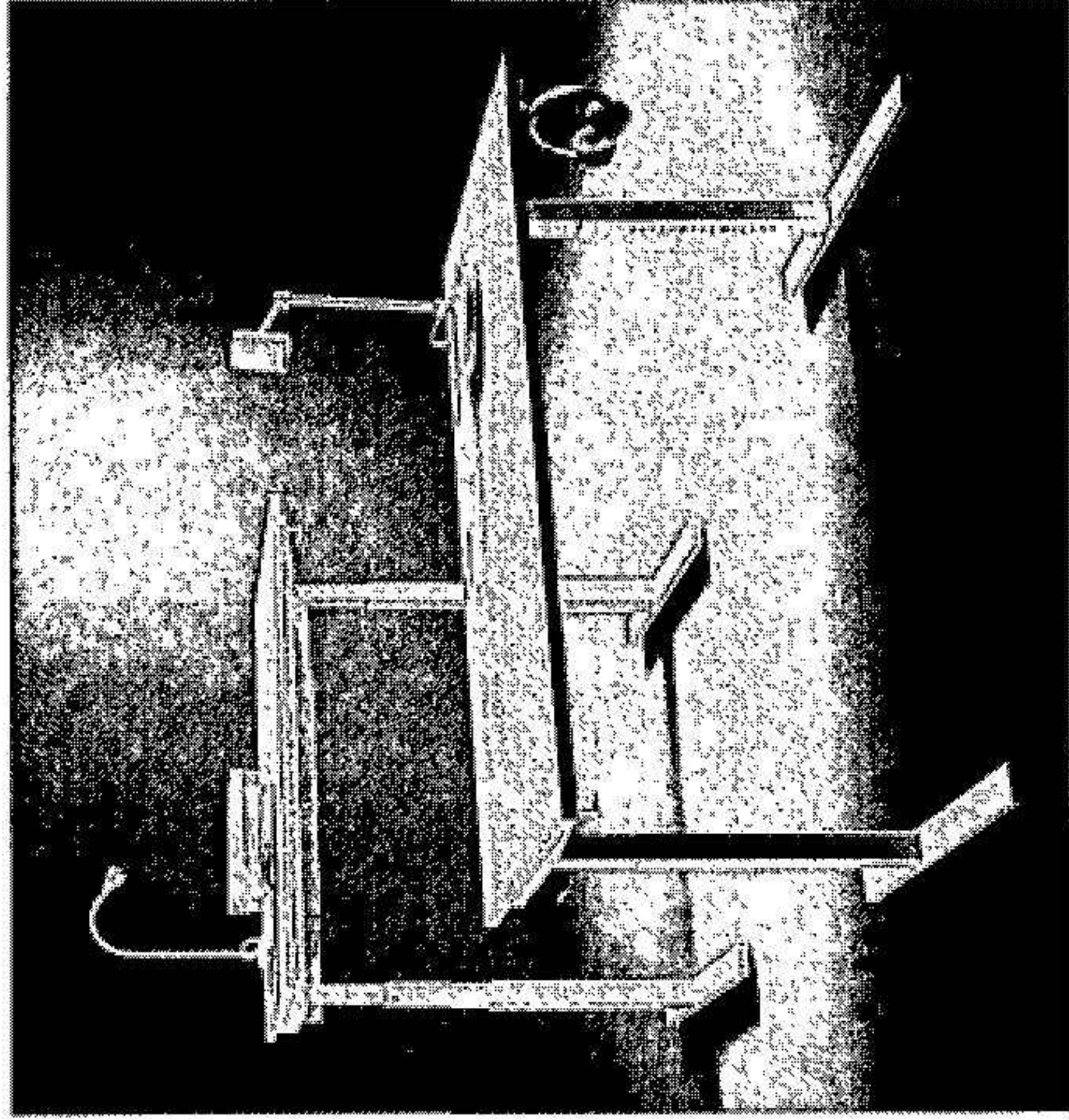
FY24 KEY ACTIVITIES TO REDUCE GHG EMISSIONS (For a more extensive overview of FY24 activities, see the [IKEA Climate Report FY24](#))

### ➡ Increasing the share of renewable electricity

During FY24, we saw positive movements in the adoption of renewable electricity in our value chain. The share of renewable electricity in production increased from 71% in FY23 to 75% in FY24.

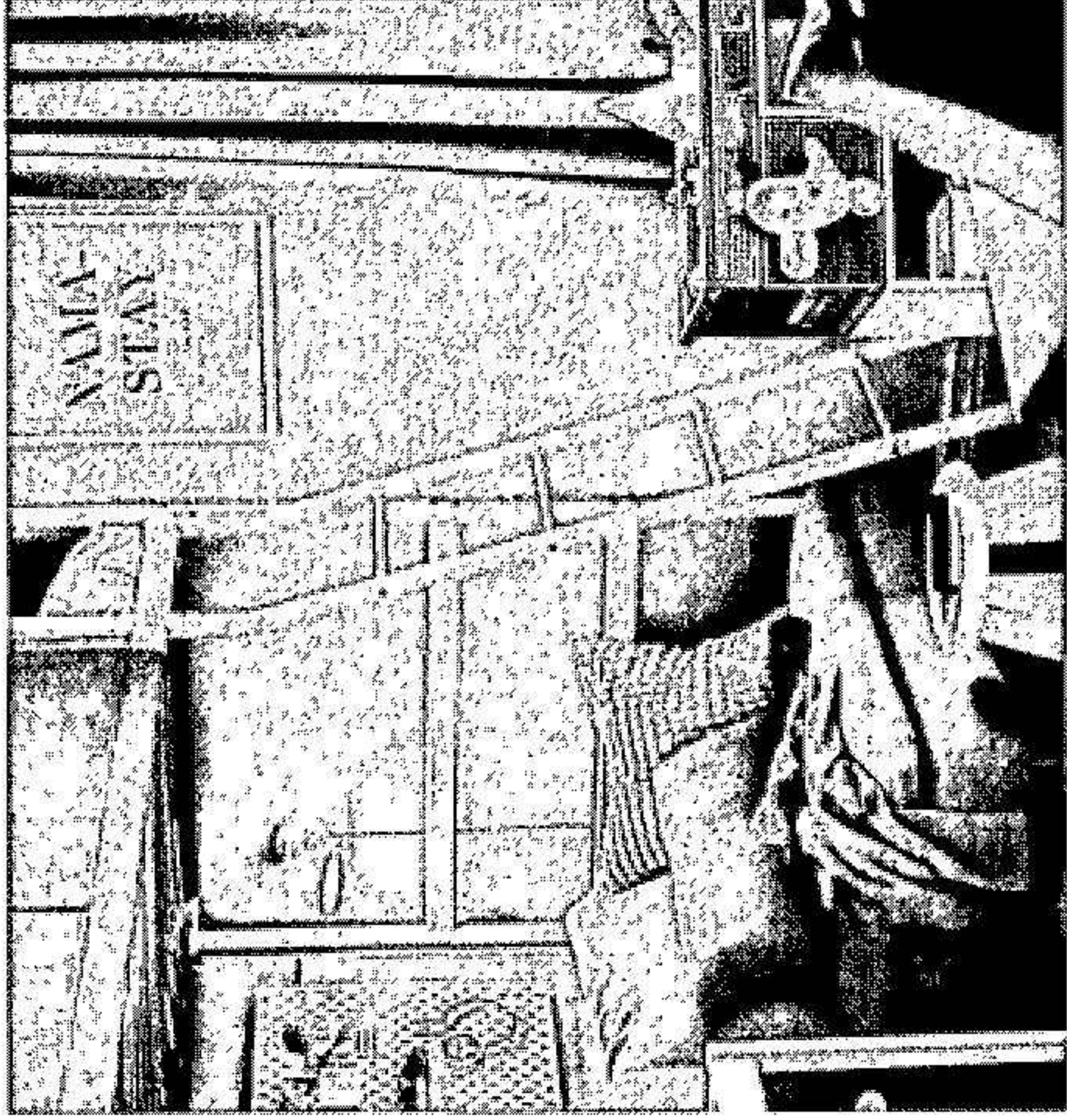
The IKEA renewable electricity programme for suppliers – launched in 2021 in China, India and Poland – continued during FY24. Encouraged by the response of the initial three countries, the programme was rolled out to a second wave of ten additional markets in FY23 and FY24.

The most significant development in the Wave 2 markets was seen in Vietnam, where the renewable electricity share increased by 40 percentage points in FY24 compared to FY23, for a total of 84%. Strong results were also achieved in China and India, reaching 92% and 69% renewable electricity share, respectively, in FY24.



### ➡ Less material used for the same functions

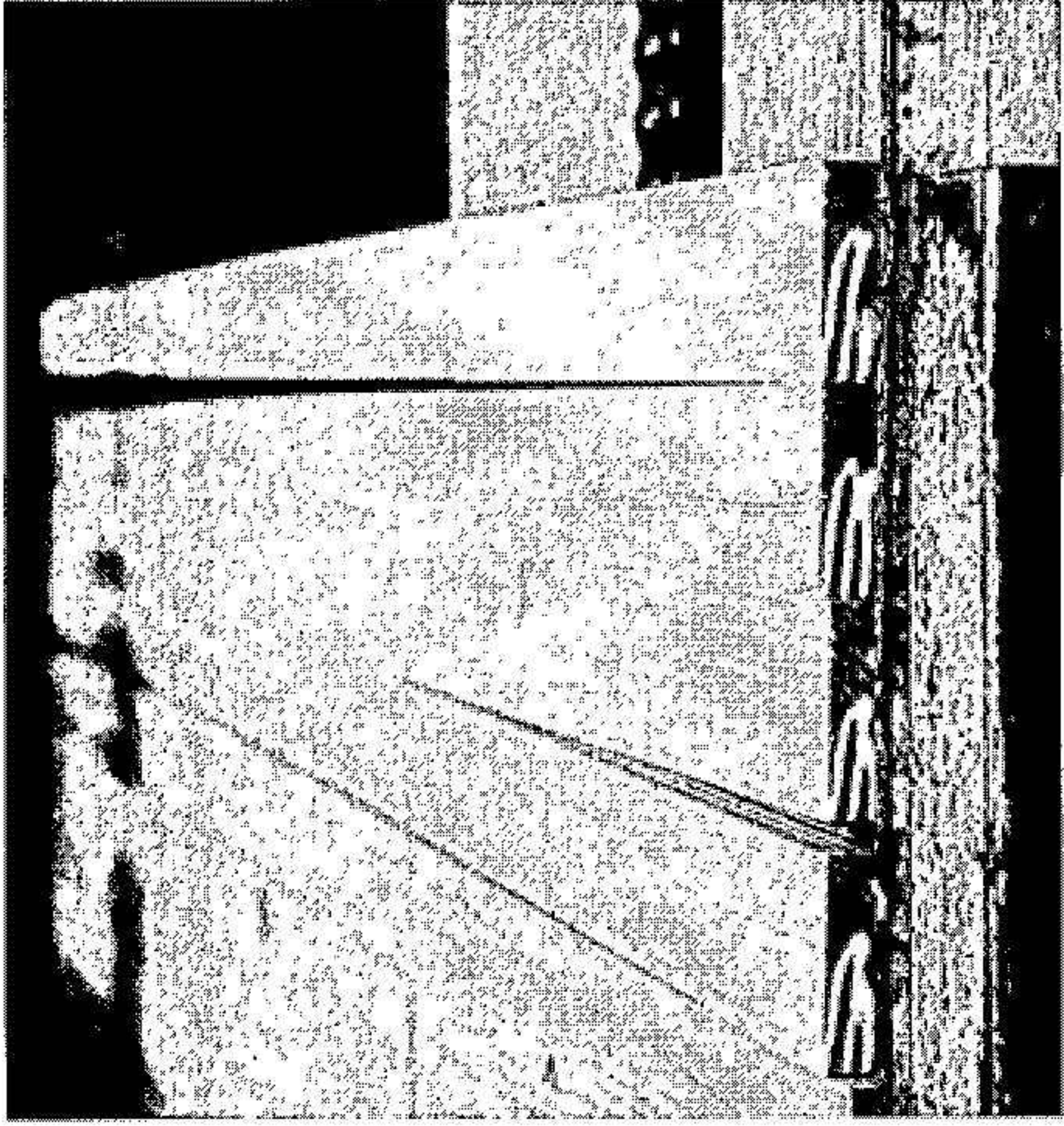
The MITTZON sit/stand desk now uses high-strength steel instead of regular steel for some components, allowing for thinner, lighter materials without sacrificing quality. This material reduction also lowers GHG emissions.



### ➡ Optimising production techniques to reduce GHG emissions

In FY24, we introduced thin, hot-rolled steel in the production of several products, such as drawer roller slides. This new approach reduces the number of processing steps required to produce the steel, leading to a decrease in GHG emissions.

Another example of our efforts in FY24 is the VITVAL bunk bed, where similar optimisations have led to CO<sub>2</sub> reductions.



### ➡ Expanding the use of bio-based glues

Following the breakthrough with bio-based glues announced in FY23, we have expanded their use in our IKEA Industry factories in Kazlu Ruda, Lithuania, and Zbaszynek, Poland. In FY24, we tested various alternative glue systems through large-scale factory trials with IKEA Industry and external board suppliers, to identify the most suitable options.

We have also started to evaluate green building blocks, such as bio-methanol, and plan to start implementation within existing fossil-based glues during FY25. By implementing and communicating our use of bio-based glues, we have seen significant changes in the wider fossil-based glue industry.



## 2. Removing and storing carbon from the atmosphere through forestry, agriculture and products within our value chain

In FY24, we conducted detailed business-consequence analyses to explore different approaches for setting near- and long-term carbon removal goals, focusing on forestry and agriculture. Our goal is to finalise our approach in FY25.

In 2019, we allocated EUR 100 million to invest in carbon storage and removal projects. One such project is our ongoing engagement with smallholder farmers in Vietnam to prolong acacia rotation. Since 2022, the IKEA business,

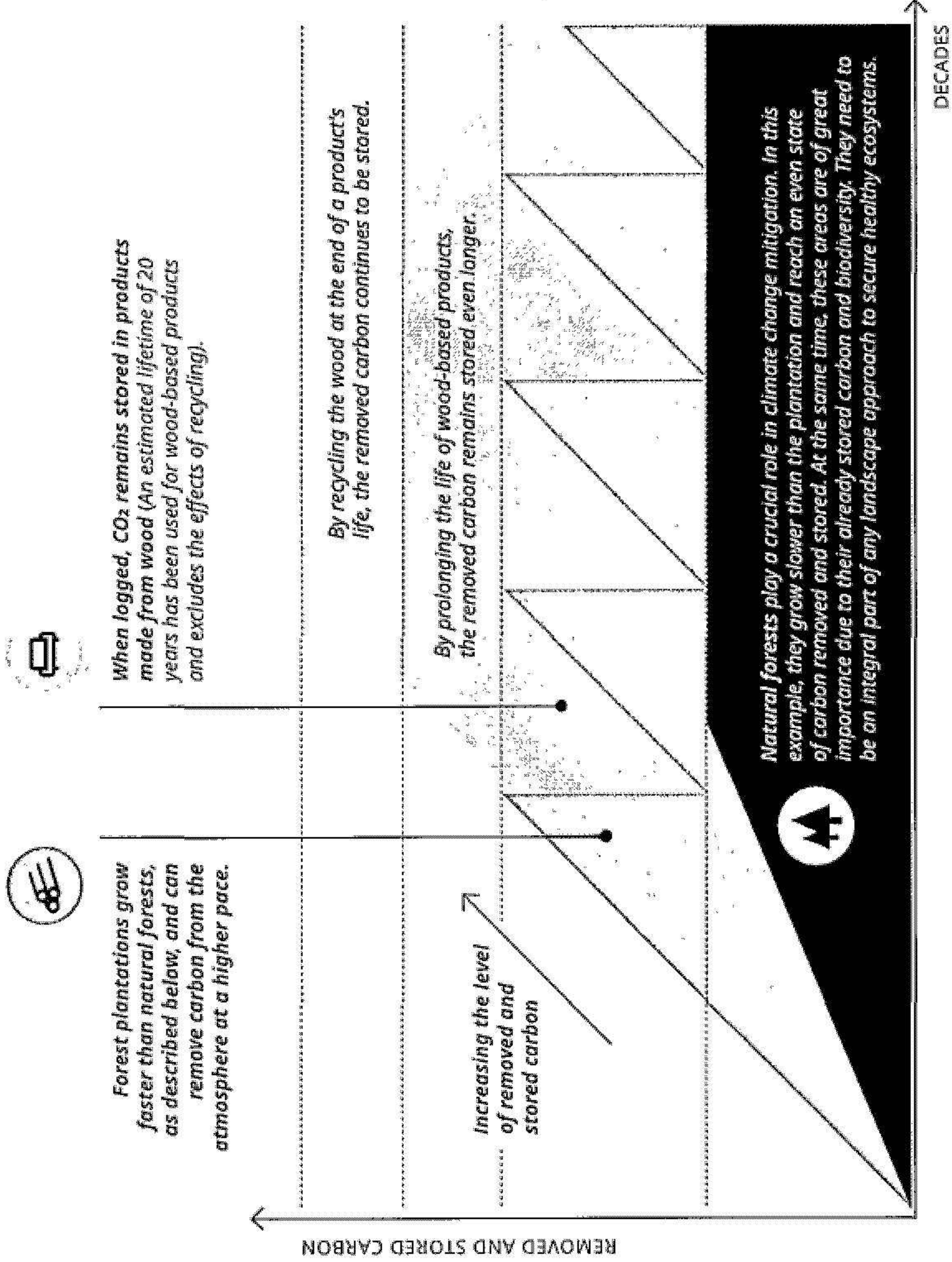
together with a smallholder cooperative, has been working in Hue, Central Vietnam, implementing and promoting responsible acacia forest management on 1,100 hectares.

We are also working closely with the Agricultural University in Hue to measure soil organic carbon impacts on more than 100 sites. In the summer of 2024, university researchers conducted around 80 in-person interviews with the aim to assess the impact of responsible acacia forest management on the farmers' livelihoods and their perception of the project. Preliminary findings suggest that longer-rotation acacia management not only increases farmers' incomes significantly but also promotes higher levels of soil organic carbon storage compared to traditional practices. These responsible practices enhance carbon sequestration by allowing the acacia forests to mature, resulting in greater biomass accumulation and healthier soil.

During FY24, we also began to evaluate the potential of regenerative agriculture practices<sup>1</sup> to enhance biodiversity, improve soil health, and contribute to carbon removal and storage. Additionally, we piloted regenerative agriculture practices for beef, cotton, and wool and began assessing how these practices could be applied to coffee.



<sup>1</sup> Regenerative agriculture practices are farming methods designed to restore and enhance the health of ecosystems, particularly soil. These practices aim to increase biodiversity, improve water cycles, and sequester carbon, contributing to more sustainable and resilient food systems.



Above is a simplified model illustrating an example of removing and storing carbon through the establishment of fast-growing tree plantations plus restoration of natural forests on degraded land, including the effect of prolonging the carbon storage through wood-based products and recycling. Trees from responsibly managed forest plantations absorb substantial amounts of carbon dioxide (CO<sub>2</sub>) from the atmosphere. When trees are made into wood-based products, they act as temporary carbon storage. This storage effect can be extended through reuse, refurbishment, remanufacturing and recycling of the material at end-of-life. In resilient landscapes, the contribution of responsibly managed forest plantations towards climate change mitigation has to be considered together with the many contributions of natural forests. These contributions include aspects such as biodiversity and soil protection, for example. A holistic view, where we balance forest growth, harvest, carbon storage in land and products and other environmental services, such as biodiversity, is critical.



### 3. Going beyond IKEA

**"Going beyond IKEA" means actions taken that don't directly count towards reducing our climate footprint and our net-zero goals. They include investments, advocacy and additional actions where impacts may only be apparent in the future. To secure their contribution to the transformation of the IKEA business, any actions taken under this umbrella must be connected to our value chain, such as our products, supplier base or sourcing area.**

Some of the key initiatives from FY24 include:

#### Biofuels in ocean transportation

Achieving zero-emission shipping requires collaboration across the supply chain to deploy and scale up solutions with speed. The **book-and-claim system<sup>1</sup>** is an important piece of the puzzle for accelerating this transition in the ocean shipping industry. This system allows cargo owners to support zero-emission shipping, even if the clean fuels are not available on the specific route or ship their goods travel on. By paying for zero-emission fuels to be used elsewhere in the shipping network, cargo owners help fund the transition to cleaner shipping worldwide and help accelerate the availability of clean fuel across the industry.

By separating the environmental benefit from the physical fuel, the system enables cargo owners to signal a demand for sustainable fuels, helping to de-risk investments and scale up their production. It also addresses initial logistical challenges, such as carriers struggling to match demand with routes that offer fuel bunkering. We view the book-and-claim system as a temporary solution, bridging the gap until zero-emission fuels become widely accessible for global shipping.

Whenever the book-and-claim system is used in our transportation, we exclude it from our net-zero goals scope because the ships carrying IKEA cargo do not physically use the underlying zero-emission or low-emission fuels.

In FY24, we avoided 49,164 tonnes of CO<sub>2</sub> in ocean shipping by using biofuels. Compared to the previous year, we scaled up the use of biofuels by 95%.

We continue to monitor the GHG Protocol's Actions and Market Instruments working group for further guidance on the accounting for these market-based mechanisms.

#### Enabling investments towards a resilient net-zero society

In FY24, Inter IKEA Group invested in New School Foods, a Canadian start-up with a mission to speed up the transition to a lower impact food system by creating plant-based fish and other meat alternatives that deliver on taste, texture and price.

In FY24, Inter IKEA Group also became a key investor in Nordic SeaFarm, one of Europe's leading producers of sustainably farmed seaweed. The intent is to learn more about marine materials and how they can influence material development and applications in the future. We are continuously looking for innovative and renewable raw materials for potential use within our operations. With Nordic SeaFarm, we're exploring opportunities for aquaculture materials in applications like fibres for wood and fabric, as well as protective films and coatings.

Through our investments and explorations, we hope to not only have a meaningful impact on our climate goals but also inspire a larger societal movement towards more sustainable food and materials.

#### Partnerships and advocacy supporting a fair and resilient net-zero society

In FY24, we continued to drive progress towards a just and resilient net-zero society. At key global forums like COP29 and COP16 we advocated for the phasing out of fossil fuels, scaling up renewables, safeguarding nature, and integrating climate, nature, social, and health priorities into more ambitious Nationally Determined Contributions (NDCs).<sup>2</sup>

We also supported industry movements like the We Mean Business Coalition's Mission 2025, and demonstrated our support for the swift implementation of the Global Biodiversity Framework (GBF) through relationships and partnerships with Business for Nature (BfN), WWF, the World Business Council for Sustainable Development (WBCSD), and the Forest Stewardship Council (FSC). By participating in events such as the International Union of Forest Research Organizations (IUFRO) World Congress and World Water Week, we showcased actions supporting climate and nature while inspiring collective action.

<sup>2</sup> Nationally determined contributions (NDCs) are commitments that countries make to reduce their GHG emissions as part of climate change mitigation. These commitments include the necessary policies and measures for achieving the global targets set out in the Paris Agreement.

<sup>1</sup> A book-and-claim system is a method used to certify the transfer of ownership of attributes, like renewable energy or recycled materials, without the physical transfer of the actual product by tracking and recording transactions in a registry.



# Circularity and secondary raw materials



Where we are focusing our efforts:

Designing all IKEA products with circular capabilities

Page 21

Aiming to only use recycled and renewable materials, with a specific focus on significantly increasing the share of recycled content in IKEA products

Page 23

Making it easy for people to acquire, care for and pass products on in circular ways

Page 26

Aiming to send zero waste from IKEA operations to landfill

Page 27

## FY24 SUMMARY OF PROGRESS

Circularity is a key enabler to tackle climate change, reduce pollution and waste, regenerate resources, and lessen our impact on nature. Transitioning towards a circular business will transform how we design, produce, use and dispose of goods. This includes prolonging the lifespan of our products, reusing and recycling materials, and innovating new materials and production processes to lower our greenhouse gas emissions.

In FY24, we continued our journey transitioning towards a circular business by revising our Circular Product Design Guide and product development processes to align circularity principles across units. One of the eight principles focuses on making it possible and easier for customers to care for and repair their products (page 26). Another principle is focusing on making products easy to disassemble and reassemble (page 22). We also focus considerable effort on using secondary raw materials in our products (page 23).

Currently, materials make up approximately 50% of our climate footprint and contribute to our negative impacts on water and biodiversity. Materials are the backbone of our business and a key focus for reaching our greenhouse gas emissions goal of reducing overall emissions by 50% by 2030, compared with baseline FY16. In FY24, the climate footprint from materials decreased by 2% compared to FY23 and 9% compared to baseline FY16 (see the [IKEA Climate Report FY24](#)).

In FY24, we continued our efforts to increase the use of recycled materials in all our products. We know it will be a challenge to reach a 100% share of recycled and renewable materials in our products. There are several reasons for this. Integrating recycled material into product processes takes time, and design adaptations are required to ensure consistent quality. Some recycled materials need a small blend of virgin materials to maintain their properties, and some substitutes are still under development or not readily available.

This is why, during this year, we have continued to work intensively on many different levels throughout our business to find solutions. In addition to circular design solutions for a product's full lifecycle, we're also innovating materials, production processes and supply chains to find new alternatives, like bio-based foam (page 24). Another example from FY24 is testing new set-ups to collect, sort and recycle textile waste for use in new textiles (page 24).

In FY24, we engaged in dialogue and joined forces at global forums to stress the importance of significantly increasing and securing a reliable supply of recycled materials with suitable material properties, such as strength and durability.

According to the [Circularity Gap Report 2024](#), over the past five years, discussion and articles on circularity have almost tripled, showing growing awareness. However, the majority of materials entering the global economy still come from virgin sources, with the share of secondary materials declining from 9.1% in 2018 to 7.2% in 2023.



We have continued to advocate for globally harmonised circular economy policies that will accelerate solutions such as redefining waste as a valuable resource. The development of global waste frameworks supported by regulation and accompanied by investment in innovation and recycling infrastructure could bring about change at scale. Critical to this development is a free flow of goods over borders, allowing sufficient access to secondary raw materials globally. In particular, the market for recycled wood could be boosted by simplified waste definitions and improved processes to identify wood sources for recycling.

In our continued partnership with the Ellen MacArthur Foundation, we have an opportunity to learn and develop methods for accelerating the circular economy with other innovators and industry actors within the Foundation's Network. In FY24, we participated in collaborative projects providing inputs on EU policy, greenhouse gas emissions accounting, financing options, and supply chain initiatives. This is one way we can contribute to the wider transition required.

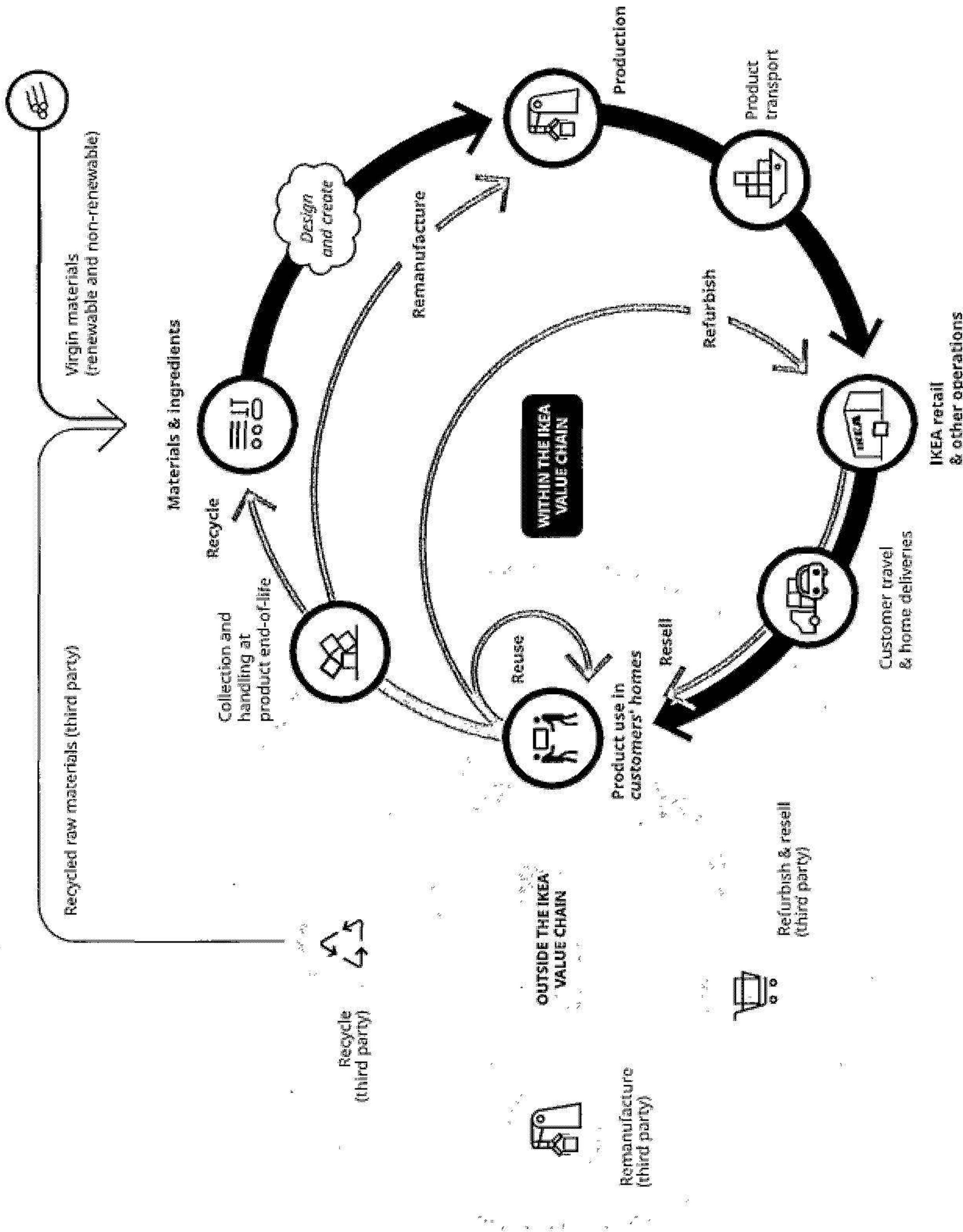
Industry-aligned frameworks are also required to standardise and provide clarity on how to measure and verify progress. Measuring adaptability, recyclability, recycled content, and life-cycle assessments without harmonised principles limits our ability to concentrate efforts where it is most effective.

### Mapping our journey

For the IKEA business, being circular means designing our products with circular capabilities,<sup>1</sup> moving away from the use of virgin, non-renewable materials, reducing waste throughout the IKEA value chain and developing services and solutions that enable customers' participation in the circular economy.

Democratic Design<sup>2</sup> is at the heart of every IKEA product, with the IKEA circular design principles being an important ingredient of the sustainability dimension, connected to quality, form, function and low prices. At the design stage, we consider the most suitable materials, aim to use less material without compromising quality, optimise manufacturing methods, identify opportunities to prolong product lifespan and develop complementary products and services that make it easier for customers to care for, adapt, pass on or dispose of products in circular ways.

We need to adapt our own processes and ways of working to become a circular business and the IKEA value chain is part of a bigger system where significant change needs to take place. To enable and advance the circular economy we have a long-term focus and work closely together with suppliers, business partners, NGOs, governments and policy makers, sharing knowledge and experience. We're also engaging with our customers and the communities where we operate, through buyback and resale initiatives.



<sup>1</sup> Circular capabilities means that a product could be reused, refurbished, remanufactured, and/or recycled. Practically, a product is considered to have circular capabilities if it meets all requirements linked to the circular design principles applicable to that specific product.

<sup>2</sup> Democratic Design is the IKEA approach for designing, developing and evaluating IKEA products to ensure that they integrate good function, beautiful form and long-lasting quality while also securing sustainability and low prices.

### A vision of a circular future

We're in the process of transitioning towards a circular business built on circular design, renewable energy and regenerative resources, de-coupling virgin non-renewable material use from growth. Our aim is to end our dependency on virgin, non-renewable materials and fossil fuels, increasing the use of secondary raw materials and designing products from the beginning for reuse, refurbishment, remanufacturing and recycling.



Where we are focusing our efforts:

### Designing all IKEA products with circular capabilities

By embedding circular design principles in Democratic Design, we are working to design products from the beginning to be reused, refurbished, remanufactured and as a last resort recycled. This includes designing for renewable or recycled materials, standardisation, care, repair, adaptability, disassembly and reassembly, remanufacturing and recyclability.

FY24 KEY ACTIVITIES



#### Revising the IKEA Circular Product Design Guide

In FY24, we revised our publicly available [IKEA Circular Product Design Guide](#). This was the third revision since its 2017 launch. The update further clarifies ways of working when designing our products with circular capabilities and provides an in-depth description of our circular design principles, now aligned across IKEA product development teams. We also detail our alignment with third-party standards and legislation.

Based on the IKEA Circular Product Design Guide, we work with eight circular design principles: design for renewable or recycled materials, standardisation, care, repair, adaptability, disassembly and reassembly, remanufacturing, and recyclability. Which principles can be applied to each product depends on the product type, expected lifespan and circular flows, as well as the material mix.

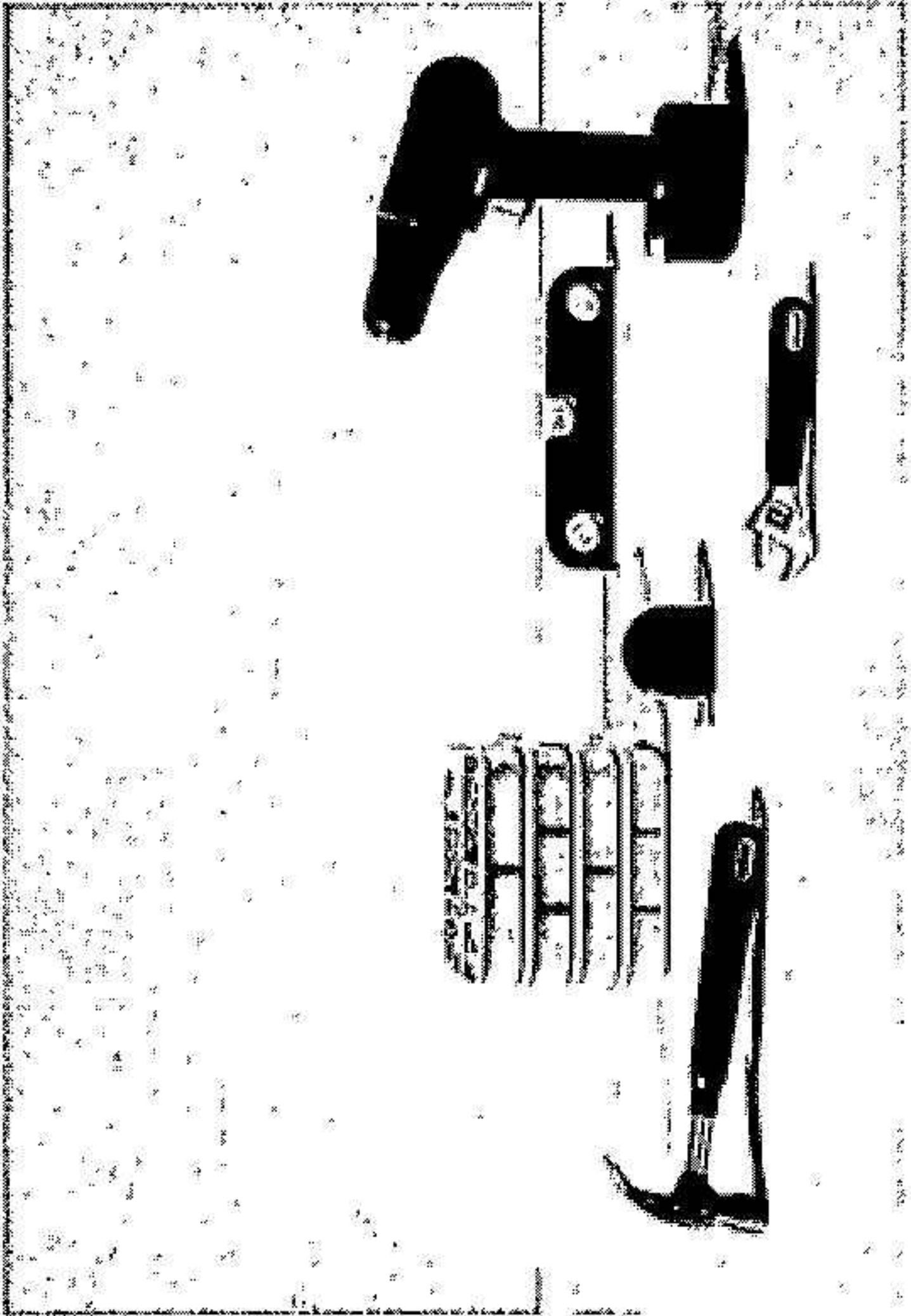




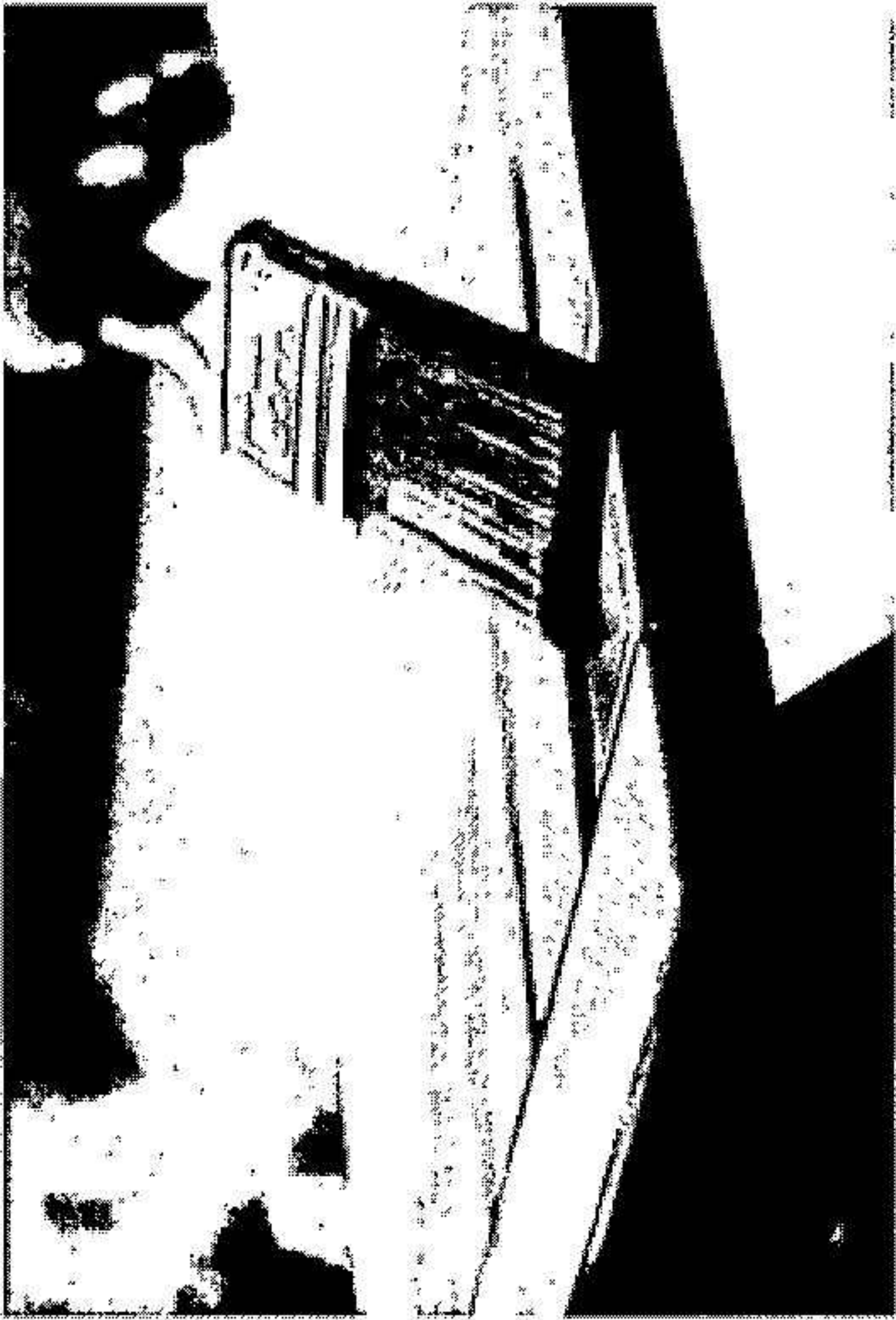
#### Designing for care and repair

##### TRIXIG care and repair range

Customers want to know how to care for and repair their products,<sup>1</sup> saving money and resources by prolonging the life of purchased and existing goods. The growing TRIXIG range offers useful, low-priced products to make care and repair accessible to more people. The range includes solutions for indoor and outdoor surfaces like wood, textiles, upholstery, metal, floors and walls.



Repair tools and kits: The TRIXIG hole repair filler and mending kit can be used to make minor repairs to textiles, wooden furniture and walls. The TRIXIG mending kit includes 11 tools to help repair home textiles to prolong their life.



Wooden surfaces: The variations in solid wood give each piece a unique character. With proper care, wooden products can last for generations. The TRIXIG solution for wooden surfaces protects indoor and outdoor wooden furniture and kitchen accessories, prolonging their durability.

<sup>1</sup> EU, "Behavioural Study on Consumers' Engagement in the Circular Economy", 2018





### Designing for disassembly and reassembly

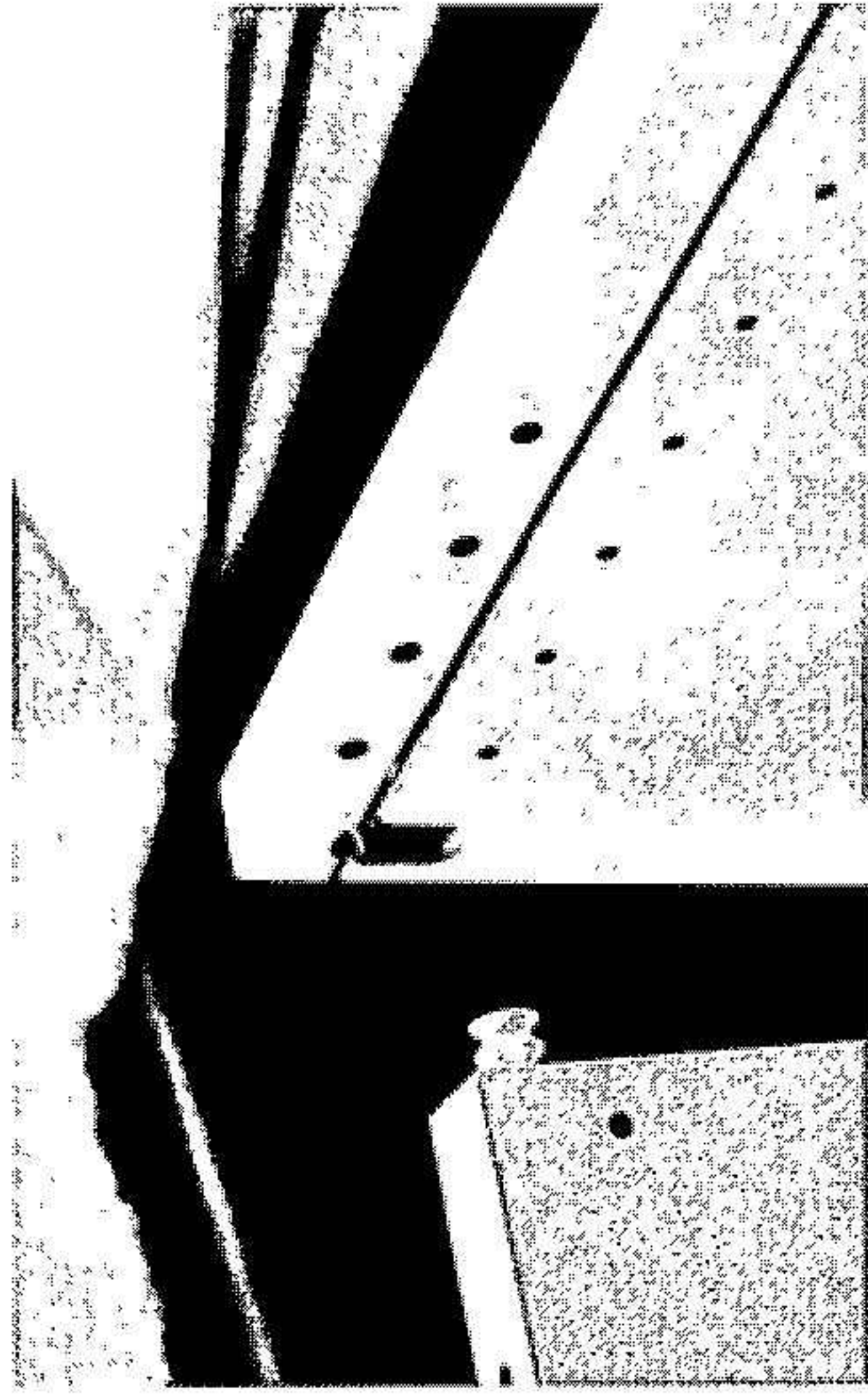
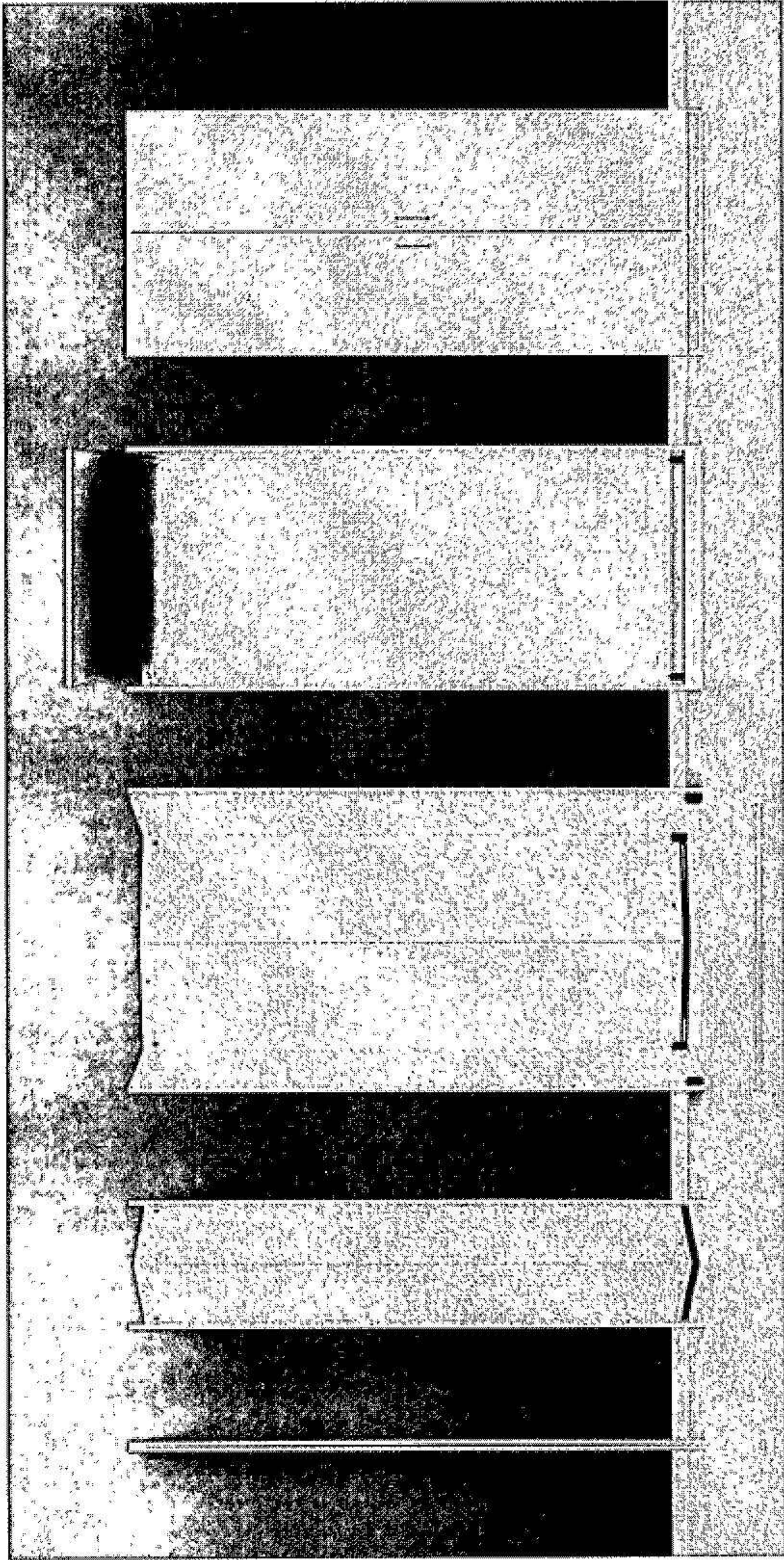
#### New disassembly instructions

Designing products so they're easy to disassemble and reassemble makes reuse, repair, refurbishment and remanufacturing faster and more efficient. Customers can more easily move products or pass them on, with a decreased risk of damage. PLATSA and GUNNÖN are the first two products with full disassembly instructions online on their product information pages, with many more to come.

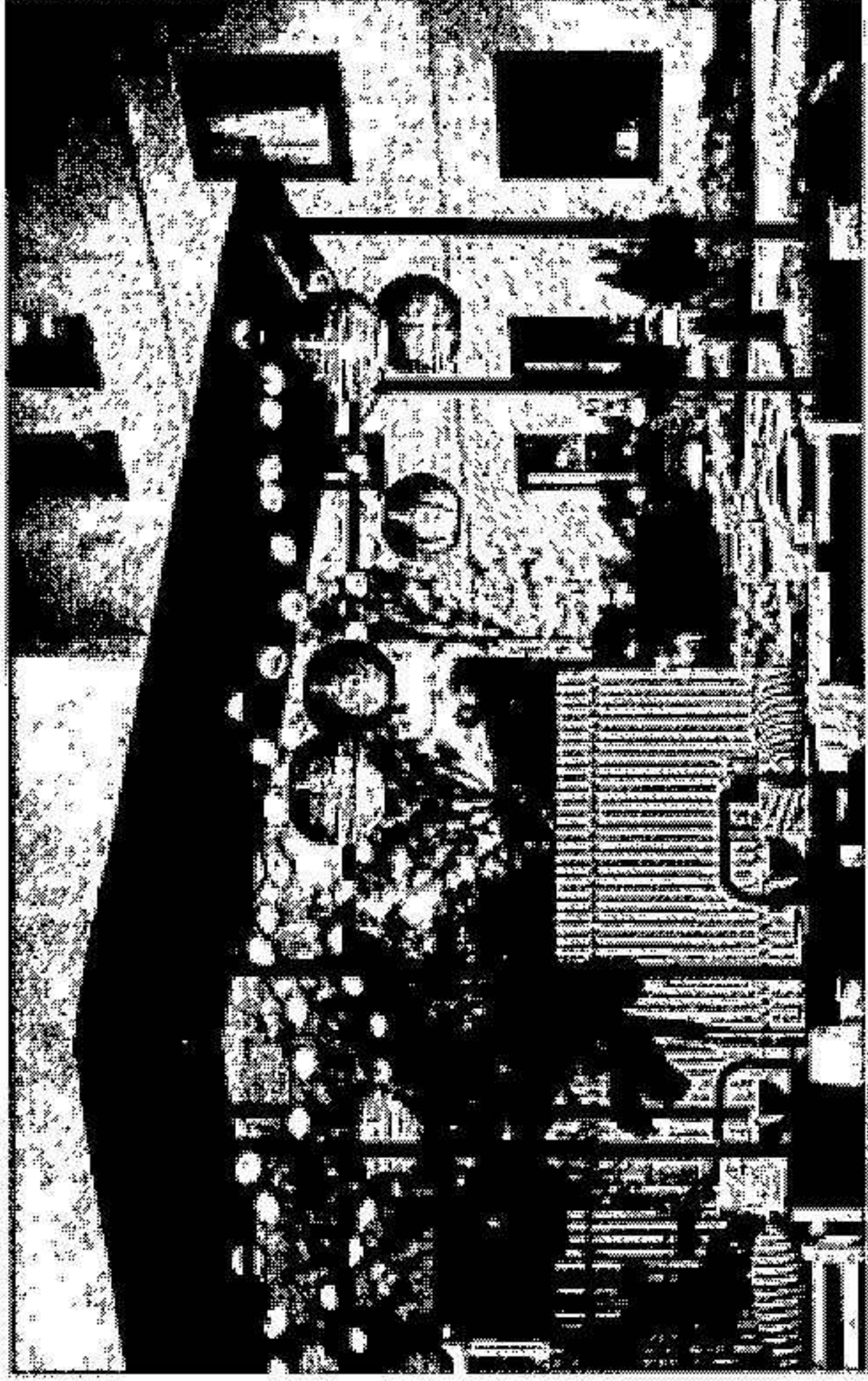
#### Improving a favourite: foldable PAX frame

The PAX wardrobe is designed for durability and long-term use, and now the new foldable frame<sup>1</sup> reduces disassembly time and requires fewer screws. The improved design reduces the risk of damage and has been tested for tool-free assembly, disassembly, and reassembly (up to 10 times). Compatible with existing PAX wardrobes, the foldable frame is adaptable and can be customised with interior organisers and interchangeable doors.

<sup>1</sup> PAX comes with different features in North America.



Designed to adapt to customers' needs, PLATSA modular storage is the first IKEA product to have full disassembly instructions included on its product page, so customers can disassemble, reassemble and alter its configuration over time.



The GUNNÖN gazebo has been designed for easy assembly and disassembly, so it can be used for seasonal entertaining and stored when not in use.



### Improving the circular capabilities of mattresses

In FY24, improved mattress design has reduced the use of virgin materials while maintaining comfort and low price. Updates include:

- A new spring construction in VALEVÄG, VÄGSTRANDA, VESTERÖY and VINGELEN mattresses which requires less fossil-based foam.
- Removable and washable covers for all new mattress pads in the range.
- Use of 100% recycled polyester in the outer layers of the NOPAKTE, NÄSFJÄLLET, NISSEHOLM, NORDBERGET, NORRSELE, NYLÄGET, ÅSBYGDA, ÅSVÄNG and ÅGOTNÄS mattress covers.



Where we are focusing our efforts:

**Aiming to only use recycled and renewable materials, with a specific focus on significantly increasing the share of recycled content in IKEA products**

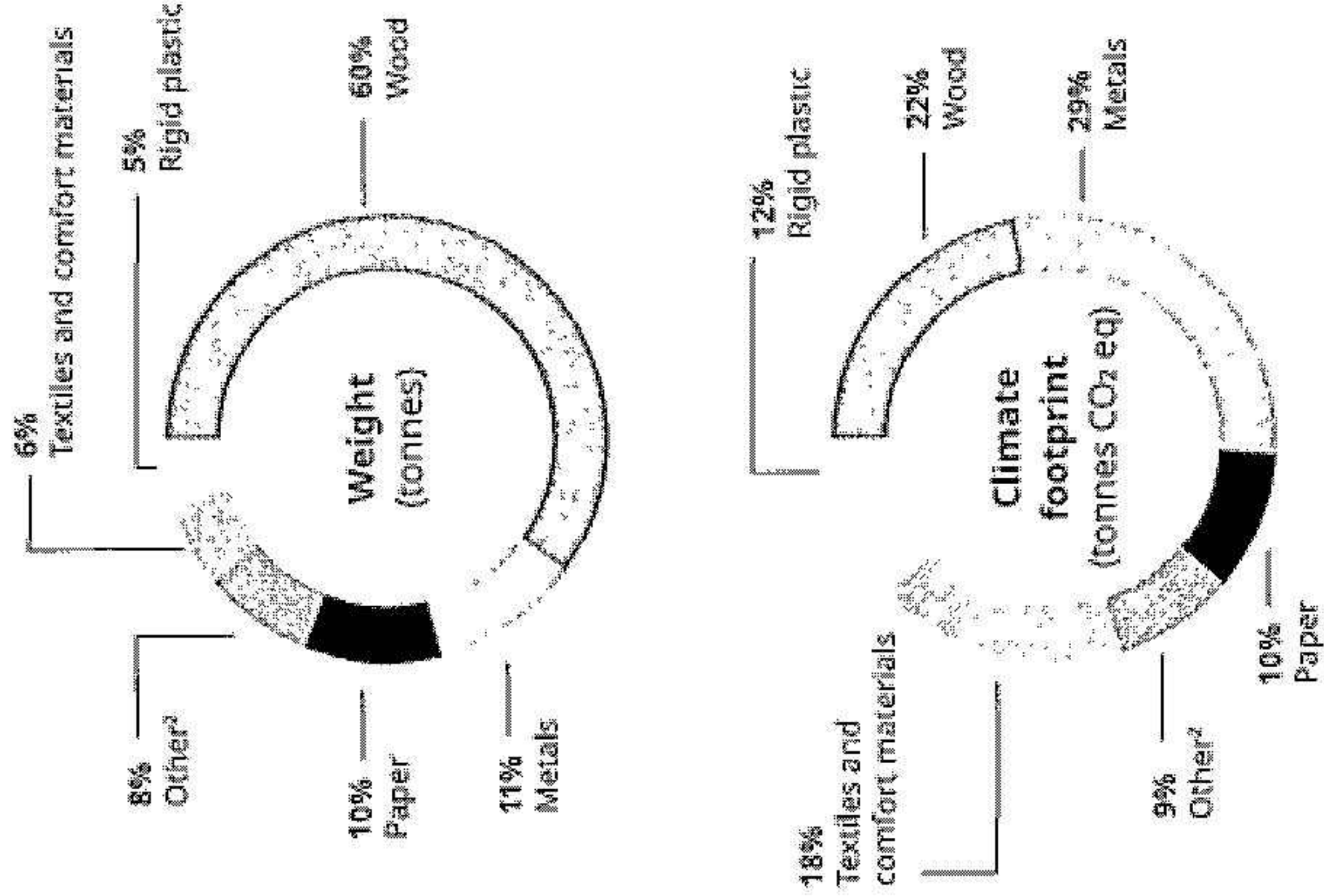
To drive our material agenda, we have defined "material directions" for our most commonly used materials. Material directions set strategic goals to increase the recycled share and reduce the CO<sub>2</sub> footprint for each material type by FY30. They guide our organisational decisions around business development, investments, and material innovations.

Overall, we aim to reduce and maximise our resource use, seeking ways to incorporate a greater share of recycled content. If recycled content is unavailable, we aim to use renewable materials – only using virgin, non-renewable materials when there's no viable alternative.

The amount of materials used in the IKEA range is based on estimates for most material types. Accurate annual figures remain available only for wood and paper. As a result, there is no update in this year's report to the total share of renewable or recycled materials.

FY24 KEY ACTIVITIES

In FY24, we continued our focus on increasing the share of recycled materials and decreasing the climate footprint of our most commonly used materials. Apart from wood and paper the volumes are based on estimates. Read more about the climate footprint of different materials in our [FY24 Climate Report](#).



FY24 share of material weight (%tonnes) vs climate footprint (% tonnes CO<sub>2</sub> eq).



**Wood**

Wood is the most widely used material in the IKEA range. The goal for 2030 is to have at least one-third of the IKEA wood-based range including 80% of our particle board made from recycled wood. In FY24, 16% (FY23: 17%) of the total IKEA wood-based range was made from recycled wood, and we increased the recycled content in both particleboard (from 30% to 30.3%) and fibreboard (from 0.3% to 1%). Fibreboard is a key material for IKEA furniture, but its recyclability remains a challenge. While we saw a minor increase in recycled content in FY24, further innovation is needed to find solutions. To address this, we are working intensively to accelerate development through investments and pilots.

IKEA Industry has set up a fibreboard-to-fibreboard recycling line in Zbaszynek, Poland, primarily producing SKADIS storage boards. This project has been a key proof point for the potential of recycling and has influenced investment decisions among other board manufacturers within the IKEA supply chain. In FY24, we continued our efforts to increase the share of recycled content in particleboard towards our goal of 80% recycled content in particleboards by 2030. At our suppliers in Italy, the share of recycled content in particleboard reached 100%, and at IKEA Industry in Hultsfred, Sweden, where PAX particleboard is produced, the recycled share rose from 10% to 30%.





Metals

Metals are essential for the IKEA range, used in various applications such as fittings and cookware. Achieving 100% recycled metals remains a significant challenge and is currently considered infeasible due to the high global demand for steel and the limited availability of scrap materials.

Our focus is on using as much recycled metals as possible and reducing the climate footprint through:

- Using material in a smarter way, such as using less material for the same function
- Selecting the right material for the right application
- Exploring opportunities to convert to low-emission metals.

Some examples of progress in FY24 include using high-strength steel instead of regular steel in the MITTZON sit/stand desk ([page 16](#)) and achieving a minimum of 70% recycled aluminium content in products such as PAX fronts and LINDBVN mirrors – products that reach a wide range of customers. The BRUKSVARA clothing rack now consists of 50% recycled steel and the FÖRNUFT cutlery range now includes a minimum of 70% recycled stainless steel. Additionally, production processes for recycled materials require less energy, lowering CO<sub>2</sub> emissions.



Textiles & comfort materials

Materials in this area include textiles from across the home, like bed textiles, curtains, rugs and towels, as well as comfort materials in sofas and mattresses. We are exploring both how to increase recycled content and reduce textile waste.

Recycled cotton

We define recycled cotton as cotton recovered from cotton wastes, like yarns, fabrics and garments, sourced according to the [Global Recycled Standard](#) (GRS).<sup>1</sup> In some IKEA products, recycled cotton is used together with virgin cotton. The ÄNGSLILJA and BERGPALM bed linens, for example, consist of 20% and 12% recycled cotton, respectively. And since July 2024, the INDIRA bedspreads have included a minimum of 40% recycled cotton (in a number of markets).

<sup>1</sup> GRS is a voluntary product standard for tracking and verifying the content of recycled materials in a final product.

Textile waste recycling

We continue to explore textile to textile recycling of synthetic materials, with the aim of reducing our dependency on PET bottles as feedstock.

Given that less than 1%<sup>2</sup> of textiles are recycled globally, with the vast majority incinerated or going to landfill, finding solutions to recycle textiles is key. In development with our supply chain partners, we have successfully recycled pre-consumer textile waste, incorporating it into the GRS-certified HILLEBORG and MAJGULL black-out curtains, launched April 2024 in EU markets.

Thermo-bonded felt

In Poland, we piloted a foamless sofa aiming for alternative comfort solutions as well as using our circular design principles. Instead of foam, this sofa uses thermo-bonded felt made from fabric waste including mixed fibres and blends, from our suppliers' production waste, and other recycled textiles.

Improved rPET recycling standards

We participated in a pilot project with [Textile Exchange](#) at our rPET recycler in India to test implementation of the final draft of their new Materials Matter Standard (set to replace the existing Global Recycled Standard). Ensuring robust traceability and credible recycled material claims is essential to our sustainability efforts, and this pilot allowed us to evaluate how the new standards support these objectives.

<sup>2</sup> Figure based on EU Commission data regarding textile clothing recycling rate in the EU.

Increasing recycled content in foam

We continue to explore and increase the use of recycled and renewable content in polyurethane foam, a key material used in products like mattresses, sofas, chair pads and pillows. To meet our ambition, we're investing in recycled and renewable solutions for our entire mattress range. In FY24, we successfully reduced the overall foam consumption in mattresses by 20% by using alternative comfort and design solutions. As part of investing in recycled and renewable foam, we ran a pilot in Europe for a foam mattress using more recycled content (10% recycled foam, of which 35% is repolyol content).

Developing bio-based alternatives

In March 2024, we initiated a programme to search for companies developing innovative bio-alternatives for foam to reduce our reliance on virgin, fossil-based materials. After identifying and evaluating more than 300 companies with potentially interesting applications, we invited 18 to meet with our experts. We will soon kick off the next steps with a shortlist of potential partners to explore collaboration and opportunities to test and pilot new solutions to speed up development.





### Plastic

We continue our journey towards phasing out virgin plastic as well as minimising our use of plastic in packaging. Currently, there's a strong focus on plastic recycling, but with multiple standards and little consensus as to what constitutes pre- and post-consumer waste and what meets the definition of recycled content. We're updating and clarifying our internal requirements - working with external stakeholders to secure alignment across the industry and between legislative frameworks. We continue to evaluate and strengthen our traceability efforts to validate supplier certification and accelerate development across the sector.

We strongly believe joint efforts are needed to handle plastic waste issues globally. In 2023, we joined the Business Coalition for a Global Plastics Treaty. The coalition is convened by the Ellen MacArthur Foundation and WWF with the aim to support the development of an ambitious, effective and legally-binding UN Treaty to end plastic pollution. As negotiation continues, we have joined forces with 21 companies, with CEOs signing a letter of support for the treaty and calling for harmonised policy and strengthened national legislation that could help businesses scale proven solutions for priority sectors such as packaging.

#### *Optimising design to reduce material use*

One example is the redesign of the SMÄCKER cutlery tray. By redesigning the form we can now produce a tray of the same quality and function using 15% less material. The new design has also made it possible to stack 10% more trays on a pallet, increasing efficiency in transportation and distribution.

#### *Recycled polypropylene*

We have successfully completed a series of tests to increase the share of recycled material in our iconic FRAKTA bag and plan for a stepwise implementation in our FRAKTA family starting in 2025.

#### *New paper packaging replacing plastic*

In our journey to phase out plastic packaging, the SMÄSPORRE range of quilts/duvets and pillows is just one example where we have implemented a paper-based solution. Traditionally packaged in plastic, it now comes in paper wrapping after extensive testing in FY24. The aim was to create an alternative to plastic that would work using the existing machinery and automated production. The new solution reduces our reliance on plastic and uses paper from a Scandinavian mill powered by renewable energy.

Another example is our move towards paper-based bags for furniture fittings in our packages. This will help us cut down our plastic consumption by an estimated 1,400 tonnes per year. We have been developing the concept, material, and machine capability for several years and started to deploy the bags at the beginning in FY24.



### Glass

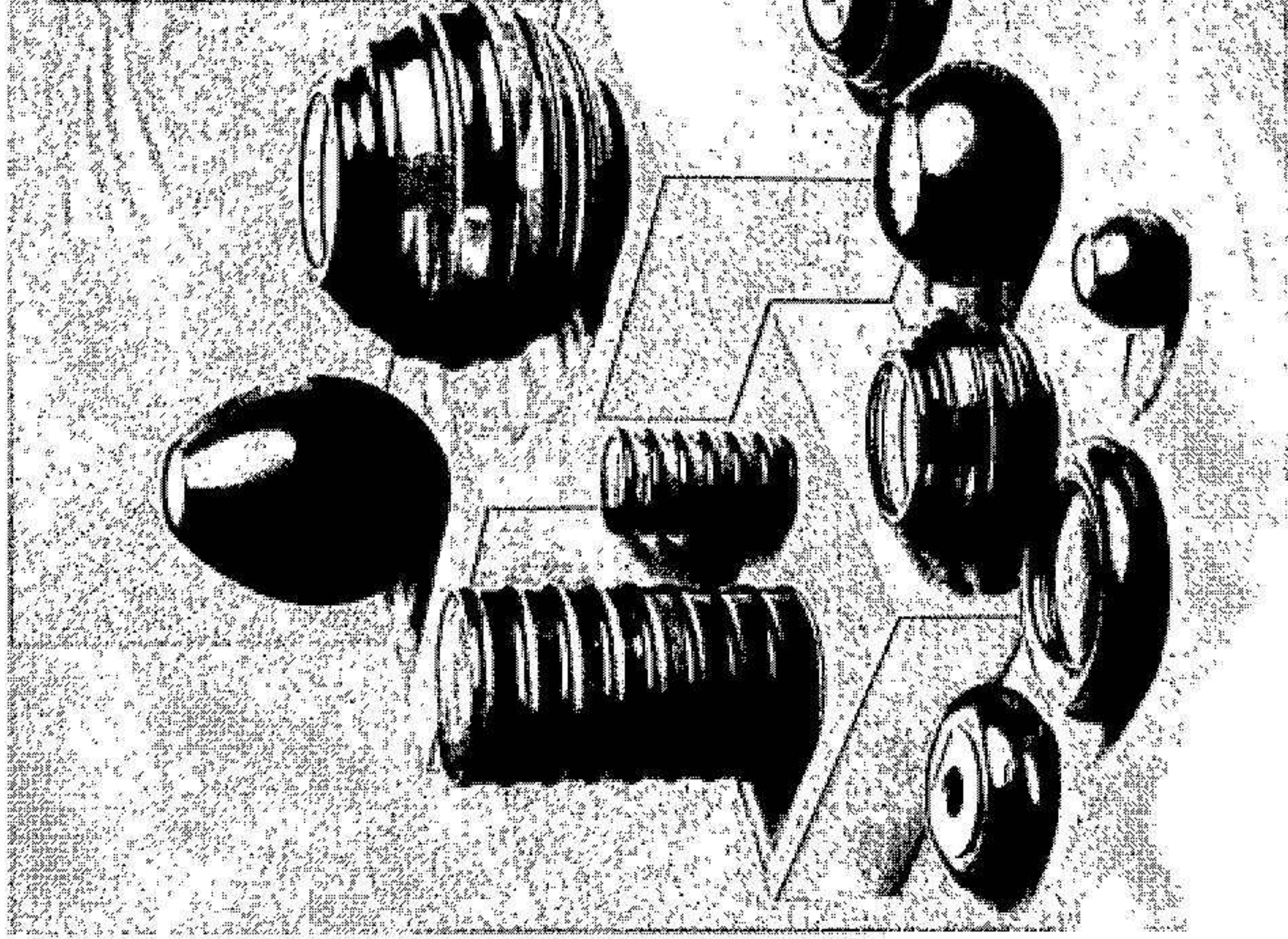
Glass is a material often sent to landfill, so we're working with suppliers and other supply chain actors, as well as research institutes, to find ways of taking used glass and turning it into new products.

#### *Recycling glass bottles for use in new products*

By adjusting product design, production processes and supply chain set-ups, we have successfully tested new products made of 100% recycled glass. Products like MYRMOSAİK (vases and bottles) and KRONKLEMATIS (glasses and plates) are now on sale in limited markets to test the potential to scale these solutions and use waste that would otherwise have gone to landfill.

#### *Recycling glass bottles into mouth blown decorations*

The mouth-blown decoration collection, HÄNGBJÖRK, is another example where we're using 100% glass waste. For this project, we work together with a social entrepreneur in India who employs women with limited financial means to collect glass bottle waste. Melting the waste requires less energy than starting virgin material – decreasing the climate footprint – and the mouth-blown pieces feature unique bubble size and colour variation.









Where we are focusing our efforts:

## Aiming to send zero waste from IKEA operations to landfill

By taking a holistic approach that involves product design, production, supply chain management and customer engagement, we aim to turn waste into resources and send zero waste to landfill. We will achieve this by integrating a zero-waste mindset into each part of the IKEA value chain. Together with our suppliers, we will continue to find new and better techniques and methods to optimise the use of raw materials, minimise waste and use waste to produce new products.

In different parts of the IKEA business we track and set goals for waste. We're currently establishing business requirements to be able to gather, aggregate and report waste data at a holistic level. We're also engaging stakeholders to further understand the opportunities and challenges for reducing waste and will develop a waste performance framework in FY25.

### FY24 KEY ACTIVITIES



#### IKEA Industry waste management

Waste management at IKEA Industry prioritises waste minimisation, the reuse of waste fractions and material recycling. If material recycling isn't possible, the remaining fractions<sup>1</sup> are sent for energy recovery<sup>2</sup> and, as a last option, to landfill. Material recycling at furniture factories is 80-90% and 10% energy recovery. Board units deal with large volumes of bio ash, for which there are few recycling options, resulting in 70% material recycling and 10% energy recovery. In FY24, the total recycling rate at IKEA Industry was 76%, which is a decrease from 81% in FY23 due to the increasing difficulties finding alternative uses for bio ash.

<sup>1</sup> Fractions are groupings of waste materials according to their properties. Each waste group or classification is called a fraction.  
<sup>2</sup> Energy recovery from waste is the conversion of non-recyclable waste materials into usable heat, electricity, or fuel through a variety of processes.



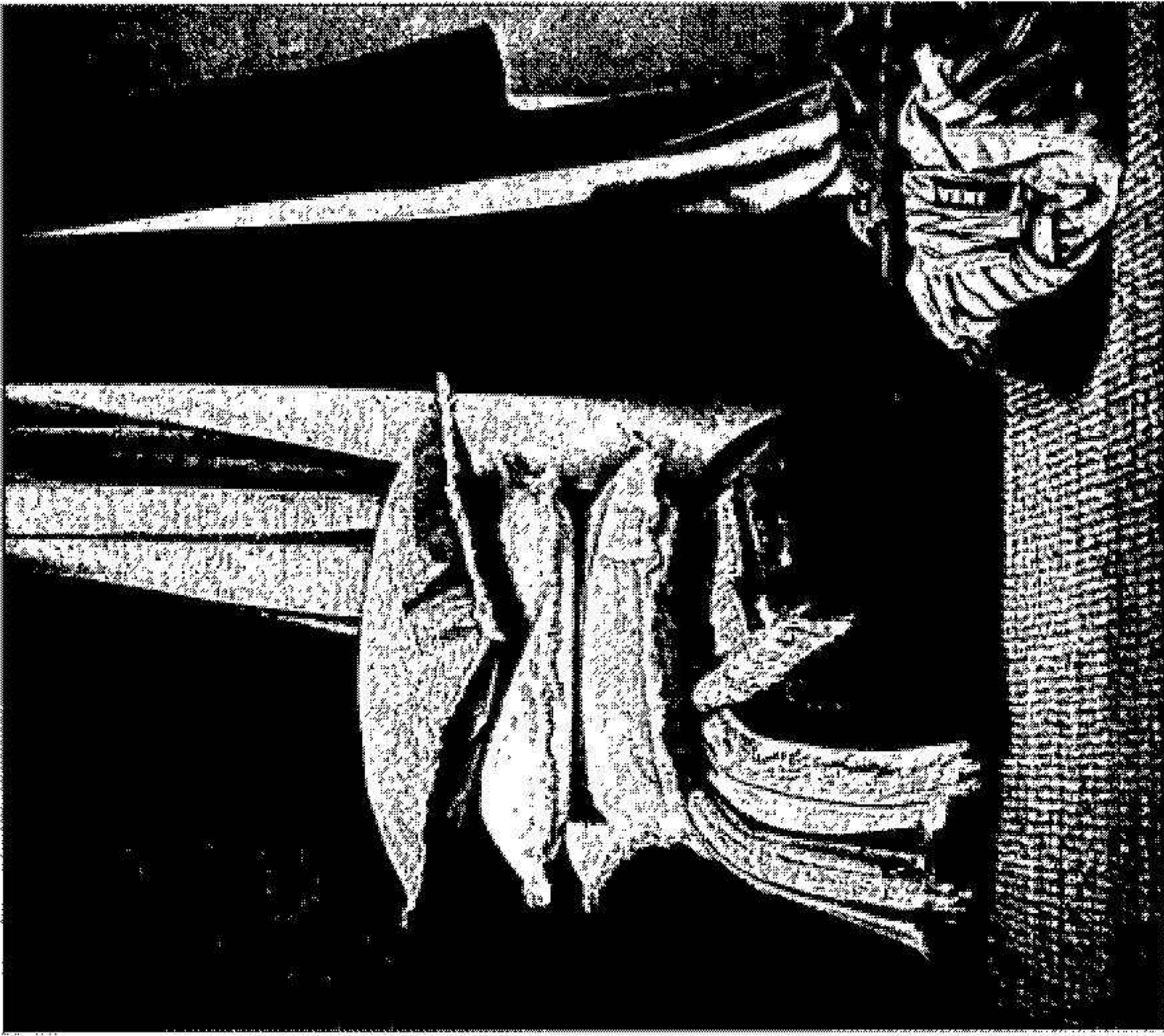
#### IT recycling project

IKEA franchisee Ingka Group implemented an IT recycling partnership in 16 countries. As a result, 29.7% of end-of-life IT equipment has been refurbished and resold, and 70.3% recycled.



#### Recycling wood waste in Belgium

Ingka Group is also focused on improving waste segregation and working with suppliers to find local approaches to increase recycling rates. For example, in Belgium, recycling all treated wood waste from eight stores and a distribution centre. Some of the recycled material is used by IKEA Industry in Hultsfred Sweden to manufacture new IKEA furniture.



#### Using recycled uniforms to make new products

In February 2024, VÅXELBRUK was launched in selected IKEA stores in Europe. The collection, featuring 16 textile products such as curtains, cushion covers, throws and bags, was partially made from recycled co-worker uniforms collected from IKEA stores and distribution centres across Europe.



# Nature and resource use

Where we are focusing our efforts:

- Addressing our impacts and dependencies on nature in a science-informed way and taking the local context into consideration, with the ambition to halt and reverse biodiversity loss and negative effects on water caused by the IKEA business.
- Promoting and ensuring responsible forest management to reduce forest degradation and deforestation.
- Leading regenerative projects on degraded land, deforested areas and agriculturally cultivated areas.
- Continuing to secure, develop and implement responsible sourcing standards that include environmental, social and animal welfare criteria.
- Continually improving efficiency in, for example, materials, water, waste, energy, and logistics to reduce overall resource usage.
- Encouraging innovative approaches to nature management, protection, restoration and regeneration contributing to forest adaptation and mitigation of climate change.
- Addressing land use in our business and value chains, through the development of a responsible land use approach with a focus on addressing the conversion of natural ecosystems.
- Implementing sustainable water management practices in freshwater and marine environments, with a focus on water efficiency, reducing pollution and protecting ecosystems.
- Advancing water security by leading and participating in regenerative projects in priority basins aimed at increasing water availability, addressing pollution and enhancing climate resilience.



## FY24 SUMMARY OF PROGRESS

A majority of IKEA home furnishing and food products are made from materials that come directly from nature such as wood, cotton and other natural fibres and food ingredients.

How the raw materials we use are cultivated, extracted and processed has a significant impact on nature.

The IKEA business is, and will remain, dependent on materials and food ingredients. While we continue our efforts to do more with less, our aim is to end our dependency on virgin non-renewable materials.

We're working to use responsibly sourced,<sup>1</sup> renewable or recycled materials in our products and reduce our pressures on nature by regenerating resources,<sup>2</sup> protecting ecosystems and improving biodiversity. This also means working to identify, prevent and mitigate potential negative impacts on people linked to our business activities.

<sup>1</sup> Ensuring that IKEA suppliers of materials, products and services meet environmental, social, and ethical standards outlined in, for example, IWAY and FSC.

<sup>2</sup> "Regenerate resources" refers to processes that restore, renew, or replenish natural resources so they can continue to be available for future use. It involves practices that go beyond simply sustaining the current state of resources and instead focus on actively improving the environment, like restoring soil health and increasing biodiversity.



In some cases, we will still need to use non-renewable resources while transitioning to a circular business. This is why we also work to ensure that non-renewable resources are sourced responsibly, mitigating the risk of negative impacts and fostering positive practices in their related industries.

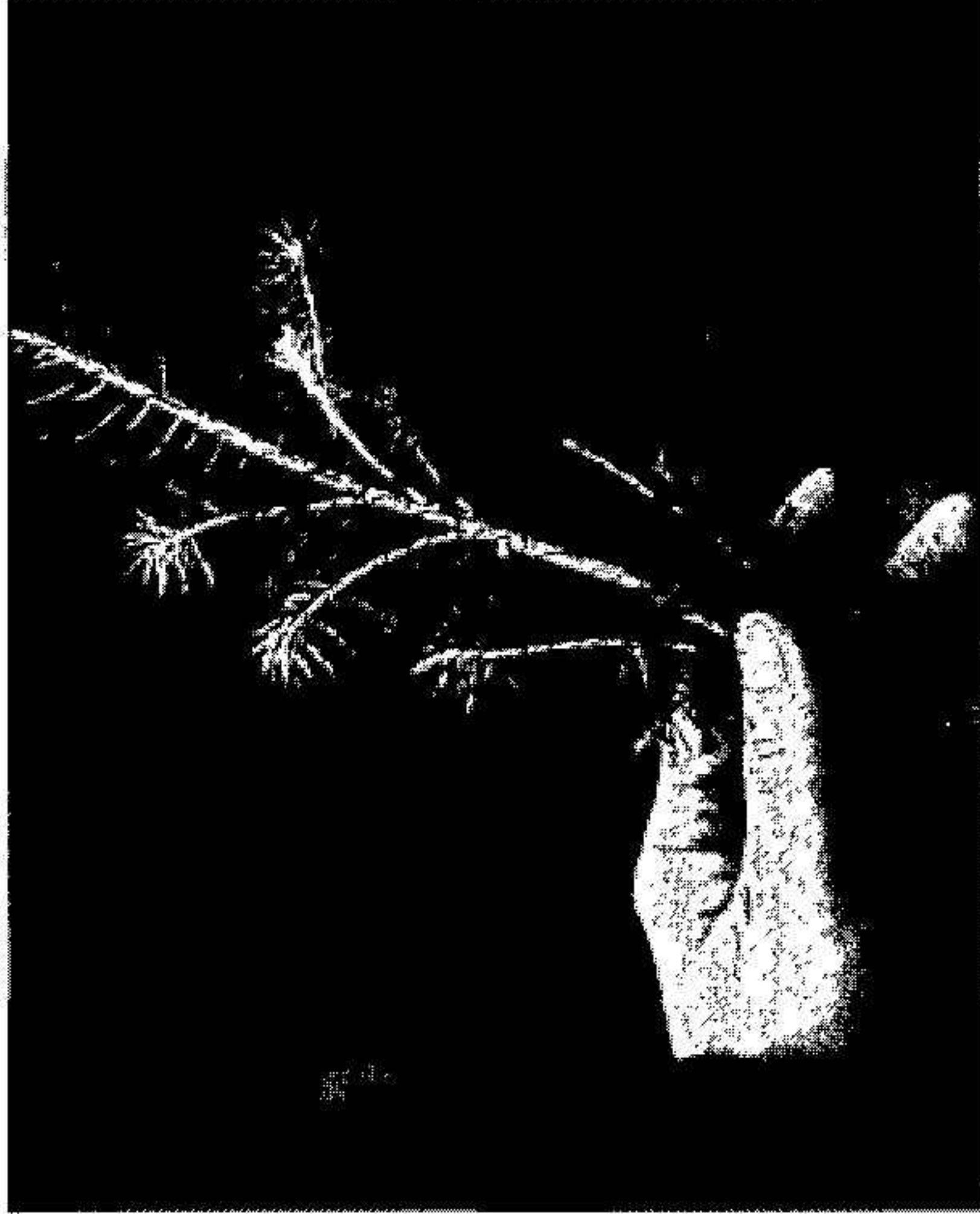
During FY24, we developed our biodiversity and water agendas, outlining our high-level ambition and main movements to deliver on the commitments laid out in the [IKEA Sustainability Strategy \(page 30 and page 32\)](#).

Traceability of raw materials to their source remains complex, but is essential to assessing and mitigating risks and understanding the specific actions we can take to reduce impacts on biodiversity and water. Traceability is also critical for securing compliance with regulations such as the European Union Deforestation-free Regulation (EUDR) to provide transparent documentation and verification of the sourcing practices and pathways for the materials and ingredients that go into our products.

All wood used in IKEA products is sourced from responsibly managed forests, which do not contribute to deforestation. The IKEA business ensures this through established due diligence processes and systems covering wood-based products, together with independent verification from the Forest Stewardship Council (FSC). To meet additional EUDR requirements, updates and extensions to our existing due diligence systems and processes are being implemented ([page 34](#)). We are taking similar steps for other raw materials.

In FY24, we approved the new IWAY Agriculture Section and updated the IWAY Animal Welfare Section, which both outline the specific practices our suppliers and supply chain actors need to comply with. This includes working together with relevant stakeholders, experts and suppliers to create clear instructions for complying with the mandatory requirements in the Agriculture and Animal Welfare sections. One of the most critical requirements is full traceability to the farm. This will enable us to identify and address risks connected to deforestation, animal welfare, illegal use of chemicals, human rights issues and the other topics that are included in the IWAY sections. Extending our compliance efforts to the farm eases the work with our suppliers to explore initiatives that go beyond compliance. This includes providing guidance on more responsible agricultural practices like regenerative agriculture.<sup>1</sup> The IWAY requirements will be implemented in a stepwise approach, with full implementation completed by December 2030.

During FY24, we piloted regenerative agriculture practices for beef, cotton and wool and started exploring ways to apply these practices to coffee. We also collaborated with One Planet Business for Biodiversity (OP2B) to provide input on regenerative agriculture metrics and support advocacy. A challenge for us is that regenerative agriculture practices are often costly upfront. Scaling these practices requires partnerships to address their financial impact on production yields, operating costs, and farming communities.



<sup>1</sup> Regenerative agriculture practices are farming methods designed to restore and enhance the health of ecosystems, particularly soil. These practices aim to increase biodiversity, improve water cycles, and sequester carbon, contributing to more sustainable and resilient food systems.



## Biodiversity

As a global brand with diverse supply chains, operations, and locations, the IKEA business both impacts and depends on biodiversity in many ways. We have an opportunity and responsibility to take action to reduce our negative impacts and contribute to the protection, improvement and enhancement of biodiversity.

Biodiversity loss is a global crisis. However, it's also a local issue. Each ecosystem is unique and faces individual challenges and solutions, which will require us to focus on place-specific actions in combination with interventions that span our entire value chain.

As a global home furnishing and food brand we are dependent on biodiversity, for example through our raw materials and ingredients. We're on a journey to fully assess our impacts,

dependencies, risks and opportunities across our value chain.

Our aim is to not only reduce our impact on biodiversity loss, but also actively contribute to greater resilience. We're strengthening existing initiatives and identifying new opportunities, collaborating with partners to protect, enhance, and improve biodiversity throughout our value chain and beyond.

Today, many of our existing goals across the climate, circularity, water and forestry agendas are connected to – and support – biodiversity. We are currently in the process of developing science-informed targets specific to biodiversity. We will work with global methodologies and frameworks such as Science Based Targets for Nature (SBTN) and the Taskforce on Nature-related Financial Disclosures (TNFD) to support this work.

### Our biodiversity agenda

During FY24, we developed our biodiversity agenda, outlining, for the first time, our high-level ambition and main movements to support biodiversity:

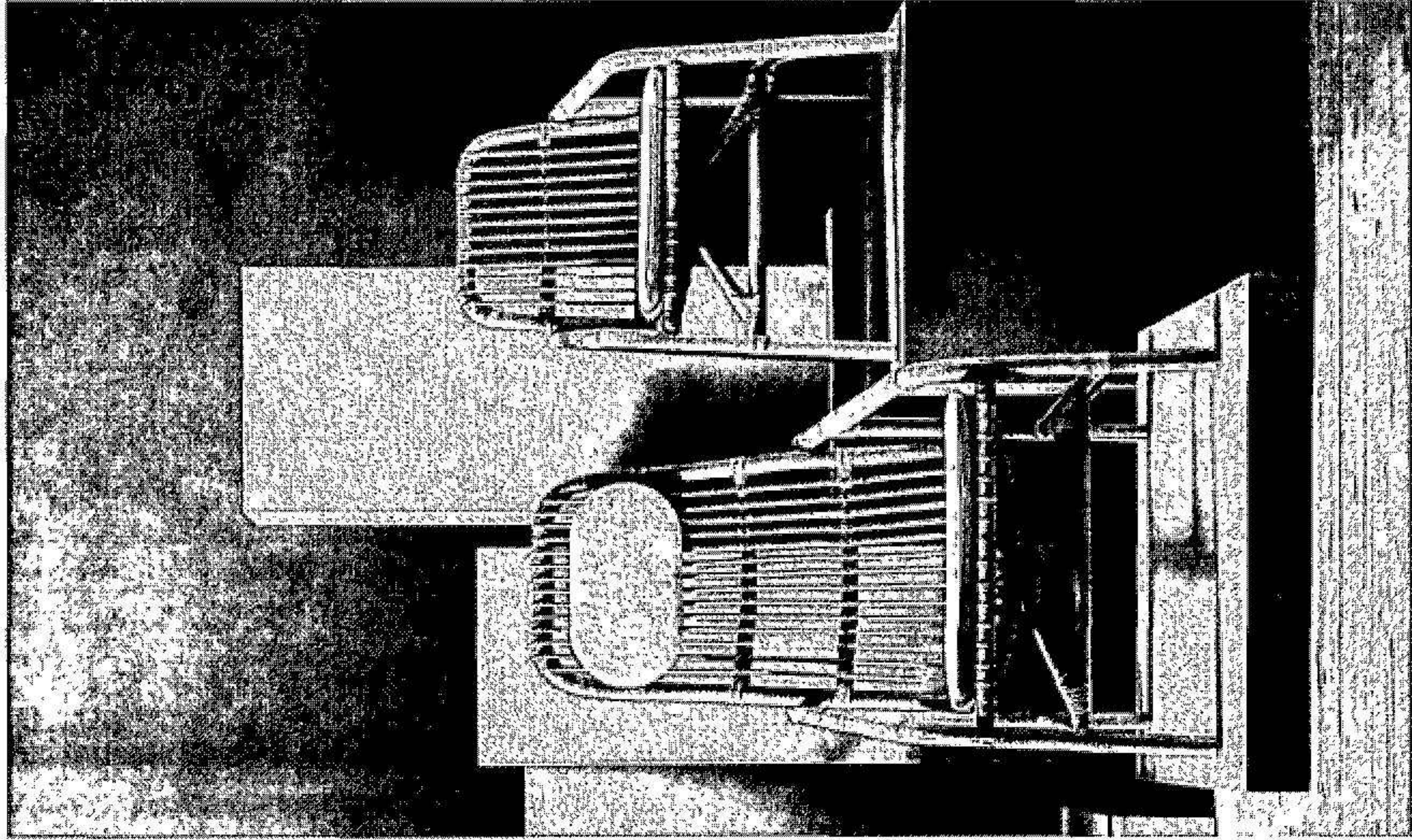
- **Reducing our contribution to biodiversity loss:** Identifying where we have negative impacts on biodiversity across our value chain and taking specific actions to reduce those impacts.
- **Building more resilient ecosystems for our business and beyond:** Working to protect, improve and enhance ecosystems vital for nature, the IKEA business, and the millions of people living in the communities where we have influence.
- **Supporting societal action:** Engaging with communities, suppliers and partners, customers, businesses, governments, universities, NGOs and civil society to scale awareness and action on biodiversity.

We will continue to develop and refine this agenda, further detailing the specific actions we will take across our value chain.





FY24 KEY ACTIVITIES



**Increasing traceability for rattan**

Overharvesting of rattan from forests in Vietnam and Indonesia can threaten biodiversity and ecosystems by contributing to the potential extinction of some rattan species. Research initiated by the IKEA business and the Royal Botanic Gardens, Kew proved that it is possible to extract DNA from rattan furniture and then identify the species, comparing the DNA data from furniture to a reference database developed from Kew's scientifically verified specimens of rattan.

Building upon this research, in FY24 we carried out an increased number of rattan DNA tests from suppliers in Vietnam and Indonesia at a commercial laboratory in the US. Testing 63 samples, the laboratory successfully extracted rattan DNA using the testing protocol developed as a result of the research, marking the first instance where the entire rattan identification process has been carried out by a commercial test lab. The results not only validate the effectiveness of this method but also enable other companies and commercial testing laboratories to test rattan samples. Results indicate that IKEA suppliers only used species approved by IKEA to produce its products.



**Ongoing analysis and evaluation of biodiversity methodologies**

In FY24, we built on our previous work with the SBTN methodology by conducting step 1 and 2 analysis of the factory sites at IKEA Industry and IKEA Components. The results provided valuable insights and have helped us understand where our key sites for biodiversity are located and, therefore, where we should focus our efforts. It has also helped us to sharpen our internal development on both data and processes, as well as indicated opportunities for further refinement and use of complementary methodologies to support decision-making and steering of the IKEA business. We have provided feedback and insights gathered through this process to SBTN along the way.



**Continued advocacy and support for The Global Biodiversity Framework**

In October 2024, the IKEA business participated in the UN Convention for Biological Diversity 16<sup>th</sup> Conference of the Parties, also known as COP16, in Cali, Colombia. This was a pivotal moment for us to demonstrate the importance of private sector support for the Global Biodiversity Framework (GBF) and encourage action. We also took the opportunity to showcase our own work and ambition through engagement with partners and other stakeholders. Ahead of COP16, the IKEA business, together with 230 businesses and financial institutions, endorsed the Business for Nature statement on "Renewed Policy Ambition on Nature" to demonstrate the continued and growing momentum for swift implementation of the GBF.



**Partnering with WWF to protect endangered species**

In Türkiye, a project in the Büyük Menderes Basin piloting the implementation of regenerative agriculture principles in cotton farming (page 33) also focused on improving freshwater habitats. This included supporting the population recovery of the endangered European eel which plays a key role in freshwater ecosystems. Based on hydrological assessments and stakeholder analysis, in FY24, WWF-Türkiye launched an advocacy campaign which resulted in the Local Wetlands Committee (LWC) launching a technical working group to develop an action plan for the restoration of the habitat and migration route of the European eel.



## Water

Water is a growing global issue that directly affects the IKEA business. As a significant contributor to water use throughout our value chain, we recognise our responsibility to manage this vital resource sustainably.

To deliver on this responsibility, we are focused on contributing to water security,<sup>1</sup> which includes providing stable and long-lasting access to sufficient quality water for supporting livelihoods, human well-being, and socio-economic development. It also encompasses protection against waterborne pollution, water-related disasters, the preservation of ecosystems and the consideration of how geopolitical challenges might impact decisions and outcomes.

We are working to improve water security<sup>2</sup> throughout the IKEA value chain. This includes protecting nature and supporting communities connected to the basins where we operate while inspiring widespread water action in society.

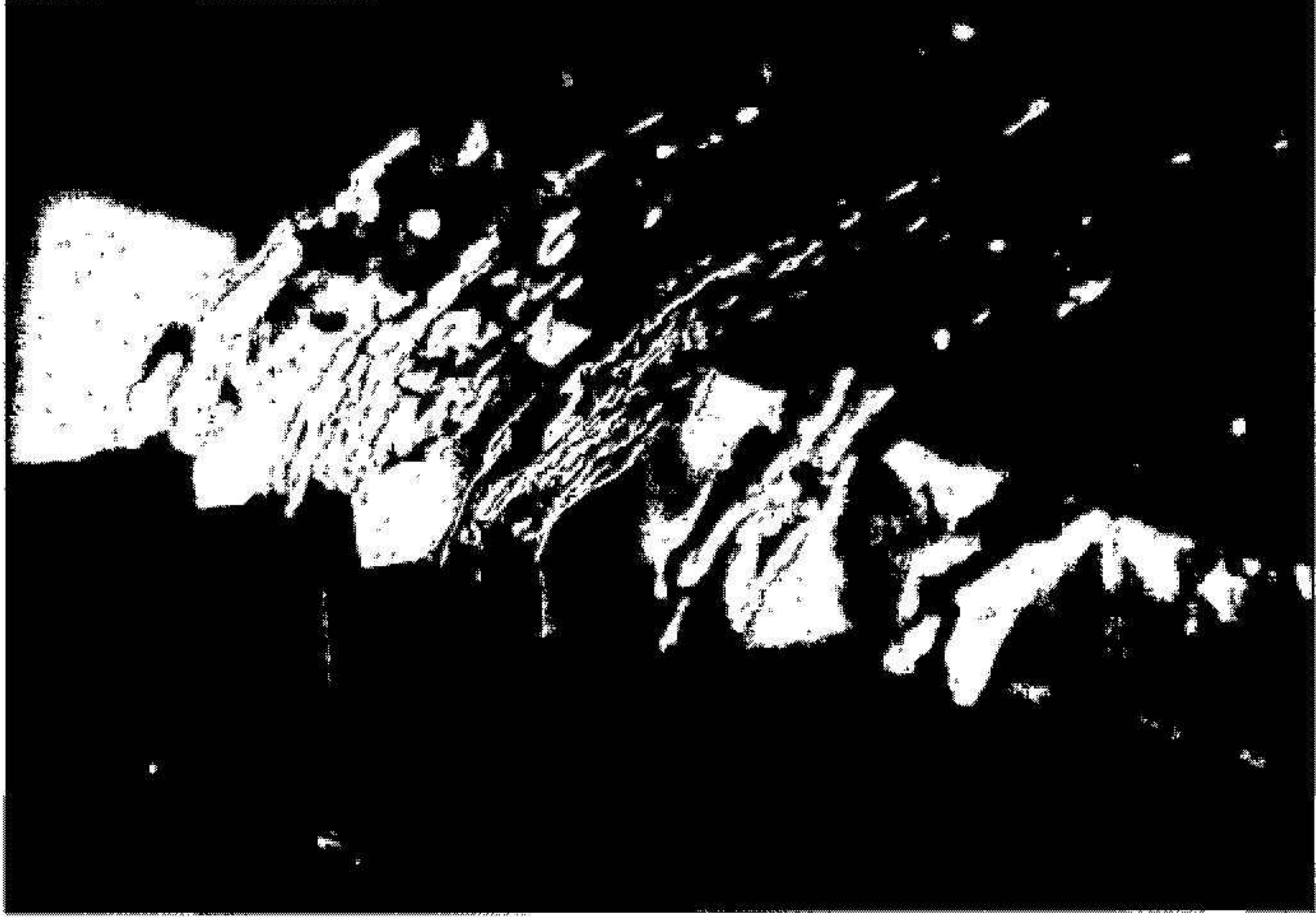
In FY24, we formalised our first set of goals, targeting water use in the production of IKEA products.<sup>3</sup> This is where we currently have the greatest amount of reliable primary data which enables us to understand our impacts and identify

the actions needed to deliver to our targets. These goals include:

- By FY30, we will reduce the equivalent of 50% of total water withdrawal from the production of IKEA products<sup>3</sup> within each of the top 15 river basins that face very high levels of water stress (compared to the 2019 baseline). The top 15 river basins are in six countries (Türkiye, Pakistan, China, Egypt, India and Thailand), covering over 100 suppliers.

- By FY30, we will reduce the equivalent of 20% of total freshwater withdrawal from production<sup>3</sup> within the remaining river basins we operate in globally (compared to the 2019 baseline).

We are clear that our biggest impact when it comes to water is connected to the production of raw materials and food ingredients. However, more work is needed to increase traceability and provide sufficient and reliable data to identify the most impactful actions. Informed by global methodologies, we aim to set additional science-aligned goals for water by FY26.



For FY24, we have not included reporting on our water footprint as we are working to improve the reliability of our material data and methodology.

### Our water agenda

During FY24, we developed our water agenda, outlining, for the first time, our high-level ambition and main movements to support water security:

- **Reducing freshwater use:** We will work to reduce our freshwater withdrawal across our value chain – from raw materials and operations to enabling and inspiring our customers to reduce water use at home.
- **Improving water quality:** We will work to strengthen our actions to address water pollution across our value chain. Improving water quality is critical to support nature and human health and mitigate the negative impacts of water pollution on ecosystems and living conditions.

- **Enhancing freshwater ecosystems and community access:** We will work to restore and regenerate freshwater ecosystems and support access to fresh water for communities. Our starting point is the top 15 water-stressed basins in our value chain,<sup>3</sup> which we consider to be our priority water basins.

While these freshwater ecosystems are "beyond-the-fence" of our supply chain, we recognise that changes in water availability or quality due to ecosystem degradation will disrupt our business and lead to significant impacts on climate change, nature loss and the lives of people.

<sup>1</sup> UN Water, "What is Water Security?", 2013

<sup>2</sup> The capacity of a population to safeguard sustainable access to adequate quantities of and acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against waterborne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability. International Institute for Sustainable Development, "UN Water Brief Defines Water Security", 2013

<sup>3</sup> Scope includes production at direct home furnishing, food, components and printed media suppliers, including IKEA owned factories operated by IKEA Industry and packaging and distribution units by IKEA Components.



FY24 KEY ACTIVITIES

⇒ **Increasing data accessibility, accuracy and detail**

In FY24, we strengthened our primary data collection at direct suppliers and improved our internal validation processes resulting in a higher degree of data quality and reliability. Identifying the water footprint of our main raw materials remains a challenge due to our distance from the raw material sources and access to detailed information. In FY24, we initiated a project aimed at quantifying the water footprint of our main agriculture-related raw materials.

⇒ **Supporting the Freshwater Challenge**

Last year, at World Water Week and Climate Week, the IKEA business joined WWF and other representatives from the private sector, governments and NGOs for two closed-door events to explore and co-shape the critical supporting role businesses can play in the Freshwater Challenge. A country-led initiative, the Freshwater Challenge aims to ensure that 300,000 kilometres of degraded rivers and 350 million hectares of degraded wetlands are under restoration by 2030, as well as conserve intact freshwater ecosystems.

Participating in these dialogues demonstrated our support for collective action and the urgent need for stakeholders, including the private sector, to come together to support this ambitious challenge.

⇒ **Replacing freshwater with recycled water for production**

An investment made in a wastewater treatment plant (WWTP) by one of our largest textile suppliers in India is transforming wastewater from the local nearby communities into treated water for use in production. Utilising a multi-stage treatment process including primary filtration, biological treatment, ultra-filtration and reverse osmosis, the treated water is used in textile manufacturing and water-intensive processes such as pre-treatment, dyeing, bleaching, and washing, which otherwise would have relied on freshwater sources.

Based in one of our top 15 river basins that face very high levels of water stress compared to the 2019 baseline, this supplier's work to recycle water relieves pressure on this natural resource and provides the community with a portion of the treated water delivered back to local residents for domestic use.

⇒ **Continuing to partner with WWF in India and Türkiye**

As part of the WWF and IKEA partnership, we are working to improve water management by advancing water conservation both within and beyond the IKEA value chain. In FY24, we advanced projects and initiated pilots connected to river basin projects in India and Türkiye, such as:

In India, together with other partners, IKEA and WWF continued the collective action programme in the Noyyal Bhavani river basins which aims to secure healthy river flows for people and nature. Following the extensive mapping of the animals and plant species in the Marlimund Lake catchment that was completed in FY23, implementation of the detailed action plan commenced in partnership with the local government and tribal communities to restore native grasslands, shola forest and swamp. In FY24, a nursery of native grasses was established, and administrative mechanisms were put in place with support from the local government to remove invasive species which cleared the way for the plantation of native species.

In Türkiye, in Söke, a key cotton-growing region in the Büyük Menderes Basin, WWF and the IKEA business (together with other partners) continued piloting the implementation of regenerative agriculture principles in cotton farming. The pilot, which started in 2020, is now in its fourth year covering 17.9 hectares of Better Cotton farms with regular monitoring. Results show improved soil health, enhanced biodiversity, increased crop

diversity (from two to five crops), and higher levels of soil carbon sequestration. One farm, covering 15,5 hectares, have through investments in modern irrigation achieved annual water savings of approximately 58,000 m<sup>3</sup>, a 60% reduction of water use

To support farmers, in FY24 training videos on better soil and water management in cotton production were launched. A Regenerative Scorecard, a tool developed by WWF-Türkiye to help farmers and agriculturalists implement, monitor, and evaluate regenerative practices, was updated to benchmark different levels of ecological enhancement. The scorecard framework bridges the gap between theory and practice, guiding stakeholders toward effective and scalable regenerative agriculture solutions.

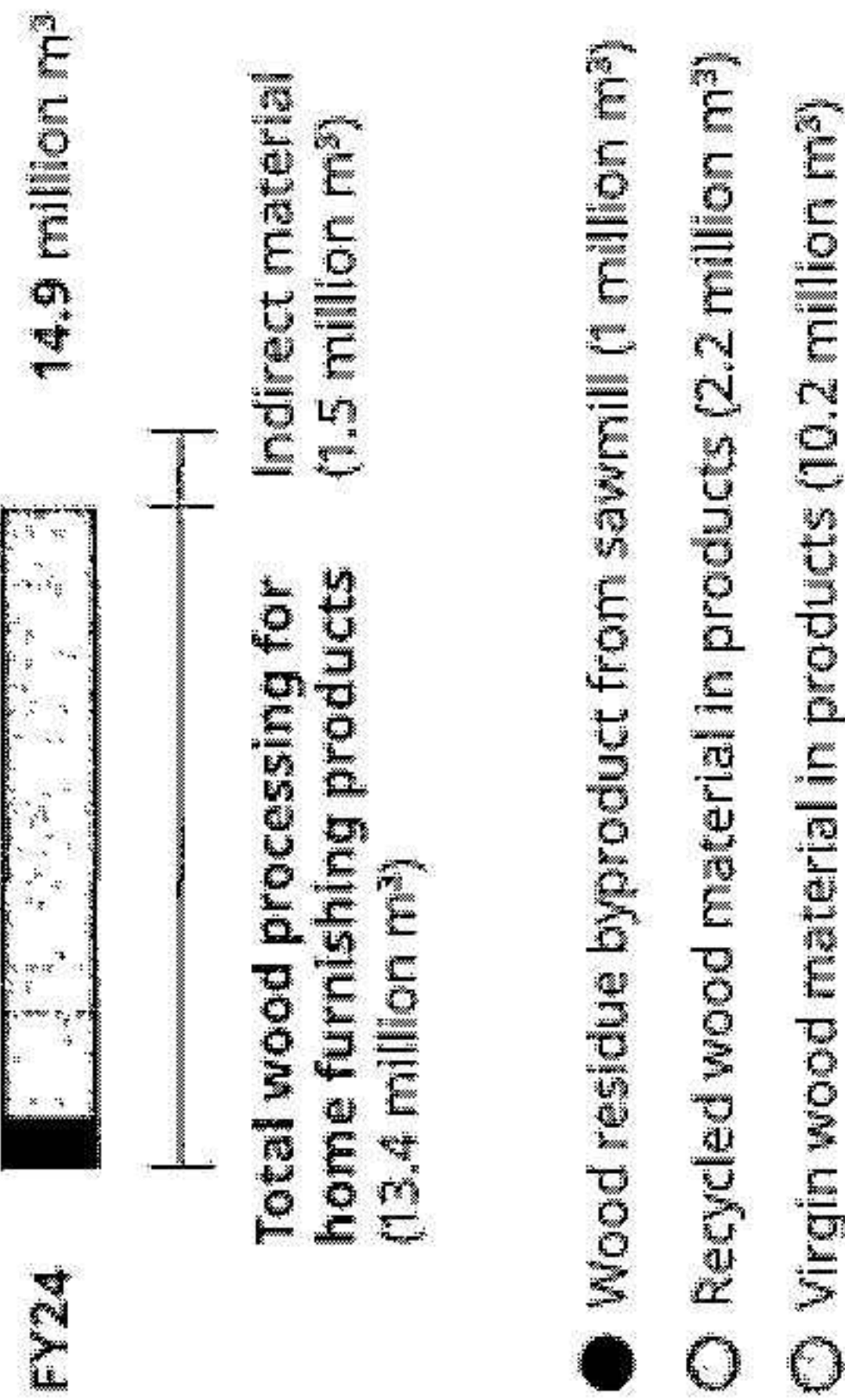




# Wood (forestry)

IKEA wood processing volume  
(million m³ Round Wood Equivalent (RWE))

*Includes virgin, recycled wood and the estimated volume of the residual wood material from sawmills as well as paper, industrialised bamboo, and indirect materials, e.g. packaging.*



**Wood is one of our most important and used materials because it's beautiful, versatile, durable, renewable and possible to recycle. We use wood for particleboard, fibreboard, paper-based and solid wood products. It's a big part of our Swedish design heritage.**

For the future of the IKEA business and the planet, we want to utilise this valuable resource as efficiently as possible. We ensure that the forests we source from, or own, are managed responsibly, with the aim to mitigate the impacts of climate change as well as minimising negative impacts on biodiversity while also supporting the livelihoods of local communities.

The wood used in IKEA products and operations is either Forest Stewardship Council (FSC) certified or recycled.<sup>1</sup> In FY24, 97% (FY23: 97,8%) of our total wood used was either FSC or recycled. 16% (FY23: 17%) of that total was recycled. The goal by 2030 is that at least one-third of the IKEA wood-based range, which includes a target that 80% of our particleboard will be made from recycled wood.

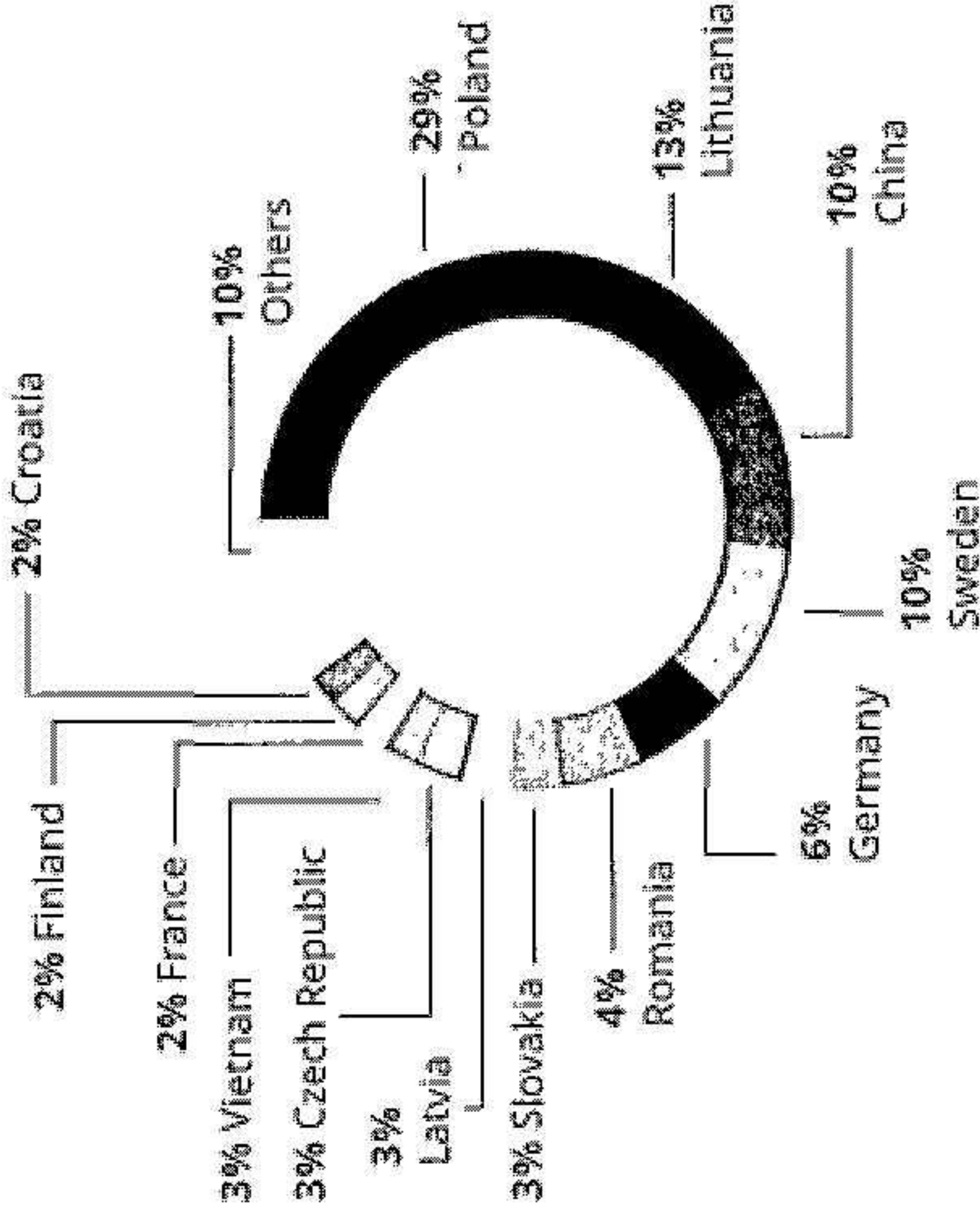
The IKEA business is committed to ensuring that all wood used in IKEA products is sourced from responsibly managed forests and does not contribute to deforestation. Our established forestry due diligence processes and systems, together with FSC certification, are two ways we accomplish this.

Key elements in our forestry due diligence processes and systems include a wood origin database connected to the IKEA risk assessment for wood and wood-based products, together with risk mitigation actions and documentation. Verifications by trained co-workers as well as third parties at suppliers and along selected supply chains supports identifying, preventing and mitigating risks. Furthermore, investment in market insights and the development and implementation of forensic test methods helps identify risks and thereby support the scoping and efficiency of the due diligence activities. FSC, with its strong commitment to no deforestation and system of monitoring, plays an additional role in independent verification. Read more about our comprehensive due diligence processes and systems.

With the additional requirements of EUDR, such as collecting geolocations and reporting standards, extensions and updates of our due diligence processes and systems are needed. These extensions and updates, which include existing IT systems and the risk assessment tool, will enable us to gain better insights into a wider scope of risks related to sourcing.

Beyond our own operations and value chain, we are also committed to using our size, scale and reach to contribute to halting deforestation and make responsible forest management and wood sourcing the norm across the world.

Markets which supply the most virgin wood for IKEA products



<sup>1</sup> Due to the ever-changing business environment, the total percentage of FSC-certified or recycled wood can fluctuate to around 98%. However, as with all wood used in IKEA products, any non-certified wood must always meet IWAY forestry minimum requirements.



## Our forest agenda

### Responsibly managed forests

We ensure that the forests we source from, or own, are responsibly managed. We have strict requirements and control systems for the sourcing of wood for the IKEA business. We are transparent about our responsible forestry practices, the wood we use, and the forests we own.

### Mitigating climate impact and enhancing biodiversity

We invest in reforesting degraded landscapes to enhance biodiversity and carbon sequestration,<sup>1</sup> and to support the livelihoods of local communities.

### Collaborating to make responsible forest management the norm

We are working with other businesses, our suppliers and partners, local communities, governments, universities and NGOs to improve forest management standards and make responsible forest management the norm across the world going beyond the wood sourced for the IKEA business.

### Efficiently used wood materials

We are continually improving our processes and investing in innovation so we can use wood more efficiently and increase the amount of recycled wood in our products. Wood is a renewable material, and its responsible use supports our efforts to minimise the impacts of climate change.

<sup>1</sup> Carbon sequestration refers to the process of capturing and storing atmospheric carbon dioxide (CO<sub>2</sub>) to mitigate the effects of climate change. It involves removing CO<sub>2</sub> from the atmosphere and securely storing it in various reservoirs, such as soil, plants, oceans, or geological formations, for long-term containment.

#### FY24 KEY ACTIVITIES



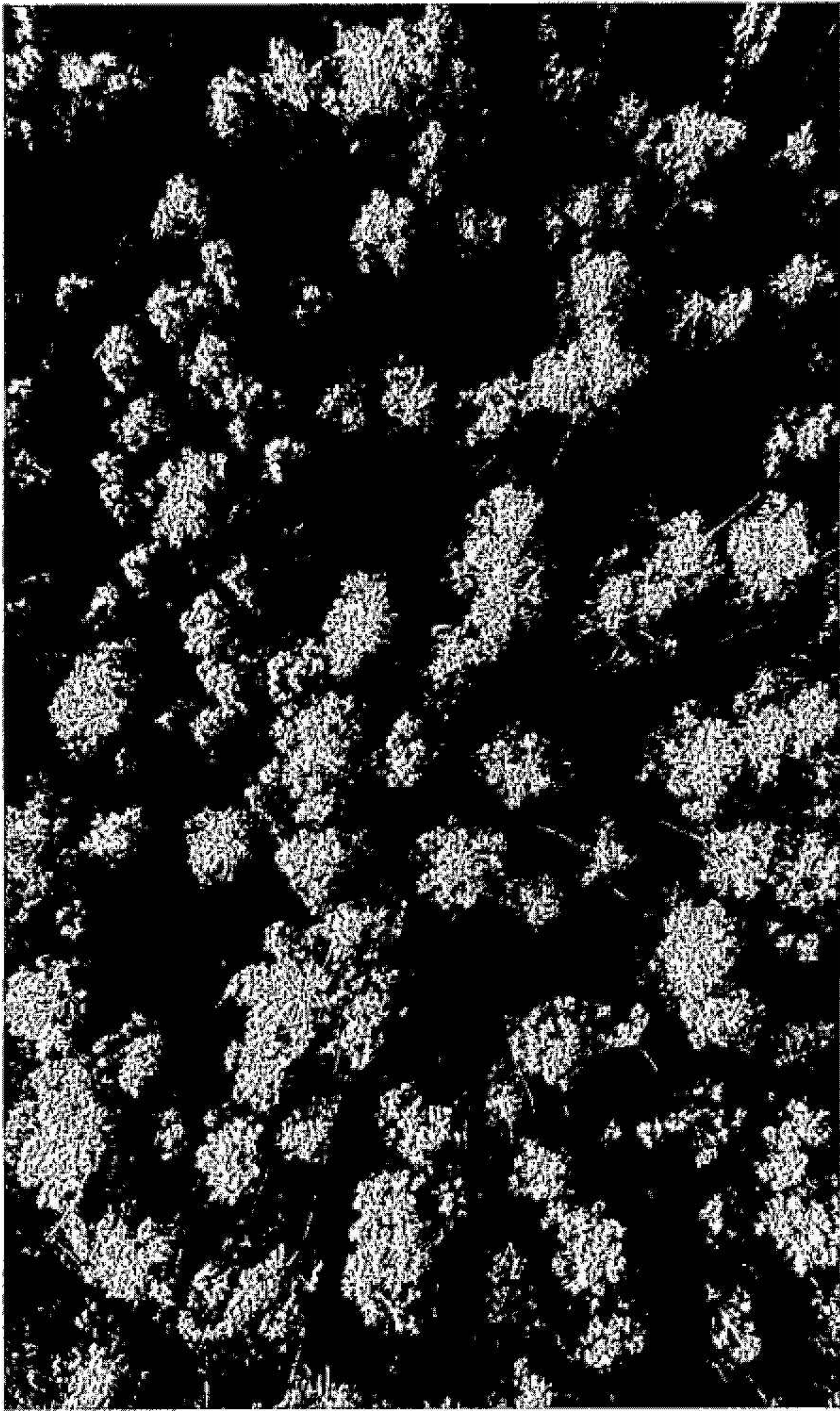
### Progress of FSC biodiversity fast-tracking initiative

At COP15, the IKEA business, together with FSC and WWF, launched an initiative to fast-track biodiversity assessments of FSC-certified forests in Brazil, Finland and Sweden. With a lack of data on biodiversity, the initiative represents an important step towards creating a global forest management certification scheme. This would enable monitoring of biodiversity and ability to demonstrate conservation outcomes at scale.

Recent findings from the initiative show that FSC Forest Management certification contributes to biodiversity conservation in Brazil, Finland, and Sweden. FSC is also one of the main supporters for the monitoring of biodiversity in certified forests and can generate knowledge for the conservation of rare, threatened and endangered species.

In Brazil, for example, more than 300 threatened species were identified within 30 FSC-certified forests, while findings in Sweden show that the presence of red-listed species has remained stable in FSC-certified forests over the past 20 years. FSC certification in Finland has led to a 460% increase in conservation areas within FSC-certified forests compared to statutory conservation areas.

Read more about the [Fast-Track Biodiversity Assessment project](#).

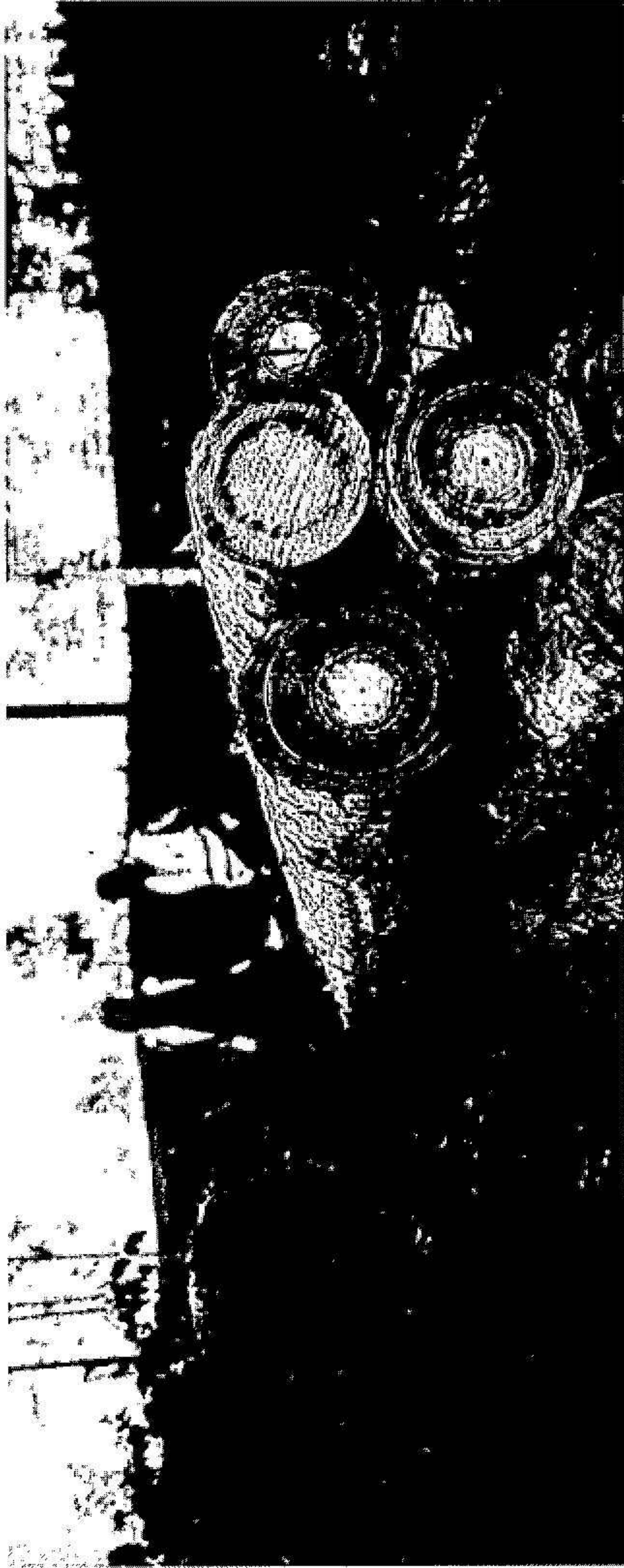


### Implementation of responsible sourcing along forest material supply chains

During FY24, together with our business partners, we continued to secure IWAY forestry minimum requirements beyond first-tier suppliers. Following a stepwise approach, from January 2024, we continued the implementation covering remaining board mills, papermills and verification of compliance with IWAY requirements at critical third-tier subcontractors.

Implementation of responsible sourcing along supply chains has supported IKEA wood suppliers in being well prepared for upcoming global implementation and fulfilling of legal requirements such as EUDR. Supply chains are being mapped to the forest roadside, and verification of compliance with IWAY is ensured at critical sub-contractors. Read more about IWAY on [page 53](#).





#### Smallholder certification in Lithuania expands to Latvia

In FY18, the IKEA business, together with suppliers in Lithuania, supported the establishment of the group forest management scheme [VšĮ Darnūs Miškai](#) (Public Enterprise Sustainable Forests) to simplify the FSC certification process and lower the costs for individual smallholders. This enables IKEA suppliers to source FSC-certified wood material from private forests. Since FY18, the amount of administered FSC-certified forest area has increased to 127,000 thousand hectares, owned by 250 group members.

Based on the success in Lithuania, VšĮ Darnūs Miškai expanded its services to Latvia in FY24. Currently, FSC-certified forest area administrated by the Latvian company totals 1,400 hectares and includes two members in the group.

The group arranges internal audits of its members' forests, and then an FSC-accredited certification body annually audits a sample of forests from the group. Another benefit of group FSC certification is knowledge-sharing among forest owners.

Lithuania is one of the largest suppliers of wood for IKEA products at 13%. Latvia supplies 3%. [Read more about IKEA wood sourcing.](#)



#### Promoting responsible forest management in northern China

The IKEA business and WWF are collaborating with the Chinese Academy of Forestry to develop conservation-based forest management models.

By aligning the needs of both humans and nature, the project aims to restore healthy, stable forest ecosystems.

The partnership project focuses on the Taihang and Yan Mountain landscapes in northern China. In FY24, the project included five demonstration sites, collectively spanning over 1,100 hectares, which have been used to showcase how forest management can be adapted to enhance biodiversity.

The initiative also raises awareness and builds a wider capacity among the forest managers of five designated forest bureaus and farms that cover around 700,000 hectares. The aim is to create a shift toward biodiversity-conscious forest management across the entire landscape.

Through collaboration with China's National Grassland and Forest Administration (NEFA), the project addresses technical, governance, and policy aspects of forest management with the aim of fostering responsible practices nationwide.



#### Contributing to the development of the World Forest ID initiative

During FY24, the IKEA business – together with FSC and others – contributed to the [World Forest ID \(WFID\)](#) initiative to develop a mobile app designed to facilitate systematic wood sample collection. The app uses an AI model that provides more detailed origin information of timber, enabling confirmation of wood origin. Additionally, we assisted in advancing the WFID reference database, which is intended to enhance traceability and provide a reliable resource for identifying wood origins. These efforts are part of a broader initiative to improve transparency and sustainability in the global wood supply chain.



#### Working to restore FSC in Poland

The IKEA business was deeply concerned over the 2022 decision in Poland to discontinue their FSC certification. From that decision, 17 regional directorates of the State Forests in Poland let their FSC certifications expire.

The IKEA business was clear to our suppliers that we remained committed to using only FSC-certified or recycled wood. Since then, we have collaborated actively with the Polish Association of Wood Furniture Producers and other companies to increase interest in bringing back FSC in Poland.

Dialogue between State Forests and FSC regarding national standards and license agreement was finalised during the late summer of 2024. We estimate that during the calendar year 2025, the majority of Poland will bring back FSC certification.





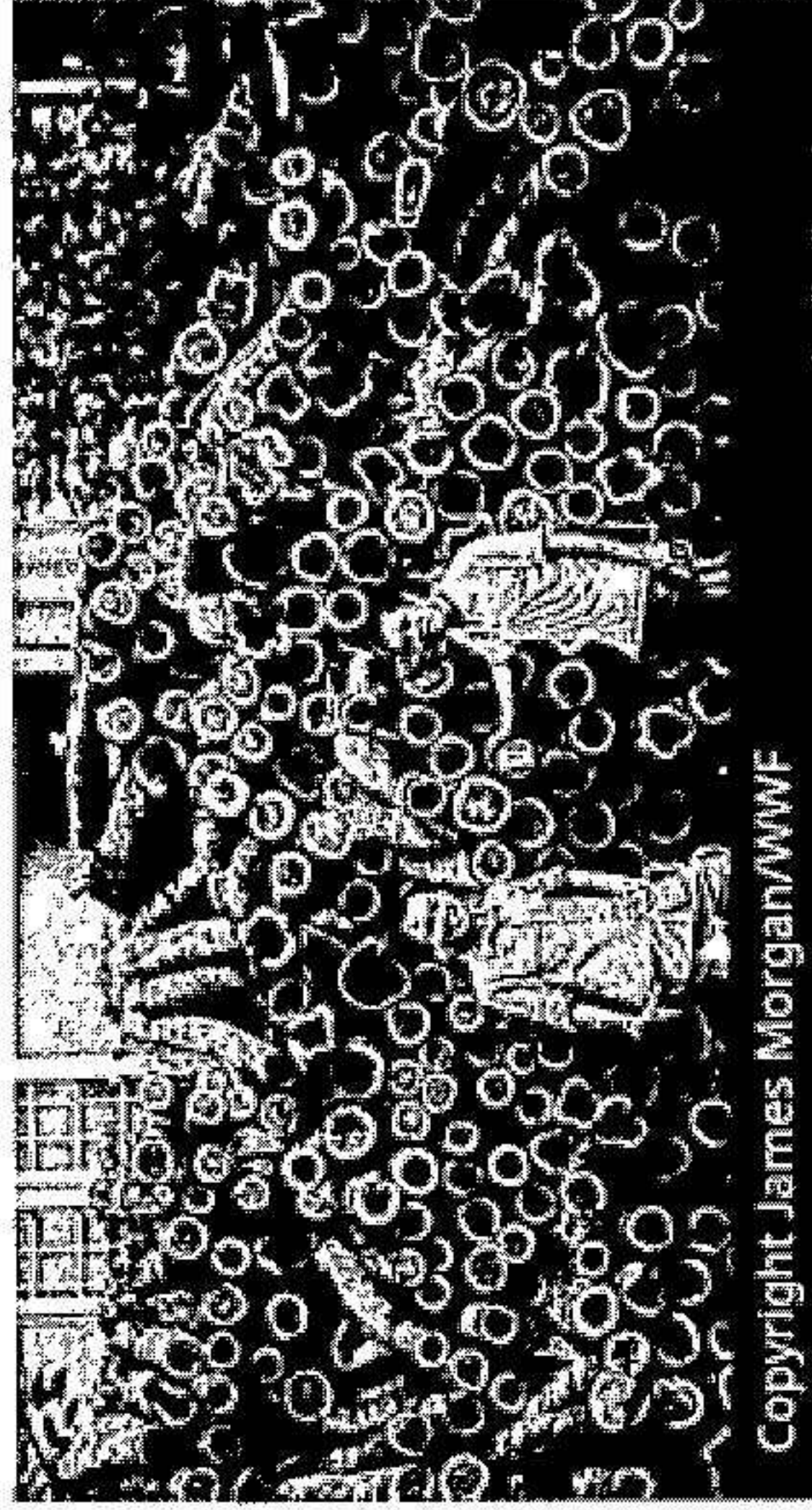
### Partnering with WWF to support responsible forest management in the Greater Mekong Subregion

In the Greater Mekong Subregion,<sup>1</sup> WWF and IKEA have been working together to transform practices on the ground and support responsible forest management across almost 80,000 hectares in Laos, Cambodia, Thailand and Vietnam.

We have worked together with [acacia smallholders in Vietnam](#) to promote responsible forest management, which includes stopping the practice of burning forestry residue, diversifying the acacia species planted, as well as promoting longer rotation periods which can lead to bigger trees with more valuable logs, improving the income for the farmers.

In FY24, the partnership activities included organising training events on Regional FSC Forest Stewardship Standards (RFSS) for smallholders, which included feedback from a company that has implemented RFSS. The partnership also assessed the effectiveness of four pilot models of native species mixed with FSC mono-acacia.

<sup>1</sup> The Greater Mekong Subregion (GMS) is a natural and economic region in Southeast Asia, centred around the Mekong River, which flows through six countries: Cambodia, China, Laos, Myanmar, Thailand, and Vietnam.



Copyright James Morgan/WWF



### Continuing to support smallholder livelihoods in Vietnam

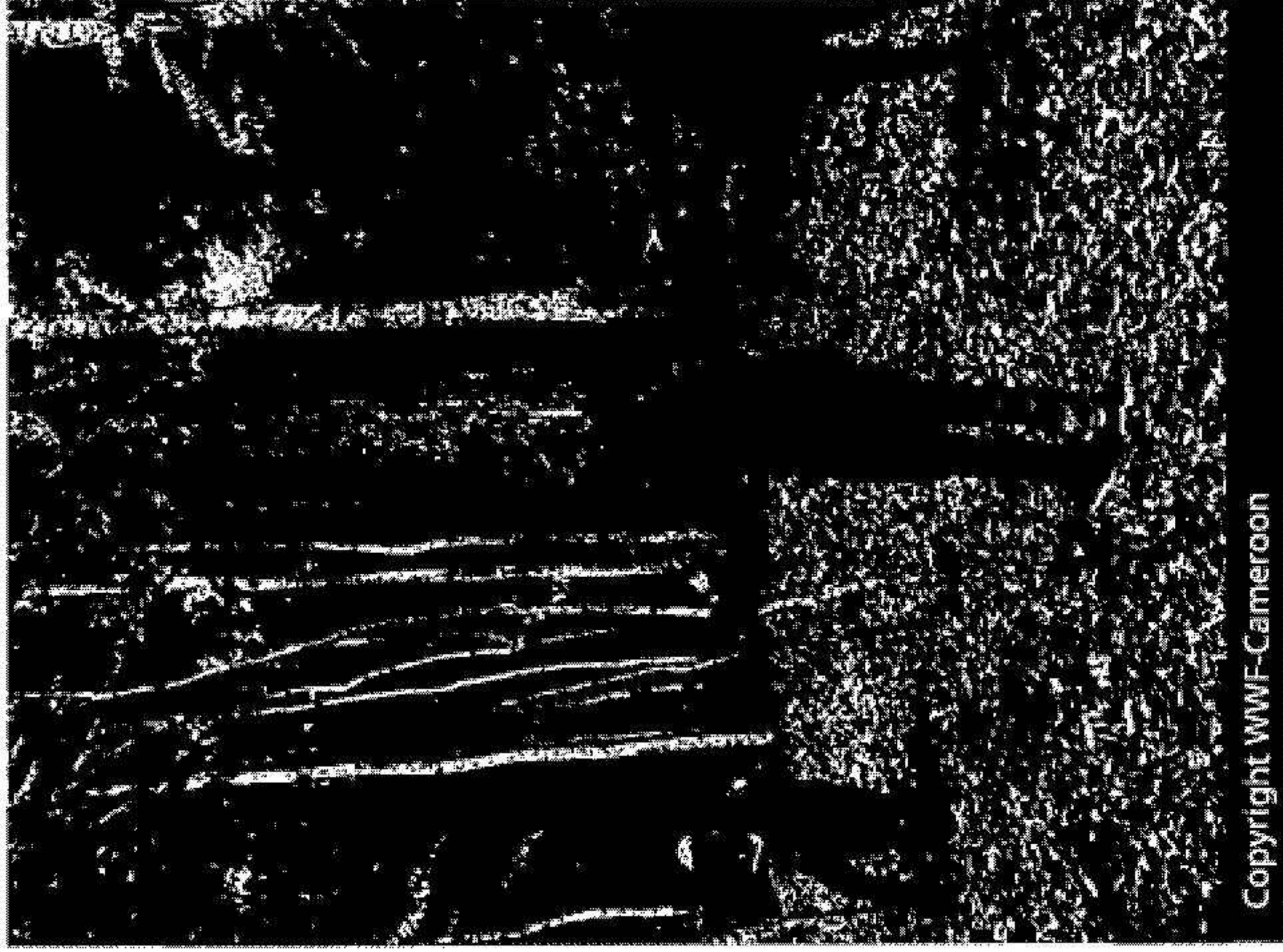
Since 2022, the IKEA business has partnered with a smallholder cooperative in Thua Thien Hue in Central Vietnam to implement and promote responsible acacia forest management. This effort is part of our EUR 100 million program to develop and implement carbon removal and storage initiatives. We aim to improve acacia management and help farmers diversify their income by introducing native species on 1,100 hectares of land.

To support this initiative, we are working with Hue Agricultural University to measure soil organic carbon at over 100 sites. In the summer of 2024, university researchers conducted 82 in-person interviews to assess the project's impact on farmers' livelihoods. Preliminary findings suggest that income for farmers is significantly higher under responsible acacia management due to longer rotation periods, yielding more valuable logs. Additional benefits may be achieved with improved infrastructure and facilitated market access for higher-value acacia timber.

### Launching the Forest Integrity Assessment toolkit pilot project in Cameroon

In FY24, through the "Forest for Life" programme of the IKEA-WWF partnership, a pilot adaptation of the [Forest Integrity Assessment \(FIA\)](#) toolkit was launched in Cameroon. The pilot confirmed that FIA is a robust tool enabling local communities to participate in monitoring threats to forests and take actions to address those threats. Some of the threats identified include the overharvesting of timber and non-timber forest products, as well as poor or inadequate planning – like improper boundary setting of forest management blocks – which may lead to forest separations that undermine conservation and restoration efforts. The tool also enables communities to measure biodiversity levels and carbon stock.

FIA is a participatory toolkit for non-experts to measure the biodiversity conditions of natural forests. The IKEA business assisted in the development of the toolkit in 2016 and since then supported its adaptation across the globe: Sweden, Greater Mekong, Miombo Woodlands (South Africa, Mozambique), Southeast Asia (Indonesia, Malaysia), tropical rainforests in the Darién region (Panama, Colombia), Moist Forest in the Valdivia Region (Chile) and USA (Oregon and Washington state).



Copyright WWF-Cameroon

According to WWF, more than a quarter of the world's forests are managed by Indigenous Peoples, local communities and smallholder forest communities. Making forest monitoring more accessible for forest communities can unlock the doors to carbon and biodiversity-linked finance<sup>2</sup> for protecting and responsibly managing forests.

<sup>2</sup> Carbon and biodiversity-linked finance refers to financial mechanisms, investments, and products that are tied to specific environmental outcomes related to carbon reduction and biodiversity preservation. These forms of financing aim to support projects or companies that contribute to reducing greenhouse gas emissions (carbon-focused) or protecting, restoring, and enhancing ecosystems and biodiversity.





### Engaging with stakeholders on challenging topics

We want to make responsible forest management the norm across the world, going beyond the wood sourced for the IKEA business. Therefore, dialogue and knowledge sharing with NGOs and other stakeholders is of high priority for us.

Our approach is to actively participate in global, regional and national multi-stakeholder processes to develop and improve forest management standards, like the ones led by FSC. When stakeholders from the scientific community, civil society organisations, governments, forest owners, managers, industry, and business are aligned, it promotes long-term agreements, balancing environmental, economic and social considerations.

During FY24, we continued engagement with NGOs on our wood sourcing, inviting them for dialogue and to discuss opportunities for collaboration. We shared how we secure responsible wood sourcing and how we participate in projects beyond our own value chain. We also listened to their views and reasons for concerns to understand each other better and exchanged views on how best to impact future forest management standards.



### Participating in the International Union of Forest Research Organizations (IUFRO) World Congress

In June 2024, we attended the [IUFRO World Congress](#) in Stockholm, Sweden – the largest global forest event in Northern Europe. Organised by IUFRO, a non-profit and non-governmental network of forest scientists, the Congress brings together researchers, practitioners, policymakers, and other stakeholders from around the world. Its purpose is to share cutting-edge scientific knowledge, research findings, and advancements in forestry. The IUFRO World Congress provided a critical opportunity for the IKEA business to learn and also engage with our partners, showcasing how we are investing in research, innovative product design, traceability, and community projects aligned to the IKEA Forest Agenda 2030 to drive responsible forest management and restoration. WWF joined us in hosting a closed-door roundtable on how businesses, policymakers and communities can collaborate to drive greater impact for forest conservation and restoration.





## Agriculture

**Agricultural raw materials, such as coffee, tea, palm oil, cotton, and animal-based products, play a crucial role in our home furnishings and food range, with cotton being our primary agricultural material.**

Agricultural practices affect our business, the environment, and people. We recognise both our responsibility and the opportunities for responsible planting, cultivation, and harvesting. We are in the process of developing our agriculture agenda, which will outline our ambition as well as specific focus areas and actions.

We are enhancing supplier requirements through IWAY, using more digital tools, and collaborating closely with partners. We're mapping our agricultural footprint to identify and mitigate risks related to biodiversity loss, water stress, farmer livelihoods, and animal welfare.

We aim to increase the use of renewable materials to phase out fossil-based feedstocks and improve agricultural practices to lessen environmental and social impacts in our range.

We're exploring regenerative agriculture practices, which focus on soil health, biodiversity, and increasing the storage of carbon in the soil and plants. Our pilot programmes include no-till farming, crop diversification, cover crops, and livestock integration. These practices help us understand the benefits of improved soil health, reduced pesticide use, better water retention, and improved biodiversity. We're also examining their financial impacts on yields, costs, and farming communities.

In FY24, we finalised the development of the new IWAY Agriculture Section, which outlines the specific practices our suppliers and supply chain actors need to comply with. This includes working together with relevant stakeholders, experts and suppliers to create clear instructions for complying with the mandatory requirements. One of the new IWAY requirements is full traceability to the farm. Expanding our compliance efforts all the way to the farm enables us to develop beyond compliance together with our partners and provide guidance on initiatives like regenerative agriculture practices we want to promote.



### ANNUAL CROPS

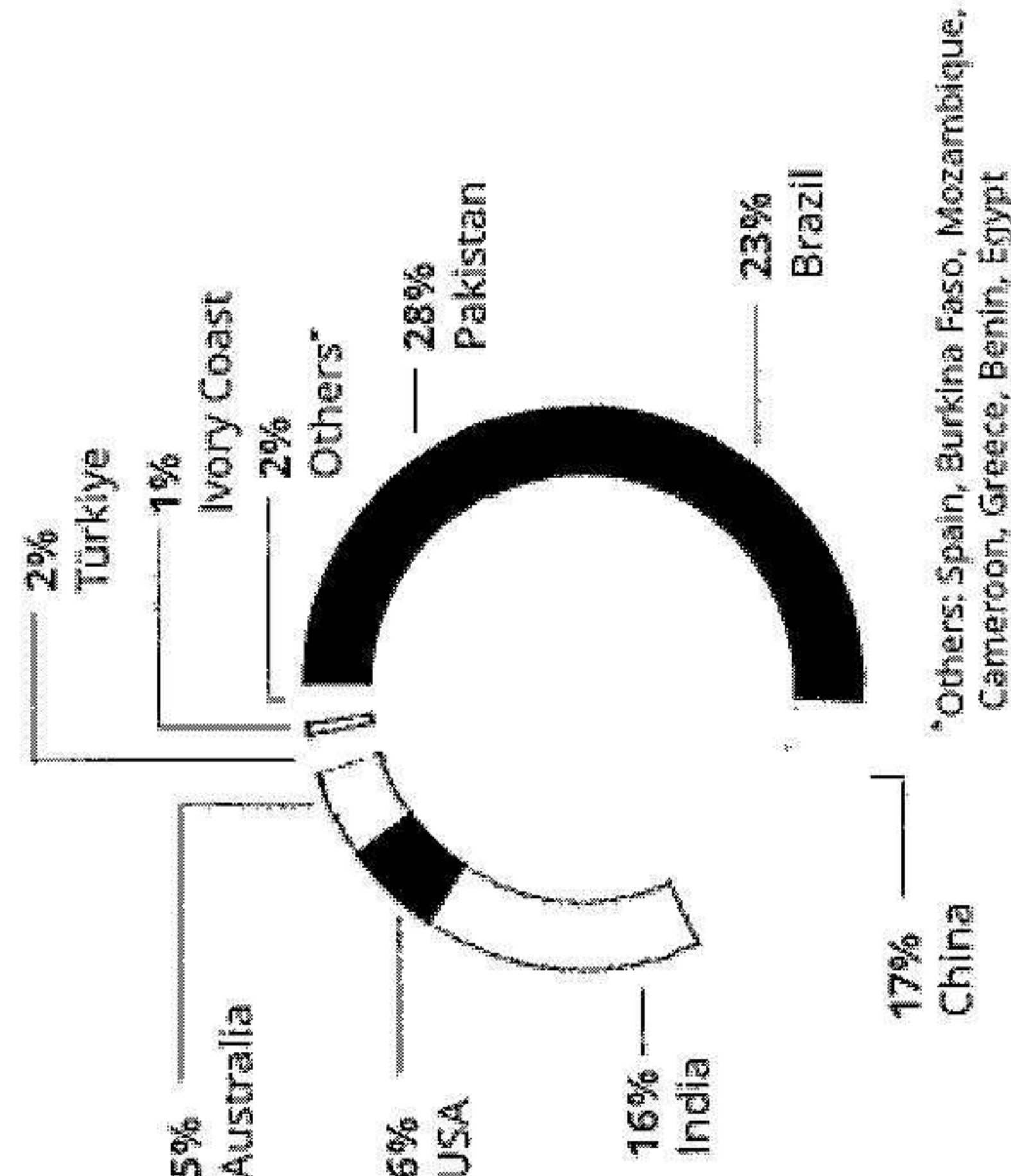
#### Cotton

Since FY15, the IKEA business only uses recycled cotton or virgin cotton certified by our approved schemes. Under the WWF and IKEA partnership cotton programme, our cotton projects have planted more than two million trees in Pakistan and India since September 2020 to sequester carbon and enhance the biodiversity in the cotton landscape. More than 150,000 farmers in India and Pakistan have received training in climate-smart agriculture,<sup>1</sup> which helped to reduce greenhouse gas (GHG) emissions from cotton production in the participating farms by 30% in India and 23% in Pakistan in FY24.

Through the adoption of climate-smart and regenerative agriculture practices, in FY24 the projects in Pakistan observed a reduction of 24% and in India a 15% reduction since FY23 in farm water usage, demonstrating a substantial improvement in resource efficiency. Additionally, there was a measurable improvement in soil health for the same time period, with soil organic carbon levels rising by 16% and soil nutrients improving by 17% on average in India in the last year; similarly, organic matter improved by 3% from the base value in Pakistan in the last year.

Innovative approaches to cotton farming have been adopted in both countries, such as the development of an app-based platform that connects farmers to digital advisories, enabling them to make informed decisions on resource-efficient, carbon-smart and climate resilient agricultural practices that also help increase their incomes.

Country of origin for cotton<sup>2</sup>  
Fresh/virgin cotton



<sup>2</sup> Percentages have been rounded. Due to changes in internal processes, reporting methodologies and data availability, a portion of this data is based on estimates.

<sup>1</sup> Aggregated and integrated agricultural practices which aim to enhance climate resilience among farming families & communities.



PERENNIALS

Palm oil

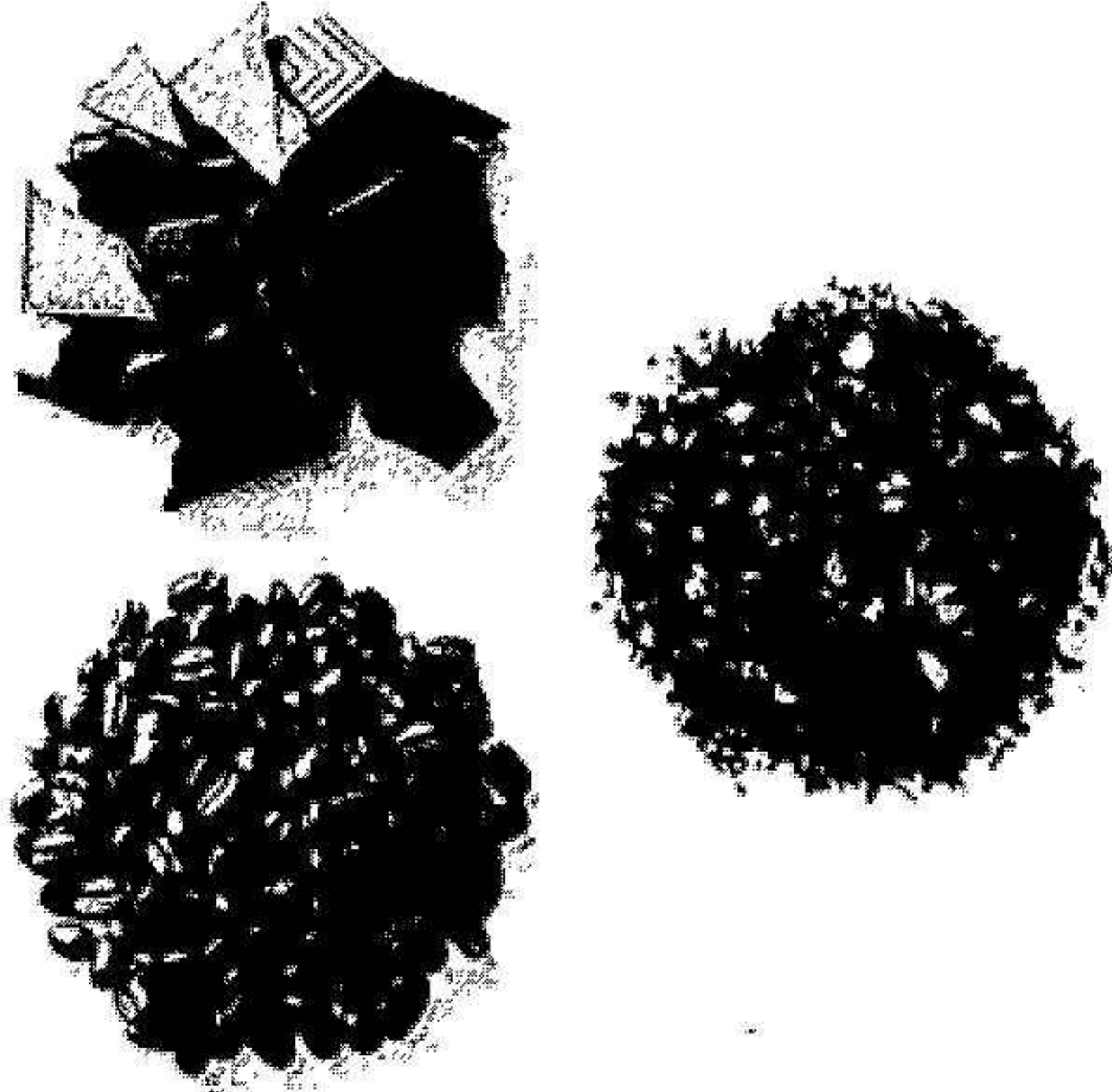
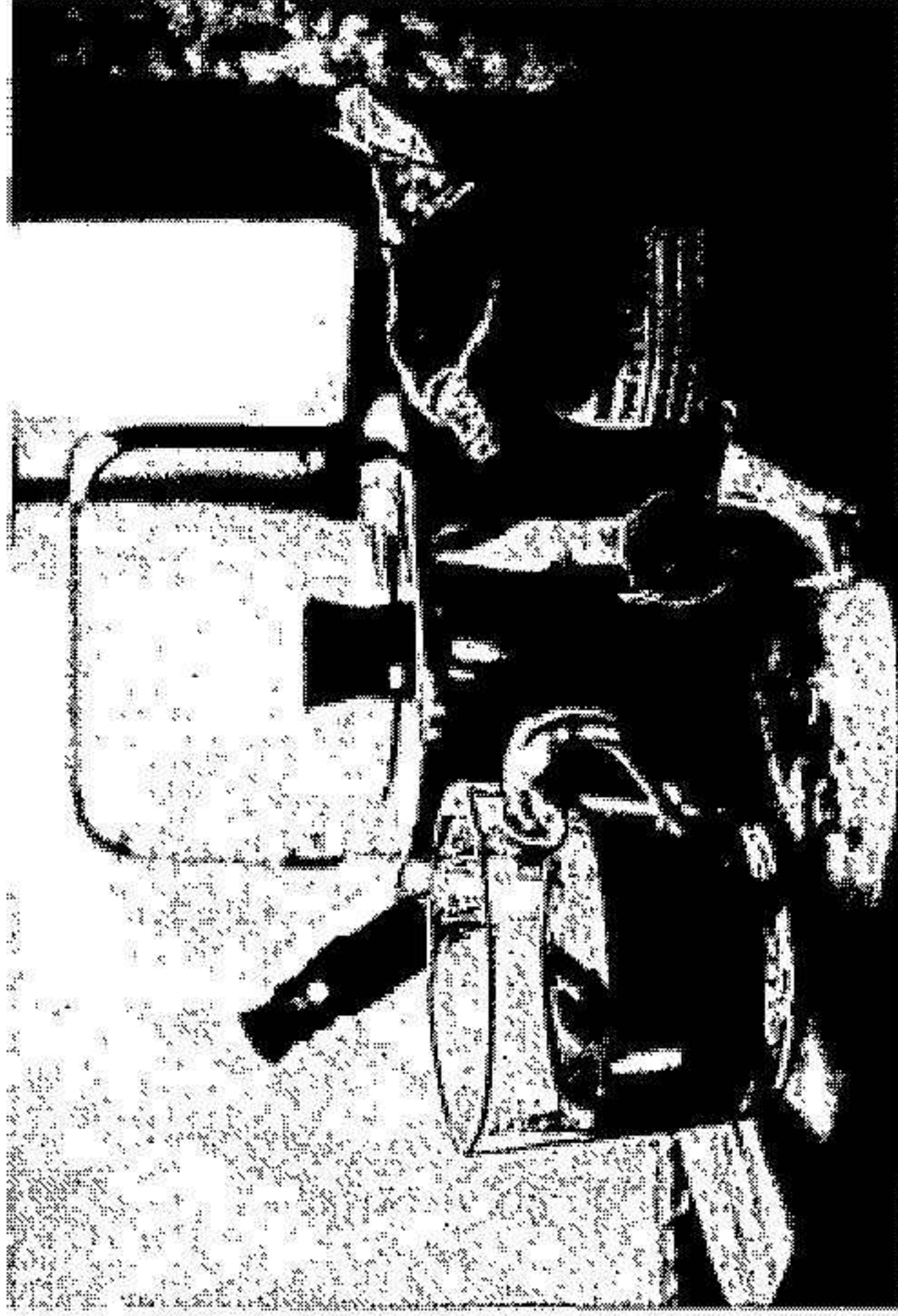
In FY24, we used approximately 13,000 tonnes of palm oil. About 95% of the total volume is used in home furnishing products, mainly in candles. Another 5% is used as a food ingredient. The palm oil that we use is mainly sourced from Malaysia and Indonesia. 100% of palm oil used in candles is certified sustainable palm oil from segregated Roundtable on Sustainable Palm Oil (RSPO) sources, which means it comes from responsibly managed sources that take care of the environment, communities, employees, and wildlife.

As part of the IWAY Agriculture Section, we require that palm oil must be sourced only from areas that have not been subject to deforestation, forest degradation, or conversion from other natural ecosystems, and can be traced back to the plantation level. There are also requirements connected to social and environmental aspects that must be fulfilled.



Coffee

In FY24, our focus has been on setting up our new compliance and responsible sourcing working methods and requirements for coffee. Together with selected partners, we have established working methods to secure due diligence and compliance to our IKEA Agriculture section (which has deforestation free as an IWAY "Must" requirement). With Rainforest Alliance we have strengthened our dialogue to ensure we have clarity and actions plans on how to roll out and implement IKEA requirements.



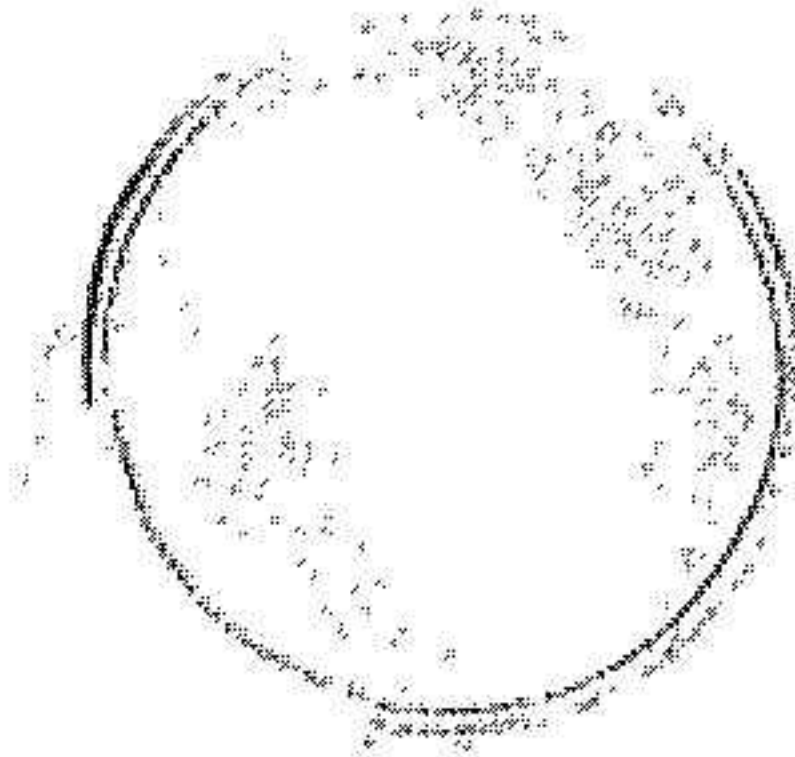
Tea

In FY24, 100% of the tea used in IKEA branded products was sourced from Rainforest Alliance Certified farms.<sup>1</sup>

Cocoa

In FY24, 100% of the cocoa used in IKEA branded products was sourced from Rainforest Alliance Certified farms.<sup>1</sup>

<sup>1</sup> This percentage refers only to IKEA Branded products which include food ingredients supplied by IKEA Food Supply AB, representing approximately 65% of the total food ingredients sourced for the IKEA food business. For the remaining ~35% we continue to build a better understanding of the gaps and how to be more comprehensive for future reporting.





ANIMAL BASED

Animal welfare

Animal welfare is an important part of responsible agriculture. Our animal welfare efforts are guided by the *Five Domains of Animal Welfare* framework.<sup>1</sup>

The IKEA business aims to safeguard the welfare of animals present in the IKEA value chain at all stages of the animals' lives. In FY24, we finalised the development of the IWAY Animal Welfare Section and the rollout process starts during FY25. In the IWAY Animal Welfare Section, we put together one common set of requirements and described ways of working for the full IKEA value chain.

The IWAY Animal Welfare Section will be implemented over a number of years depending on species and primary product, for example, beef and pork in food, or wool, down and feathers and leather for home furnishing products.

The IWAY Animal Welfare Section is one important step on the journey to consolidate the requirements. To further develop our approach to improved animal welfare standards we are present in global coalitions working together for animal welfare to facilitate improvements in animal welfare across the IKEA value chain.

<sup>1</sup> The *Five Domains of Animal Welfare* framework include mental state, nutrition, physical environment, health status, and behavioural interactions.

Chicken

FY24, 100% of the chicken supply<sup>2</sup> was sourced according to various third-party certifications that cover basic requirements of the IKEA Animal Welfare requirements.

In FY24, we reached our goal of sourcing 100% of eggs<sup>1</sup> from either cage-free or free-range chickens, one year ahead of the FY25 goal. IKEA is committed to sourcing whole, fresh, and liquid eggs coming from cage-free or free-range farms. Eggs as ingredients, such as powdered eggs, have been included since FY21.

Pig

In FY24, 88% of the pork supply<sup>2</sup> was sourced according to various third-party certifications that cover the majority of the IKEA Animal Welfare requirements. We are working actively with local consultants and experts to further improve animal welfare conditions.

<sup>2</sup> This percentage is based on food ingredients supplied by IKEA Food Supply AG, which represents approximately 65% of the total food ingredients sourced for the IKEA food business. For the remaining ~45%, we continue to build a better understanding of the gaps and how to be more comprehensive for future reporting.

Cattle

During FY24, we continued to run the pilots developed during FY23 for grass-fed beef in the United States. As a result, we are continuing to explore setting up supply chains connected to grass-fed beef. This will enable us to better align and verify methods connected to GHG emissions, biodiversity, soil health, water and community wellbeing.

We have expanded the work with all our major supply partners to further understand our GHG footprint. This will enable us to make sourcing improvements, including shifting towards more regional sourcing for beef, investigating resource-smart feeding methods and improving manure management.

Seafood

In FY24, 100% of the seafood volume<sup>1</sup> was Aquaculture Stewardship Council (ASC)- or Marine Stewardship Council (MSC)-certified. During FY24, ASC announced their withdrawal from the Chinese market. Despite this development, the IKEA Business, together with ASC, has secured the fish we source across all markets, including China, will meet the full integrity of the ASC certification in the full chain of custody until the end of calendar year 2027. In the meantime we are working on finding alternative options to secure responsibly sourced seafood.

<sup>1</sup> The Responsible Wool Standard (RWS) is a voluntary standard that requires all sites, from wool farms to the seller in the final business-to-business transaction, to be certified. RWS farmers and ranchers are evaluated against animal welfare, land management, and social requirements set in the standard. [Read more](#)



Sheep

For many years we have prioritised responsible wool sourcing using the Responsible Wool Standard (RWS).<sup>3</sup> In FY24, 70% of our wool was sourced from RWS certified suppliers. During FY24, we also built on pilots conducted in FY23 with our New Zealand partner, receiving our first shipment of wool produced under the ZQRX certification, a certification that not only ensures good animal welfare practices, as in the RWS standard, but also more sustainable farm management.



# Inorganics

## Inorganic raw materials are essential minerals used in the production of metals, glass, ceramics, and electronic components.

The IKEA business remains a relatively small consumer of inorganic materials. However, those we do use are critical in applications such as appliances, lighting, tableware, and cookware. They are also integral to products designed for healthier and more sustainable living, such as air purifiers and rechargeable batteries. We continuously strive to optimise and reduce the use of resources, ensuring materials are used for the right purpose.

Inorganic materials are a broad group of materials and have supply chains that are often complex and generally associated with limited transparency. We recognise that industry-wide efforts are needed to ensure traceability and to create positive impacts in the supply chains. We also understand that, in some cases, renewable substitutes will probably never be an option. In other cases, recycling remains difficult as technology is still under development and volumes of available feedstock are too low to meet the increasing demand in society. Nevertheless, we are committed to ensuring that the materials we use are responsibly sourced<sup>1</sup> and that we replace with renewable

and recycled alternatives whenever possible. Our focus remains on replacing materials with the largest overall environmental impact, considering factors such as climate footprint, water usage, pollution, and biodiversity effects, and social challenges, such as poor working conditions, whenever feasible ([page 23](#)).

In FY24, we continued mapping supply chains, using a risk-based approach, back to their sources. We're identifying the main players in upstream sourcing and deepening our understanding of the supply chain's impact on our direct inorganic suppliers.

We remain members of the Aluminium Stewardship Initiative (ASI), actively contributing to their ongoing work to expand the chain of custody certification across aluminium supply chains. In FY24, we continued our collaboration with major steel- and aluminium-consuming companies, piloting certification programs for recycled content and chain of custody at aluminium smelters.

Additionally, we are members of the Responsible Minerals Initiative (RMI) and continue our efforts to promote social and economic development in mineral production and sourcing.

<sup>1</sup> Meet the mandatory IWAY requirements which set clear expectations and ways of working for environmental, social and working conditions, as well as animal welfare.

FY24 KEY ACTIVITIES



### Improving working conditions in small-scale mining

In FY24, we continued our partnership with the international non-profit organisation [Pact](#), focusing on small-scale mining. Together, we're working on the ground to improve working conditions in small-scale mines while building knowledge on how to achieve long-term positive change in the industry by including small-scale miners in community-led development partnerships.

Working with two partnering mines, 800 small-scale miners and community members (68% men, 32% women) have been engaged and trained in safety, environmental stewardship, renewable energy, lighting, and gender equality. The project has also explored solutions for affordable renewable energy and tested the installation of a solar mini-grid at one mine, which reduced energy bills by 70% within the first two months of operation.



### Developing an industry-wide standard of responsible sourcing of sands and silicates

During FY24, we continued to work with the University of Queensland's Global Centre for Mineral Security (UQ) to define responsible sand and silicate sourcing practices. We also gathered a wide number of stakeholders from different sectors to create a multi-stakeholder standard of what good looks like when it comes to responsible sourcing of sands and silicates.

Together with UQ and the stakeholder group, we created a baseline report that highlights the main risks in the sector, the research gaps, and the initiatives needed to address those risks as input to the Organization for Economic Co-operation and Development (OECD) working on developing responsible sourcing practices for materials in general.



### Investments in technology to replace inorganic compounds in white pigments

In FY24, Inter IKEA Group invested in a new technology that replaces titanium dioxide (TiO<sub>2</sub>), commonly found in white pigments, with wood pulp (cellulose). The technology will mainly be used in the coatings and paints applied to IKEA products. It also has the potential to reduce the IKEA carbon footprint from pigments and enable a shift to a renewable feedstock for pigments that can potentially leverage existing IKEA cellulose value chains.



## Chemicals

We have strict chemical requirements to ensure that IKEA products are safe and healthy to use, and that they are produced with care. We want our customers to feel comfortable about bringing IKEA products into their homes.

In addition to our own work with chemical safety, we also advocate for policies, strategies and regulations for safer and more sustainable chemicals, materials and products. [Read more about our view on chemicals.](#)

### Removing PFAS from our supply chain

PFAS (per- and polyfluoroalkyl substances) are a large group of chemicals used in various industrial and consumer applications.

Since 2009, we have been working to phase out PFAS in our supply chain. In 2016 we completed the phase out of PFAS in textiles and during 2024 we introduced non-stick coated cookware that does not use polytetrafluoroethylene (PTFE) material or any other PFAS substances. By 2026, PFAS will no longer be used in our cookware and bakeware range.

Collaborating with our suppliers and service providers, we continue to identify and add restrictions in our requirements.

#### FY24 KEY ACTIVITIES



##### IKEA Industry chemical risk management

IKEA Industry chemical risk management focuses on ensuring that chemical products are used safely and efficiently. It oversees 4,200 chemical products and, since 2017, has completed over 7,300 risk assessments, which are kept updated in a chemical database used by all IKEA Industry factories around the world.

The goals of IKEA Industry chemical management include reducing the number of chemical products used, replacing hazardous chemicals with safer alternatives (focusing on specific health hazard phrases, known as H-phrases), and ensuring no high-risk workplaces exist.

The Precautionary Principle has been introduced and will include advanced risk assessments and guidelines for safe chemical use. This approach ensures that any potential risks are carefully evaluated, especially in tasks involving heated applications, chemical mixing, workplaces with multiple exposure risks, and the cleaning of areas where chemicals may have settled as dust.



##### Update on phase out of formaldehyde in paper foils

Most products that are made from wood-based materials contain formaldehyde, which is common in the natural environment. However, high levels of formaldehyde can lead to negative health effects. That's why we continue our decades-long work to lower formaldehyde emissions from all IKEA products and are using a stepwise approach to reach formaldehyde emission levels from wood-based materials that are equal to or lower than levels emitted by natural wood.

In September 2024, we instituted a ban on formaldehyde-containing coatings on paper foils and laminate coverings in IKEA products, with two temporary exceptions:

- After the severe flooding in Poland in September 2024, the factory of our largest sub-supplier of paper foil with formaldehyde-free coatings was damaged, halting production. We have, therefore, allowed suppliers to temporarily continue using other foils containing safe levels of formaldehyde until January 2025.
- A limited number of suppliers with an overstock of existing foil have been given an exception to use up this stock to avoid unnecessary waste.



##### Implementing the UN Global Framework on Chemicals and participation in the 3rd Berlin Forum on Chemicals and Sustainability

In September 2024, the IKEA business participated in the 3rd Berlin Forum on Chemicals and Sustainability hosted by the German Federal Ministry for the Environment (BMUV) and the Inter-Organization Programme for the Sound Management of Chemicals (IOMC). The event focused on implementing the UN Global Framework on Chemicals and brought together leaders from governments, international organizations, businesses, civil society, labour, and science. We took part in discussions about how businesses can contribute to achieving a world free from harm caused by chemicals and waste. As a representative from industry, the IKEA business voiced support for the UN Global Framework on Chemicals. We believe the framework is a key step in better protecting both human health and the environment from harmful substances.



##### Ranked 6th out of 50 in the USA and Canada for actions to eliminate toxic chemicals

In FY24, the IKEA business was included in the [Toxic-Free Future "Who's Minding the Store? - A Report Card on Retailer Actions to Eliminate Toxic Chemicals"](#), the fifth annual evaluation of the safer chemicals programmes of the largest retailers in the USA and Canada. The IKEA business was ranked 6th out of the 50 retailers.



# Fair & equal



Where we are focusing our efforts:

Being a responsible business and contributing to resilient societies

Page 45

Providing and supporting decent and meaningful work across the IKEA value chain

Page 47

Being an equal, diverse and inclusive business

Page 50

## FY24 SUMMARY OF PROGRESS

**Our business is built by people and touches the lives of millions across our value chain. We recognise our responsibility to ensure we respect human rights and understand the impact our business has on the people and communities where we operate.**

During FY24, actions were taken to improve the working conditions and livelihoods of people in and around the IKEA value chain with a particular focus on people who may be vulnerable to exploitation, including children, migrant workers and refugees.

To further improve seafarers' wellbeing, we entered a three-year partnership with The Mission to Seafarers, a leading international seafarer welfare charity. We also introduced additional requirements in IWAY to protect seafarers' labour rights at sea, improving working conditions and wellbeing (page 48). This is also the first year in which we report our road safety footprint, playing our part in contributing to the UN Sustainable Development Goal target of halving road traffic deaths and injuries (page 48).

We also announced a partnership with the International Organization for Migration (IOM) to improve the working and living conditions of migrant workers across the IKEA supply chain (page 49). We actively work to protect vulnerable individuals and do not accept forced, bonded or child labour in our value chain. In FY24, we delivered responsible recruitment and human rights training in

Southeast Asia and the Middle East, creating working guidelines with IOM.

We continued to advance our family-friendly policies (page 46), gender balance (page 51) and responsible wage practices (page 47) for IKEA co-workers. We also continue to assess working conditions among our suppliers, improving access to decent and meaningful work across our value chain (page 47). In FY25, our progress will be measured by a performance framework that provides clarity on the link between goals and actions and ensures that the pace and impact of performance is directed toward meeting strategic objectives.

We partner with reputable external organisations to share expertise and create a positive impact within and beyond the IKEA business. Many of the challenges we face require collaboration with other stakeholders in society. For example, we currently partner with UNICEF to further children's rights and engage with young people on climate resilience solutions (page 46).

Building on our FY23 response to the war in Ukraine, and given continued natural and human-induced disasters, Inter IKEA Group has now adopted a wider scope to respond to crises and provide emergency support where it's most needed in a timely and effective way. This approach furthers our ambition in the IKEA Sustainability Strategy to contribute to resilient societies and complements our ongoing work to make a positive impact in the communities where we operate (page 45).



Where we are focusing our efforts:

### Being a responsible business and contributing to resilient societies

- Respecting human rights and children's rights by operationalising the UN Guiding Principles on Business and Human Rights and the Children's Rights and Business Principles, ensuring we address our most critical human rights risks and impacts across our value chain. We are also committed to promoting human rights and children's rights in society.
- Ensuring ethical business practices, including combating corruption; securing ethical handling of data and digital technology, including artificial intelligence; complying with both the letter and spirit of the law regarding corporate tax policies; and being transparent about taxes paid.
- Securing a strong approach in relation to climate and nature, health, political and social justice crises to secure the safety, livelihoods and resilience of our co-workers and partners across our value chain.
- Engage with communities along our value chain to create a positive social impact and prevent negative impacts from the IKEA business.

FY24 KEY ACTIVITIES



#### Community engagement activities

Our aim is to create lasting, positive impact by identifying and addressing local challenges, and apply a detailed approach to secure understanding, collaboration and evaluation that is designed to support deeper and more meaningful action over time.

Our communities include those who live, work, learn and shop in the areas in which we operate – including supply areas and retail markets. Below are some examples of activities in FY24:

##### *IKEA Industry*

In Europe, more than 40 local activities were carried out, with more than 30 local communities around IKEA Industry sites. These included volunteering, involving communities in biodiversity improvements, educational activities, joint circular economy projects and donating financial and in-kind support.

##### *Supply areas*

In Europe, ten local activities were organised, providing volunteering and in-kind support. In the USA, co-workers supported the Nationalities Service Center Resettlement and Placement Program by donating household essentials to newly arrived refugees and participating in a winter distribution event, providing coats, blankets and IKEA FRAKTA bags to over 600 new immigrants.

In India, support was provided to the NGO, New Generation Trust and the Shanti Bhavan school, sponsoring education, medical care, field trips, and other essentials for local children. Laptops were donated to facilitate online classes and funding contributed to infrastructure such as solar streetlights and water heaters.

Other activities included donating desks, chairs and computers to students in Indonesia, donations to YCAB Foundation, support for the Cianjur school and Special Need school in Bandung; participation in a walkathon in Shanghai to raise awareness and funds to support the wellbeing of children in rural areas; supporting a temporary children's home in Brazil by installing protective equipment and providing school and hygiene supplies; and in Mexico, providing support to an organisation assisting people with special needs.

##### *Retail markets*

In FY24, in different communities around the world with differing needs, IKEA franchisees engaged in community activities like improving the employability of young people and refugees, facilitating secondhand events at IKEA premises, volunteering in the community, hosting solidarity dinners in IKEA restaurants, and the furnishing of spaces that improve the wellbeing of children.



#### Policy on child safeguarding updated

The Inter IKEA Group child safeguarding policy was revised in FY24. The policy sets out requirements for Inter IKEA Group co-workers when engaging with children directly or indirectly, and protects children from potential harm. Updates included reference to Inter IKEA Group policies on digital ethics and data privacy, ensuring information connected to the engagement with children is handled correctly. With regard to marketing and communication, the updated child safeguarding policy provides greater clarity to ensure that children are not directly targeted with marketing and social media content. Reference to young workers has been strengthened, with risk assessments and rules for engagement ensuring their safety.



## Engagement with UNICEF

We continue to collaborate and develop our partnership with UNICEF. In FY24, UNICEF provided support to review and benchmark Inter IKEA Group employment policies with a family-friendly lens to ensure effective integration of family-friendly perspectives.

We participated in UNICEF-led workshops on Climate Resilience Collaboration to develop an impact case identifying key accelerators and emphasising the importance of partnerships (including with the private sector) for climate education, youth empowerment and inclusive, community climate solutions.

At the UNICEF-organised Leading Minds Conference in Florence, IKEA representatives connected with youth climate activists from around the world to learn about their innovative solutions, leadership and aspirations, building input from young leaders into our approach to a just transition and climate action.

And our joint research into Children's Rights in a Digital World included internal and public surveys designed to take stock of the progress in industry action on responsible commercial engagement with children online.



## Ethical handling of data and digital technologies

In FY24, ethical and human rights considerations regarding data and digital technologies for business and society continued to grow, and several EU regulations on data, AI, digital products and platforms, and machinery as well as IoT, were introduced. Building on the [EU Declaration on Digital Rights and Principles](#), the new regulations aim to put people at the centre of the digital transformation and reflect similar global policy movements, including the [UN Global Digital Compact](#) and [International Resolution on AI](#).

We welcome these developments and in FY24 assessed their impact in relation to our business operations. We also launched two new initiatives connected to data and digital technologies:

### *Support for co-workers on the responsible use of AI*

We continued to provide guidelines and awareness sessions for co-workers on the responsible use of AI. We also launched an AI Register at Inter IKEA Group to track use cases and solutions across the business. The impact of digitalisation on people was included in the IKEA Supply Strategy update in FY24, requiring the responsible use of data and technology, as well as enabling co-workers to learn and adapt to new technologies. We also highlight our responsibility in to understand the impact on the future of work when we digitalise the IKEA supply chain. The next steps include *upskilling co-workers* and implementing requirements into our governance to secure a full value-chain approach to the responsible use of AI.

## *Launch of the IKEA One Digital Accessibility Approach*

Inter IKEA Group and Ingka Group collaborated to create a One IKEA Digital Accessibility Approach to make our digital solutions and services easier to use for people with disabilities. Over 30 awareness sessions were delivered across the value chain, with over 40 assessments of customer-facing digital solutions, resulting in many fixes and features for people with accessibility needs. In FY25, we aim to build digital accessibility requirements into our governance mechanisms, processes and systems, providing training and support material for co-workers.



## Addressing concerns through a grievance mechanism

In FY24, Inter IKEA Group continued work to establish a grievance mechanism within the IKEA value chain so that workers and other stakeholders have a way to reach out to us and raise a concern. Read more in the Governance section on [page 56](#). In FY24, pilot preparations began with franchisees in three markets to understand the complexity before rollout to retail and supply markets.



## Addressing social risks in secondary material supply chains

In FY24, the IKEA supply organisation<sup>1</sup> became a member of the [Fair Circularity Initiative](#), an initiative of BSR, to implement and secure Fair Circularity Principles<sup>2</sup> and ensure the human rights of formal and informal workers within waste and recycling value chains are respected. We have committed to implementing these principles in our supplier requirements.

<sup>1</sup> IKEA Supply AG

<sup>2</sup> Fair Circularity Initiative, "Fair Circularity Principles"

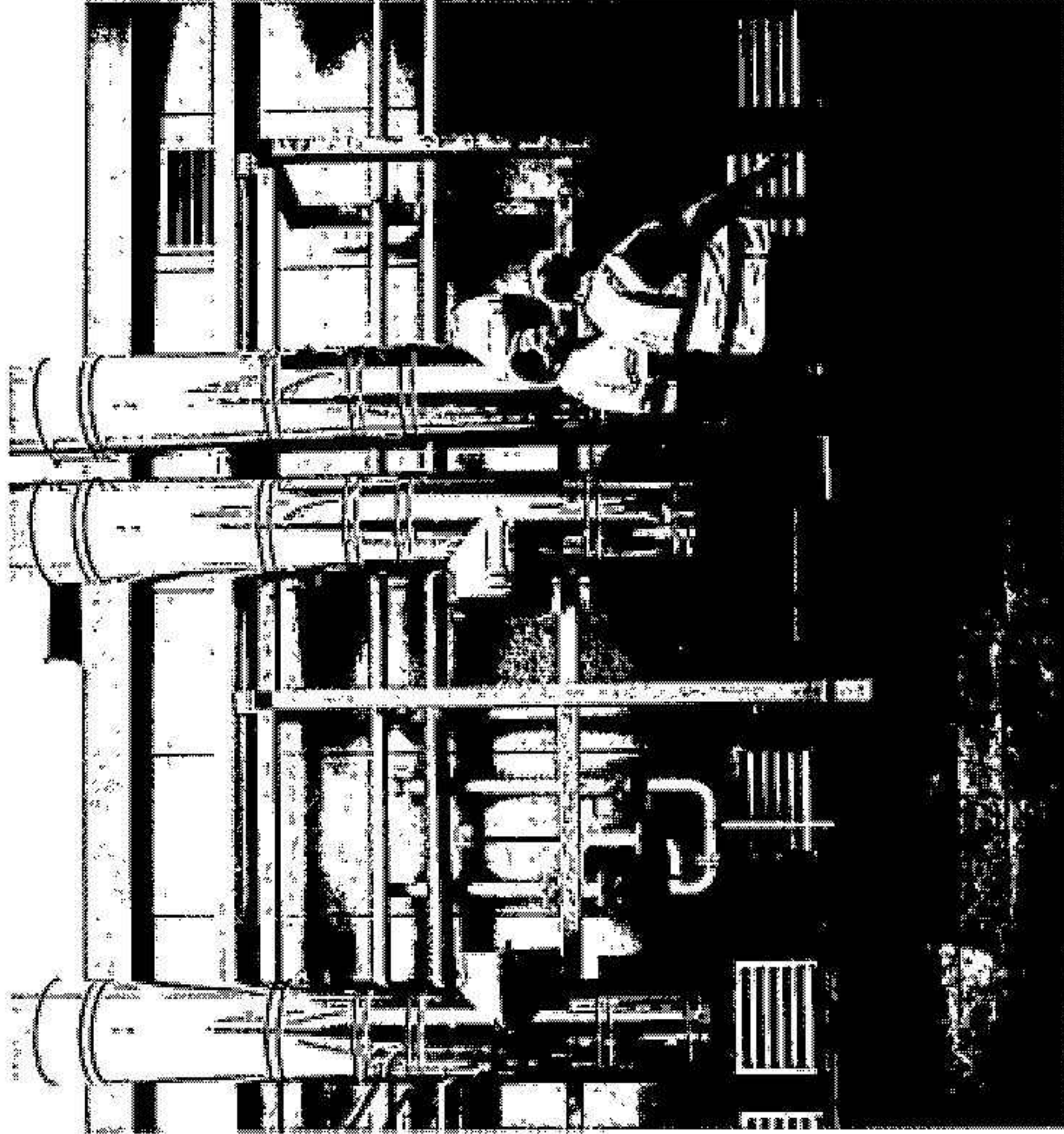


Where we are focusing our efforts:

Providing and supporting decent and meaningful work across the IKEA value chain

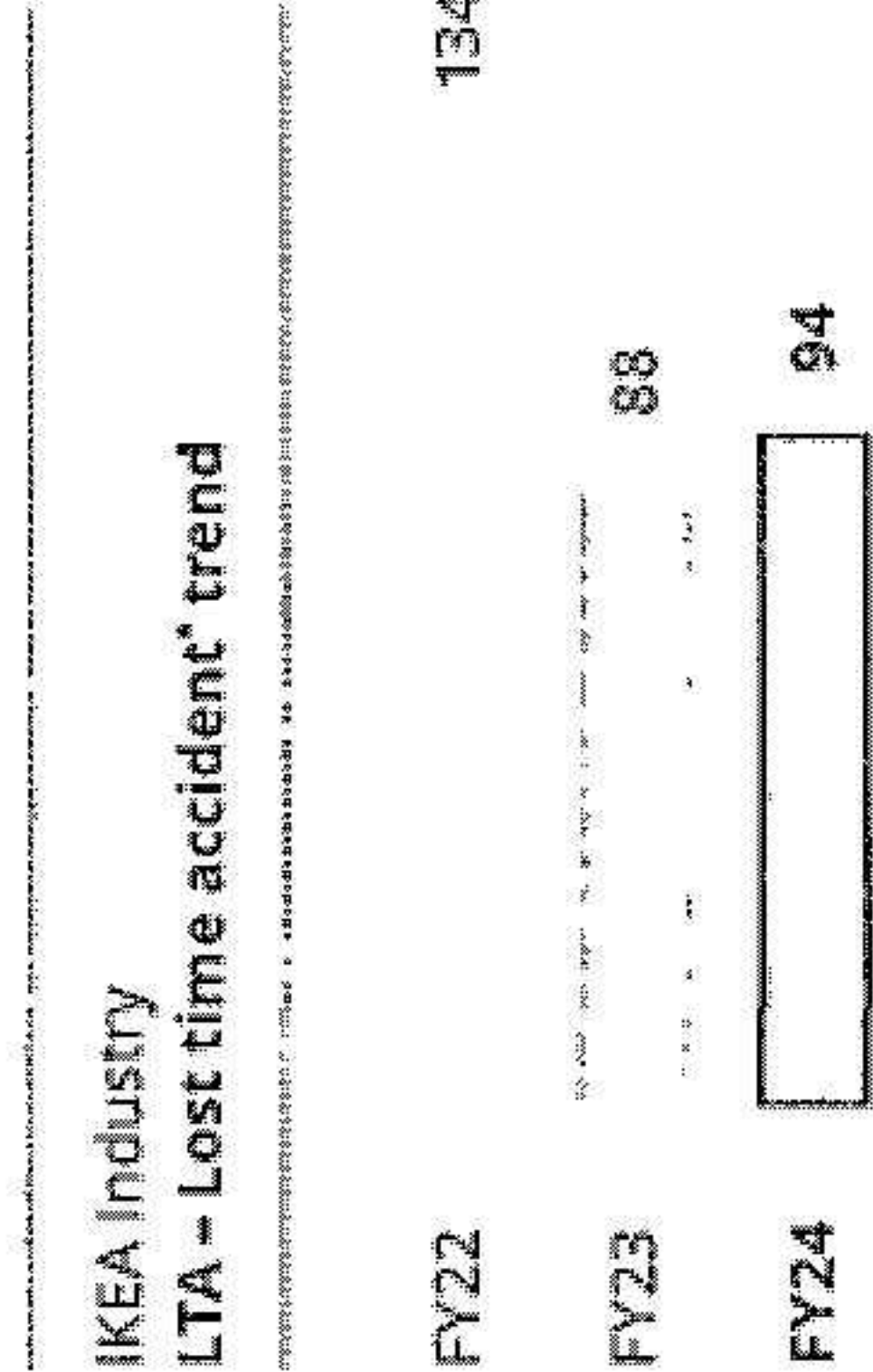
- Providing living wages and income in IKEA operations and supporting the same among our business partners and in the wider sectors of which we are a part.
- Providing and supporting safe and healthy work, labour rights and social protection, and striving towards securing stable and predictable work for everyone in the IKEA value chain.
- Securing a just transition to a net-zero and circular economy with a focus on enabling decent work through, for example, upskilling and reskilling to meet future demands.
- Providing and supporting that everyone in the IKEA value chain is empowered to play an active role in their work. Everyone is free to join or form associations of their choice (or to refrain from doing so) and bargain collectively. Everyone is recruited responsibly and is free to enter and end employment.

FY24 KEY ACTIVITIES

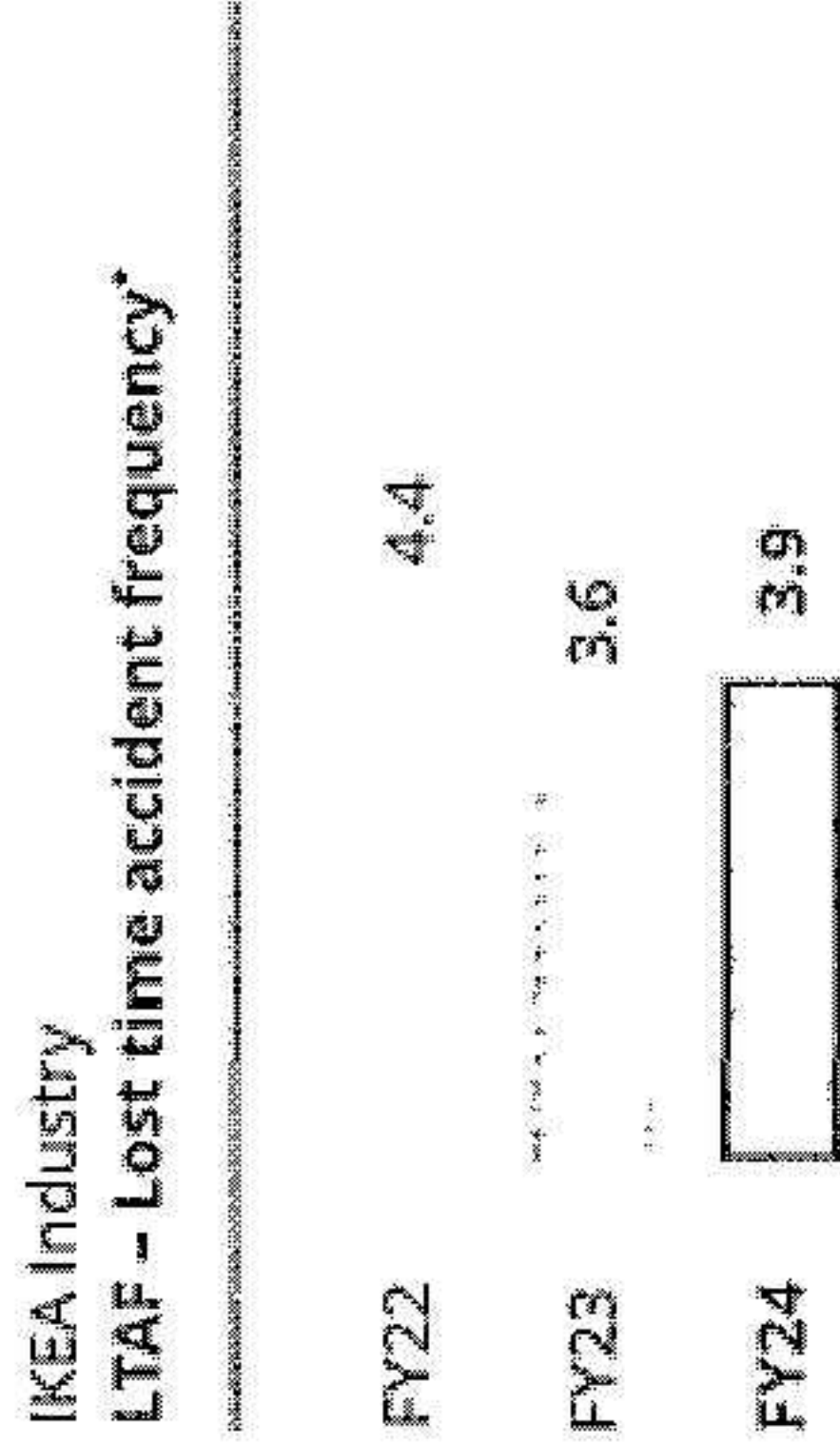


**Lost time accidents at IKEA Industry**

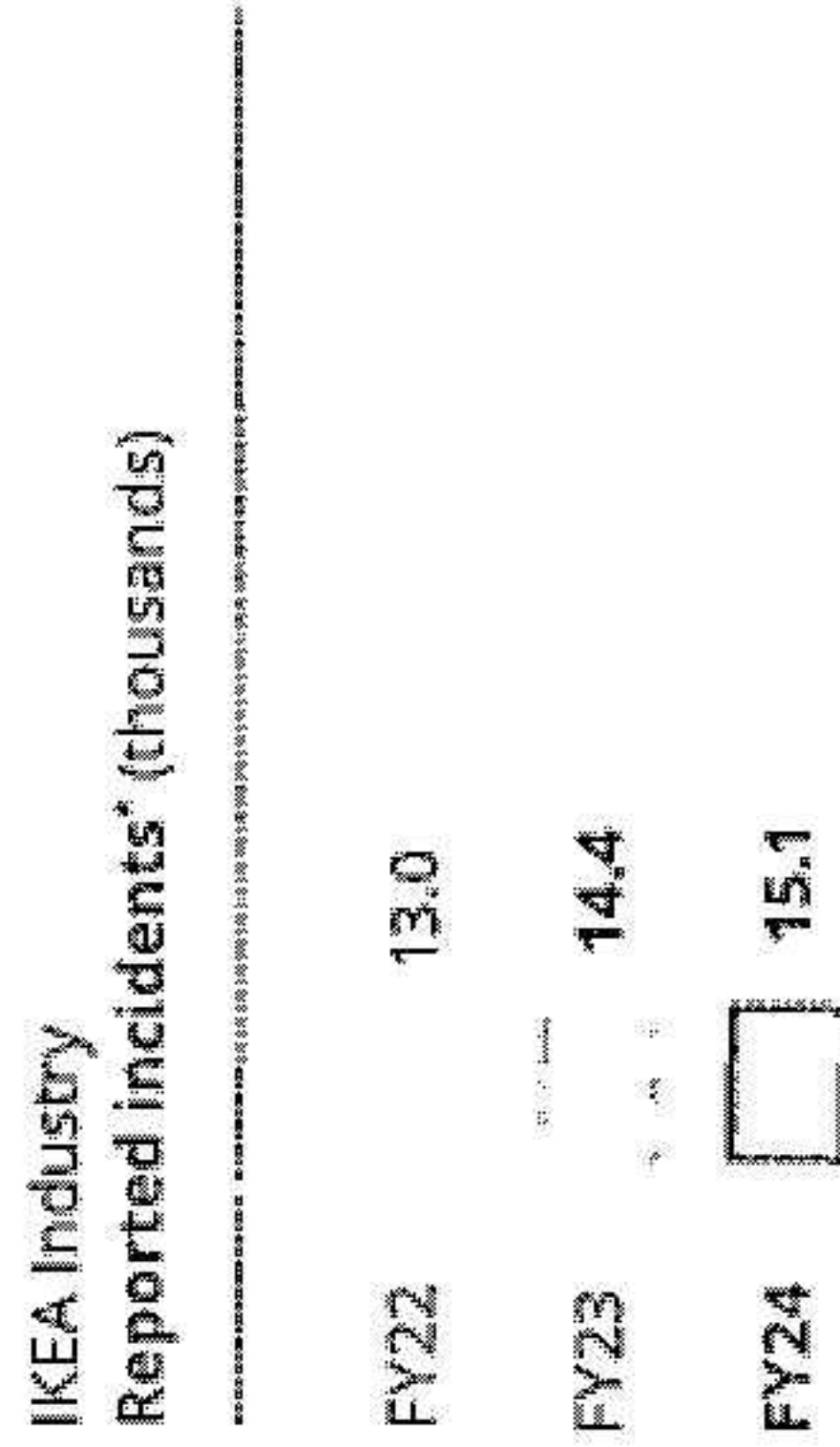
In FY24, we observed a small increase in reported lost time accidents (LTA) and their frequency (LTAF). While there's no single explanation for this increase, it highlights the need for continued focus and improvement in safety practices to ensure co-workers are safe at work. Our efforts include further improving safety outcomes by addressing high-priority risks, such as machine safety and traffic safety, while also managing risks like slips and tripping. This goes hand-in-hand with a culture of safety combining leadership on safety with the safe behaviour of all.



\* Accidents requiring a minimum of one day sick leave.



\* Number of accidents reported per working hours.



\* Unsafe conditions, unsafe acts and near misses that could have led to an accident.

Continuing to implement the IKEA Responsible Wage Practices programme

We continue our journey to integrate our Responsible Wage Practices (RWP) programme<sup>1</sup> across the IKEA business, with a focus on dialogue, competence, equality, pay principles and living wages. Given the shifting labour and economic landscape, as well as the complexity of determining living wages, the work is ongoing and the pace of implementation is shaped by business and local realities.

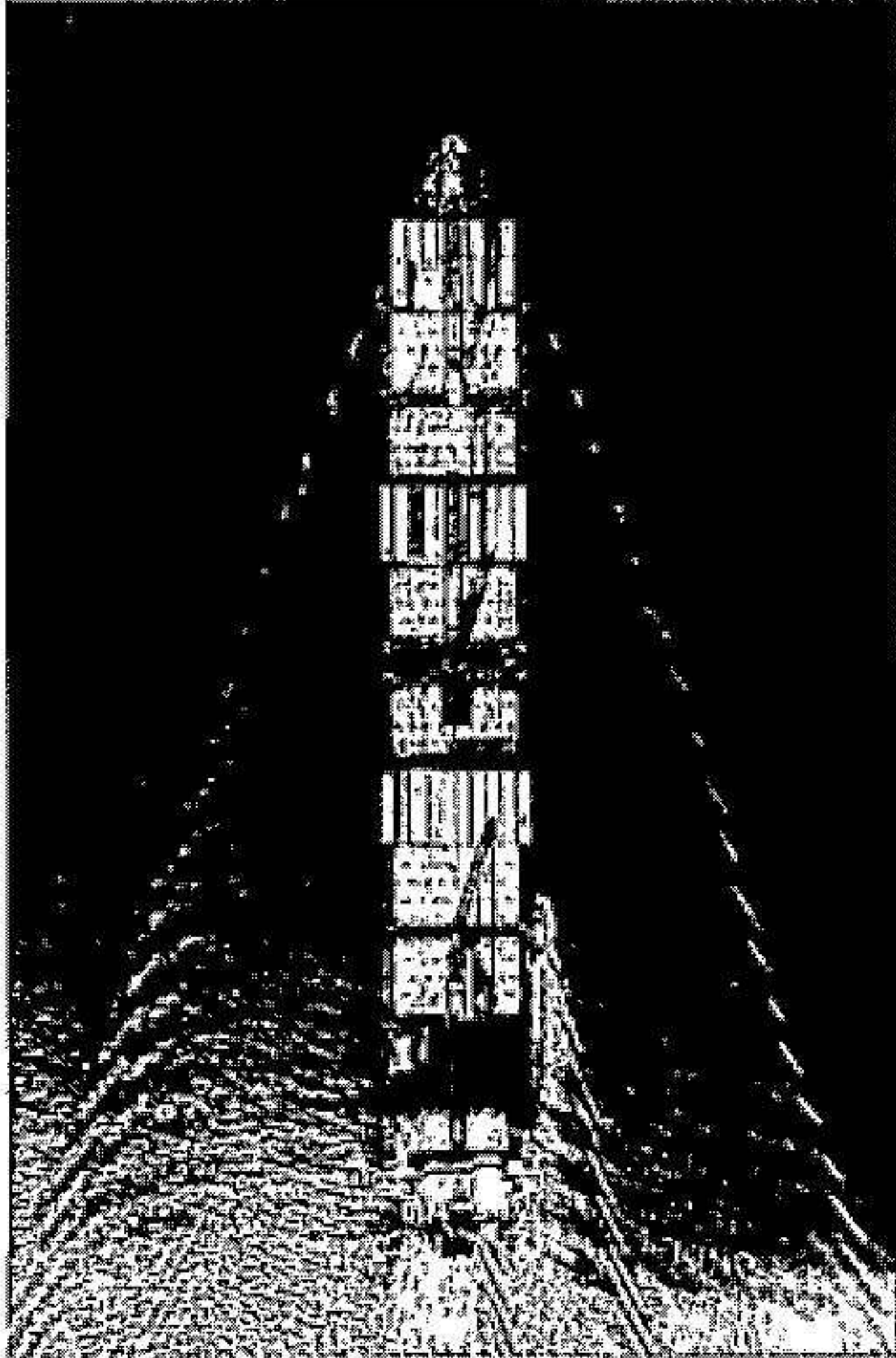
Inter IKEA Group has embedded RWP into people processes and living wage benchmarks into the yearly salary review process for its own workers. Ingka Group is also working systematically with RWP across all Ingka markets.

Across FY23 and FY24, RWP were introduced to all other IKEA franchisees through workshops and learning sessions with baseline assessments conducted across all markets. To ensure a systematic way of working with RWP, we found synergies with IConduct (the IKEA franchisee Code of Conduct) assessments. The work to fully integrate RWP into IConduct will be finalised in FY25.

In FY24, we have been working on how to extend responsible wage practices into supply chains and understand living wage gaps. An exploration is underway together with a few participating suppliers. To further support the implementation of RWP across the IKEA business and beyond, we supported and co-funded the May 2024 publication of a global database on living wages compiled by the [WageIndicator Foundation](#).

<sup>1</sup> Responsible Wage Practices is an IKEA programme and related framework and methodology which takes a holistic approach to the subject of wages by placing equal focus on equality at work, pay principles, competence, dialogue and living wage.





### ⇒ Securing seafarers' rights in the IKEA supply chain

Seafarers play an essential role in ensuring that goods reach our customers. We're committed to protecting seafarers' labour rights at sea, improving working conditions and wellbeing. In FY24, introduced additional requirements in IWAY on crewing levels and rest hours and to ensure the pre-conditions for women seafarers' to work safely on board vessels.

In April 2024, we entered a three-year partnership with the Mission to Seafarers, a leading international seafarer welfare charity, to further enhance our internal competence in seafarers' wellbeing. The partnership centres around a training programme called "All you need to know about Seafarers". It's designed to help us handle any actual and potential negative impacts on human rights when contracting shipping services and ensure protection and support for seafarers.



### ⇒ Reporting road safety

IKEA supply chain operations is one of the biggest transport buyers in the world with around 1.7 million shipments per year. The total distance travelled by drivers transporting IKEA goods exceeds 400 million kilometres yearly. We're part of the everyday working lives of tens of thousands of drivers who handle our goods. As such, we have a responsibility and an opportunity to influence the road safety agenda in the transport industry.

Road safety is embedded in our agreements with service providers and is a verified part of our IWAY requirements. We continuously engage with our service providers to increase transparency and require reporting on serious injuries and fatal accidents of drivers, pedestrians or other road traffic participants while transporting IKEA goods. This also includes sub-contracted transport.

Following the FY22 pilot, we continued to implement the Road Safety Index<sup>1</sup> initiated by the International Automobile Federation (FIA).

Based on self-reported data (not independently verified by third parties) shared by our road transport service providers (excluding last-mile deliveries), there have been five fatalities and 22 injuries while transporting IKEA goods this year. This gives us an initial working estimate of our road safety performance and helps us navigate towards the UN Sustainable Development Goal of halving the number of road traffic deaths and injuries.

FY24 is the first year in which we report our road safety footprint. We are the first cargo owner to report this type of data in accordance with the FIA Road Safety Index. We want to encourage a positive change in the transport industry and promote transparency on road safety. As a next step, we plan to have an external assessment of our road safety performance by FIA to benchmark and further improve our processes in FY25.

<sup>1</sup>The FIA Road Safety Index is a methodology to assess road safety performance and calculate road safety footprint.



### ⇒ Launching an industry-wide spot check tool to collect input from drivers in our supply chain

We continue our work with Responsible Trucking, a collaboration with shippers and transport providers committed to addressing social risks and working conditions of truck drivers. In late 2023, along with other members, we piloted an online spot check tool to ask truck drivers about their working conditions, including remuneration, working and rest hours, union rights and access to facilities.

The pilot consisted of two surveys implemented at 29 transport service providers (for IKEA and other participating companies). A total of 3,044 truck drivers participated, providing industry-wide insight into drivers' working conditions, as well as identifying pain points and opportunities to address them. Based on these learnings an updated spot check tool and improved survey process was rolled out in late 2024.



**Inclusion of young workers in the IKEA supply chain**

We continued to work with a project launched in 2021, aligned with local labour laws and [International Labour Organization](#) principles, that aims to further strengthen the inclusion of young workers<sup>1</sup> in the IKEA supply chain, including providing decent work and learning opportunities. In FY24, the IKEA Inclusion of Young Workers and Youth Development programme was implemented at six factories in Southeast Asia and East Asia.

In Southeast Asia, three factories in Vietnam and Thailand took part in the programme – with 22 young workers, aged between 15 and 18, recruited and receiving soft-skills trainings, along with 48 management and other staff members trained in managing young workers. In East Asia, three factories in China took part in the programme – with 252 young adult workers, aged between 18 and 24, receiving soft-skills and technical trainings. In addition, 31 management staff were trained as trainers, and 70 other staff members participated in mentor and buddy training.

Work will continue in FY25 with a focus on business partners in India and Bangladesh to further strengthen the inclusion of young workers in the IKEA supply chain.

<sup>1</sup> The age of young workers is based on the minimum legal working age in each country, e.g., from 16 to under-18 in China, 14 to under-18 India and Thailand, and 15 to under-18 Vietnam and Indonesia. The target group for the Youth Development Programme in China is young adult workers aged between 18 and 24 years old.



**Partnership with the International Organization for Migration**

In FY24, the International Organization for Migration (IOM) and the IKEA supply organisation launched a global three-year partnership,<sup>2</sup> leveraging the strengths and expertise of both organisations to ensure meaningful inclusion and employment for migrant workers. The ambition is to strengthen ethical recruitment, promote decent work, enhance access to effective remedies, and improve the working and living conditions of migrant workers across the IKEA supply chain. To achieve this, we will work on raising awareness and joint advocacy, sourcing insights from data and research, technical cooperation and capacity building.

<sup>2</sup> A partnership between IOM and IKEA Supply AG.

**Empowering migrant workers: advancing rights and decent working conditions**

Securing compliance with IWAY requirements in regions with weak regulations and many migrant workers is a challenge. As a preventive measure and to improve conditions, we put extra focus on business partner education and collaboration, as well as advocate for policy change. In FY24, we organised responsible recruitment and human rights training in Southeast Asia and the Middle East, creating clear guidelines with IOM.

We further enforced these guidelines, raising awareness and requiring service providers to demonstrate responsible recruitment practices in tenders. In the UAE, IKEA franchisee Al Futtaim and Inter IKEA Group teamed up with the Swedish Business Council (SBC), along with IOM and the Swedish Embassy, for a learning session. This initiative led to the formation of a core group with representatives from four companies, led by SBC. We established three workstreams: Education for Workers, Requirements and Code of Conduct, and Advocacy for Workers' Human Rights. We're also working closely with IOM and the NGO, [Gulf Sustain](#), to promote worker welfare in Gulf Cooperation Council (GCC) countries.<sup>3</sup>

<sup>3</sup> GCC countries include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

**Improving wages and working conditions for lingonberry pickers**

Since 2018, the IKEA supply organisation has been mapping berry-picking recruitment processes and costs, engaging sub-suppliers in dialogue on critical questions like eliminating recruitment costs and preventing worker exploitation (for example, the retention of travel documents, forced labour and long hours).

We understand in certain industries, meeting our IWAY requirements on recruitment fees and working hours can be challenging, especially in an industry where these practices have been normalised. But we're committed to raising awareness among our suppliers and invest in supporting supplier development to elevate industry standards and drive systematic change. We also continue our collaboration with IMO to enhance protections for migrant workers in the Swedish berry industry.

In FY24, IKEA Supply joined [Ethical Trading Initiative Sweden](#) as a continuation of work to strengthen ethical recruitment practices and ensure safe working conditions for lingonberry pickers. The initiative aims to bring together all relevant stakeholders to drive positive change across the industry, which requires a collective effort from all parties involved in berry supply chains. Our IWAY principles still form the foundation for continuous improvement and we actively conduct sub-supplier audits, interviewing workers to understand their working and living conditions, learn more about migrant recruitment pathways and detect any violations to address.



Where we are focusing our efforts:

## Being an equal, diverse and inclusive business

- Embracing all dimensions of human diversity and striving to reflect the demographics of the societies in which we operate, actively working to promote accessible and inclusive workplaces, prevent discrimination and ensuring equality of opportunity and treatment.
- Being a child-friendly business, securing child safeguarding, family-friendly practices and inclusion and empowerment of children and youth.
- Being for the many people, we strive to be inclusive and include different needs and perspectives into our offer, including a human-centric approach to digital touchpoints and data-driven processes.
- Securing a more inclusive and diverse IKEA by integrating social businesses, minority-owned enterprises and small and medium-sized enterprises (SMEs) and actively providing opportunities for marginalised groups across our value chain.

### FY24 KEY ACTIVITIES



#### Expanding our equality, diversity and inclusion initiatives

The IKEA business is actively working to welcome people from all backgrounds and identities in all operations, supporting a work environment where people feel appreciated, have a sense of belonging and can be themselves. We're taking action to promote and ensure equality in treatment and work opportunities for all IKEA co-workers.

Building on the IKEA People Strategy, we continue to implement our common equality, diversity and inclusion (ED&I) direction for "An Inclusive IKEA".

In FY24, we focused on:

- Accelerating diversity at all levels, with a focus on gender balance, nationality/ethnicity, age and disability inclusion, taking a step-by-step approach based on assessment, goal setting and actions to close the gaps. Inter IKEA Group is mapping a succession pipeline to identify succession pathways for women, especially for key positions. This includes development plans to reach the overall Inter IKEA Group talent goal.
- Developing inclusion capabilities through learning and training and integrating ED&I material into existing leadership programmes and people processes.



- Enabling markets to raise awareness around the International Day for Persons with Disabilities, International Women's Day and International Day Against Homophobia, Biphobia and Transphobia through the provision of a single go-to hub for all franchisees to find ED&I support material, including global communication and engagement activities.
- Collecting data from across the IKEA franchise system to follow up on the KPIs for "An Inclusive IKEA" and conducting an ED&I topic survey to gauge how co-workers at Inter IKEA Group perceive fairness and inclusion at work.









### IKEA Social Entrepreneurship

IKEA Social Entrepreneurship partnered with 11 social businesses during FY24, employing 10,000 people to produce products for IKEA stores. Through these partnerships, the IKEA business can support people from marginalised and vulnerable groups around the world in finding employment and a steady income.

During the year, we formally recognised two Indian companies, Rope and Spun, as formal IKEA social business suppliers. Rope now contributes products to the broader IKEA product range as well as the annual collection from social business suppliers, MÄVINN.

To contribute to a fair and equal society, we continuously support social entrepreneurs within and beyond our value chain. In FY24, IKEA Social Entrepreneurship B.V. supported 104 social enterprises in 21 countries around the world through a combination of capacity-building accelerator programmes and direct support.

With a focus on circularity, inclusive employment and renewable materials, five accelerator programmes supported 80 social enterprises to strengthen their business and systems change strategies. In September 2024, we partnered with Biji-biji in Malaysia

to accelerate local social enterprises and joined Ashoka to develop the Hello Accelerator programme, which is aimed at fostering collaborations in the field of migration. Co-worker engagement remains vital, with over 121 co-workers from across IKEA organisations and geographies engaged in the various programs.

During the year, we contributed to three investment funds: to provide capital for social enterprises in the waste sector in India, to support social enterprises in Mexico and to address the urgent need for livelihood opportunities for refugees and migrants in Poland and Romania.

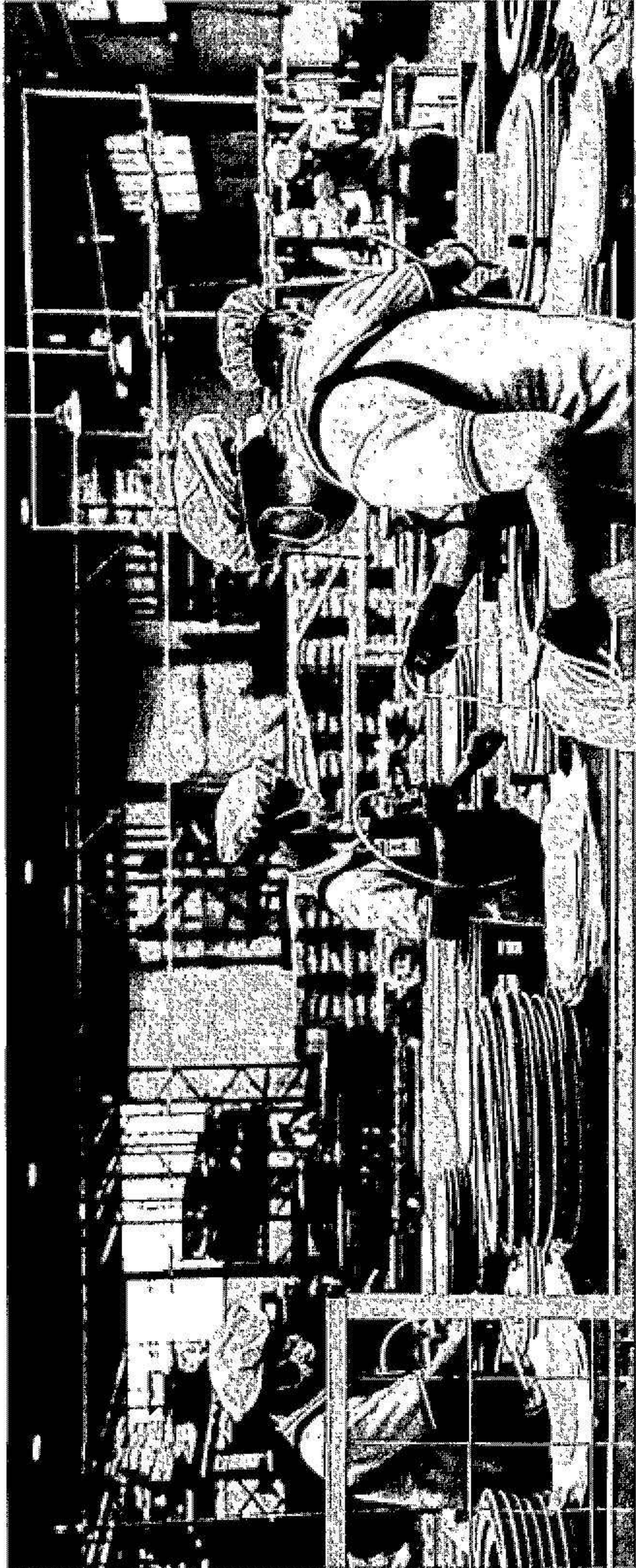
In January, we committed to the Rise Ahead Pledge, an initiative led by the Schwab Foundation's Global Alliance for Social Entrepreneurship in collaboration with the World Economic Forum. This pledge underscores our dedication to boosting investments in social innovation and entrepreneurship, working alongside more than a dozen other global companies.

Read more in the [IKEA Social Entrepreneurship Annual Review FY24](#).





# IWAY – the IKEA supplier code of conduct



We set clear standards and expectations for IKEA business relationships. The expectations we place on our business partners are defined in our supplier code of conduct IWAY.

IWAY is the IKEA way of responsibly procuring products, services, materials and components. It's a system for working together on our common sustainability agenda with suppliers across the IKEA value chain. It's both the IKEA supplier code of conduct and a development programme for supplier sustainability practices.

During FY24, an even stronger focus was put on supporting Inter IKEA Group suppliers with more than 1,240 implementation activities. These

include capacity-building and training on topics like internal auditing, health and safety and responsible recruitment. [Read more about how we work with IWAY.](#)

While IWAY has a focus on supporting our suppliers with their continuous development journey, compliance with mandatory IWAY requirements remains the foundation. In FY24, more than 790 verification activities<sup>1</sup> were performed in the Inter IKEA Group supply chain. They include gap assessments for new suppliers and full or focused audits for existing suppliers. [Read more about IKEA verification activities, including audits.](#)

<sup>1</sup> IWAY verification activities go beyond auditing and complement implementation and development activities. They are performed by approved IKEA auditors and independent third-party auditors and can be announced or unannounced.

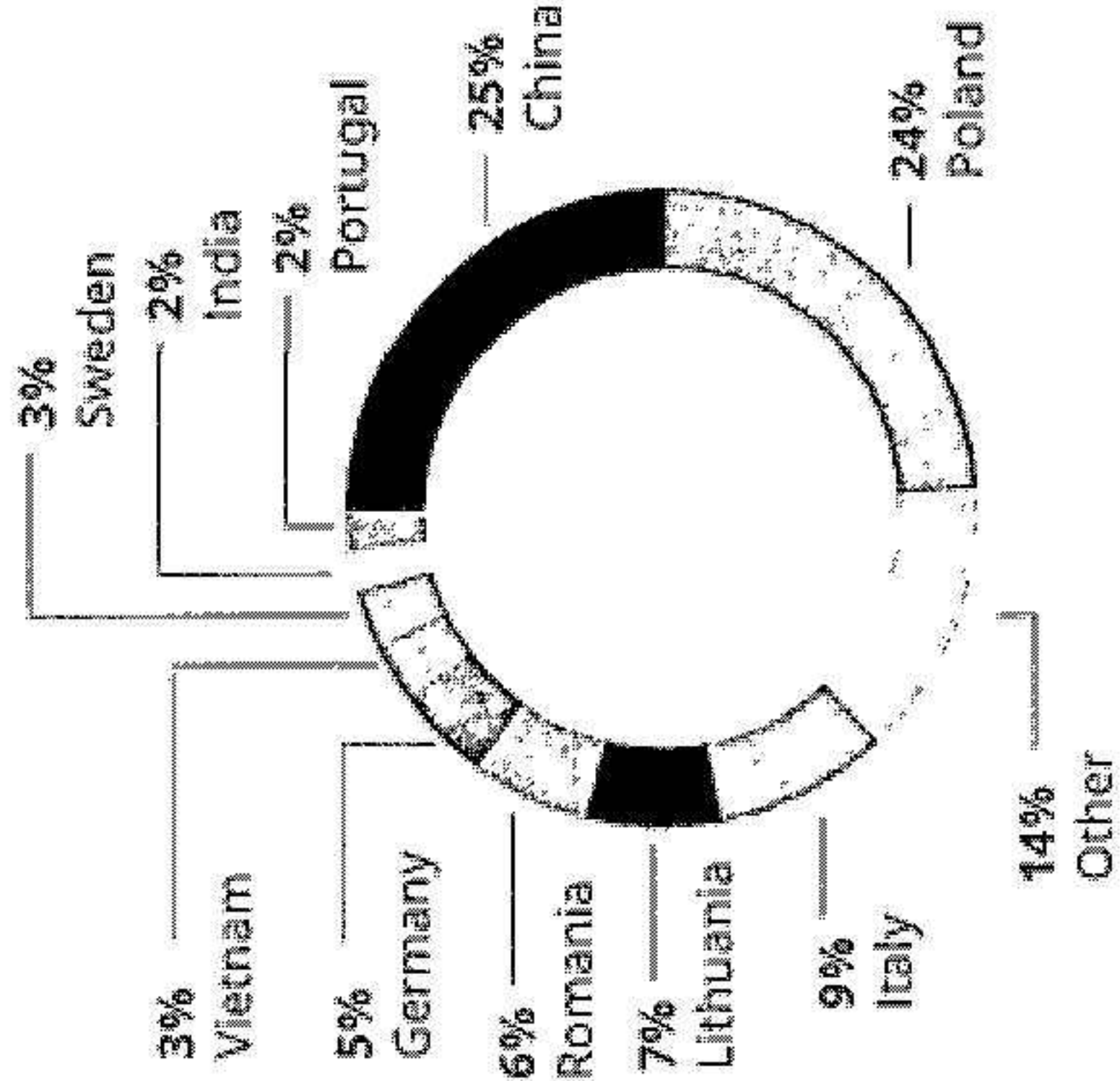
## IWAY verification activities performed at Inter IKEA Group suppliers in FY24

We take any and all IWAY deviations very seriously. Following the IWAY process of identifying root causes, we ensure that suppliers implement corrective actions and we phase out suppliers who don't address the issues in a reliable and consistent way. During FY24, we ended our partnership with five suppliers due to IWAY non-compliance.

Verification activities in FY24 included:

- No suspected or confirmed cases of child labour were identified. We closely monitor for this at all our suppliers and are continuing to work to prevent and address children's rights risks deeper in supply chains.
- In accordance with our strong due diligence processes, we investigated three cases related to forced or bonded labour. As a result, we stopped deliveries from the suppliers until corrective remediation actions were taken by the suppliers.
- Insufficient systems for registering working hours, including overtime, were found at 21 suppliers.
- Non-compliance to the accident insurance requirement was identified at seven suppliers. The accident insurance requirement includes occupational illnesses.

Top home furnishing purchasing markets (% of total volumes purchased)



In total, we work with 757 home furnishings suppliers at Inter IKEA Group. The largest home furnishing purchasing region in terms of volumes is Europe. We source around 60% of our materials from Europe in terms of purchase value. We believe in building long-term relationships with our suppliers and emphasise supplier development. The average length of collaboration with our home furnishing suppliers is 11 years. We make efforts to understand specific local contexts and take a consistent and risk-based approach to securing good social, environmental and working conditions.



Inter IKEA Group suppliers and service providers actively working with IWAY<sup>1</sup>

| IKEA supplier type <sup>2</sup>                                                                         | Number of production and service units <sup>3</sup> FY24 | Description                                                                                                  | IWAY Basic requirements fulfilled (% of all suppliers) |      |                 |                   |
|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------|-----------------|-------------------|
|                                                                                                         |                                                          |                                                                                                              | FY21                                                   | FY22 | FY23            | FY24              |
| Home furnishing suppliers                                                                               | 1,317                                                    | Manufacture IKEA home furnishing products                                                                    | 99                                                     | 99   | 99.8            | 99.8              |
| Transport and distribution suppliers (often referred to as partners and service providers) <sup>4</sup> | 503                                                      | Transport IKEA products from suppliers to, and between stores and distribution centres                       | 97                                                     | 99   | 99.8            | 99.8              |
| Food suppliers                                                                                          | 453                                                      | Provide the food and ingredients for the IKEA bistros, restaurants, and Swedish Food Markets                 | 99                                                     | 99   | 99.9            | 99.7              |
| IKEA Components                                                                                         | 1,079                                                    | Provide components and materials used in IKEA home furnishing products to IKEA suppliers and sub-contractors | 98                                                     | 99   | 99.9            | 99.9              |
| IKEA global media productions                                                                           | 8                                                        | Provide pulp, paper, and print services for global media productions <sup>5</sup>                            | 94                                                     | 95   | 99.5            | 100               |
| Critical sub-contractors                                                                                | 5,135                                                    | Critical home furnishing sub-contractors where compliance towards IWAY Must has been verified                | 80                                                     | 89   | 71 <sup>6</sup> | 63.1 <sup>7</sup> |

<sup>1</sup> To create one competence centre for purchasing the supply of raw materials and components; as of 1 September 2021, the purchase of direct material for IKEA owned factories of IKEA Industry is led by IKEA Components.

<sup>2</sup> The table does not include local suppliers to IKEA franchisees.

<sup>3</sup> Some suppliers and service providers have multiple production and service units. IWAY applies on a unit level.

<sup>4</sup> Air freight is not used for standard product transport.

<sup>5</sup> This figure doesn't include digital suppliers.

<sup>6</sup> The FY23 result is lower compared to FY22 as a number of verifications have recently expired and are in the process of being reviewed.

<sup>7</sup> The result is lower in FY24 compared to FY23 due to the increased number of critical sub-contractors.

FY24 KEY ACTIVITIES



**Suppliers in the lead with IWAY development**

Supplier-led development is an essential element in IWAY. Stable IWAY performance is not possible without the active participation and initiatives from suppliers. A few examples during FY24 include:

- **Worker Engagement Project:** First piloted with two suppliers in FY22, the aim of the Worker Engagement Project is to improve responsible workplace practices and productivity. In the pilot, the suppliers, together with an IKEA project team, created a learning programme to bring the Worker Engagement methodology to more suppliers. During FY24, the suppliers shared their insights and led workshops for 21 other suppliers, benefiting over 12,000 workers.

- **IWAY Training:** In FY24, the IKEA sustainability team introduced a new format for IWAY training, with suppliers presenting their IWAY practices and sharing insights, encouraging collaborative learning.

- **Annual Sustainability Forum:** At this forum, suppliers shared case studies on IWAY topics like risk mitigation and safety, facilitating workshops that provided valuable insights and practical ideas for attendees to implement in their own operations.



**IWAY as a business enabler**

One of the reasons the IKEA business has not been able to increase sourcing volume in the American market is due to differences between local laws, industry standards, and IWAY requirements. However, in recent years, some large USA manufacturers – where IKEA is not a major client – have turned to the Inter IKEA Group for expertise in worker rights, recognising the value of IWAY. This shift highlights how IWAY can be a powerful business enabler, allowing us to support and guide suppliers to meet higher standards.



# Stakeholder engagement

An essential part of reaching the IKEA sustainability goals is working together with others. It's important to develop strong and meaningful relationships.

When we work together, we can drive and support change, learn, inspire each other and find the best solutions. Our key stakeholder groups are:

- Co-workers:** The 216,000 IKEA co-workers from around the world share a set of values and a vision to enable people to live a better, more sustainable everyday life. They work together in diverse, inclusive and open IKEA environments, where each can offer something unique. Every co-worker plays a role in creating a better business.

- Communities:** We engage in the communities where we operate to learn and share ideas while working collaboratively to create positive impacts on the environment, livelihoods and local economies.

- Suppliers and partners:** Working with over 1,500 direct suppliers and service providers in the areas of transport, logistics and distribution services, components, and food to minimise the environmental footprint of the total IKEA supply chain and beyond while improving working conditions. There are millions of workers who – through our suppliers and service providers source – make and transport our products and

components, provide food for our restaurants and supply essential services to IKEA companies.

- Customers:** In order to live up to the IKEA vision of creating a better everyday life for the many people, we need to understand the needs of our customers. The IKEA business engages with customers in many ways, such as in stores, online, by visiting them at home and via IKEA FAMILY. Each year, IKEA co-workers conduct thousands of home visits around the world. The data and insights collected are used in the development of IKEA products and services. Since 2016, we've also conducted an annual global survey about life at home around the world. The results are published in the Life at Home Report.

- Partners and collaborators:** The IKEA business partners and collaborates with many external organisations that are committed to tackling large and complex global sustainability challenges that both impact and are impacted by the IKEA business. Our partners and collaborators include businesses, governments, universities and NGOs.

Below is a selection of some of our partners who we collaborated and worked with during FY24. Read more about [IKEA stakeholder engagement](#).

- Business for Nature
- Business for Social Responsibility (BSR)
- The Centre for Child Rights and Business (The Centre)
- Climate and Clean Air Coalition (CCAC)
- Consumers Goods Forum (CGF)
- Ellen MacArthur Foundation (EMF)
- EuroCommerce
- European Furniture Industries Confederation (EFIC)
- Exponential Roadmap Initiative (ERI)
- GlobeScan
- ILO Child Labour Platform
- Inner Development Goals
- Institute for Human Rights and Business (IHRB)
- International Chamber of Commerce (ICC)
- International Organization for Migration (IOM)
- International Social and Environmental Accreditation and Labelling (ISEAL) Alliance
- Leadership Group for Responsible Recruitment (LGRR)
- Nordic Business Network for Human Rights (NBNHR)

- Nordic Innovation Ethical AI Expert Group
- One Earth Living
- One Young World
- Our Normal
- Real Play Coalition
- Science Based Targets initiative (SBTi)
- Science Based Targets Network (SBTN)
- Stockholm Environment Institute (SEI)
- The Climate Group and its EV100, EV100+ and RE100 initiatives
- UNFCCC, including Race to Zero
- UN Global Compact
- UN Global Compact Ocean Stewardship Coalition
- UNICEF
- World Business Council for Sustainable Development (WBCSD)
- World Economic Forum
- We Mean Business Coalition
- World Resources Institute (WRI)
- WWF
- 50L Home Coalition
- Zero Emission Maritime Buyer Alliance (ZEMBA)



# Sustainability governance

Sustainability is an integrated part of our business and is led from a holistic perspective with an aligned overall direction. Each part of the IKEA business contributes to the total IKEA sustainability agenda.

The Inter IKEA Group Management team consists of the Management Board and key senior executives, who together decide on topics and actions affecting the Inter IKEA Group as a whole. They take specific responsibility for transforming Inter IKEA Group and delivering to the ambitions described in IKEA Direction – the overall strategic direction, where sustainability is an integral part. The Inter IKEA Group Chief Sustainability Officer (CSO) is a member of Group Management. The CSO has a group-wide responsibility for the execution of our sustainability strategy across Inter IKEA Group.

## Strategic Sustainability Council

The total IKEA sustainability direction (ambitions and commitments) is set by the Strategic Sustainability Council, hosted, and led by Inter IKEA Systems B.V., chaired by the CEO of Inter IKEA Group. It's comprised of members from Inter IKEA Group and the franchisees are invited to ensure alignment across the IKEA franchise system while respecting their independence.

Sustainability working groups, with experts from Inter IKEA Group and franchisees, discuss and align strategic initiatives to fulfil the IKEA Sustainability Strategy.

**Inter IKEA Group sustainability management**

The Sustainability Management Team is composed of the CSO of Inter IKEA Group and core business sustainability managers. This team is responsible for developing the sustainability strategy. Inter IKEA Group policies, communications, and engagement (in cooperation with the Communications team), as well as overseeing sustainability performance across the Inter IKEA Group, the franchise system, and the value chain. Their role is to support the integration of sustainability practices across business operations and the franchise system while serving as internal and external advocates for the IKEA sustainability agenda. The Sustainability Management Team supports all management teams and co-workers across the organisation in leading and achieving the strategic goals.

## Ethics and integrity

The IKEA way of doing business is strongly rooted in the IKEA values and culture – which is reflected in our actions, decisions and behaviours. This behavioural part is reflected in how we do business and how we interact with each other, our business partners and customers. The IKEA business requirements cover a wide range of topics, including business ethics. Important [documents](#) covering business requirements are:

- [Code of conduct: for Inter IKEA Group co-workers](#)
- [IConduct: for IKEA franchisees](#)
- [IWAY: for IKEA suppliers and service providers](#)

The Inter IKEA Group Code of Conduct, introduced in 2016, is undergoing a revision and was launched in FY24. It will be accompanied by wider communication on ethics. The objective is to foster an ethical workplace and to stimulate dialogue on ethical dilemmas.

## Raising a concern

The IKEA business promotes a culture of inclusiveness, and everyone is encouraged and should feel empowered to come forward and raise any concerns they might have. Inter IKEA Group offers different options to raise concerns via our feedback culture, either by addressing the situation to the person directly, with a manager or a People & Culture colleague, or through the Raise a Concern platform.

- [Read more about the Inter IKEA Group Raise a Concern environment.](#)

In FY24, 140 concerns related to Inter IKEA Group were reported compared to 129 in FY23. The increase is visible in Range and Retail Concept as well as in supplier related concerns. Of the 140 concerns, 33 resulted in an internal investigation. Most cases reported concerned either human resources (e.g. harassment or discrimination) or business ethics-related topics (e.g. conflict of interest or bribery).

Inter IKEA Group is committed to operating a sustainable business with respect for human rights and ensuring fair and safe working conditions in our value chain. Our supplier code of conduct, IWAY, explains our expectations towards our business partners thereon. One of the requirements in IWAY is

that our business partners should have a grievance mechanism in place for their workers. In FY24, Inter IKEA Group continued exploring the possibilities for setting up a grievance mechanism for the IKEA value chain so that workers can also reach out to the IKEA business to raise a concern as a last resort. We aim to fulfil our commitments to engage stakeholders and provide the means by which people can bring serious non-compliance issues with IWAY to our attention. Preparations for a pilot started in FY24 in three markets to study how to best communicate and operate the grievance mechanism. In FY25, we expect to go live.

## Reporting

The IKEA Sustainability Report and the Climate Report summarise the combined performance of companies operating within the IKEA franchise system and/or in the IKEA value chain. These reports do not address any formal reporting requirement that may be applicable to companies covered in the report. Inter IKEA Group will report under the EU Corporate Sustainability Reporting Directive when applicable in FY26, for which preparations are ongoing.

## Read more

For tax and financial compliance-related reporting, please refer to company-specific reports. Inter IKEA Group publishes its reports on [Inter.IKEA.com](#).

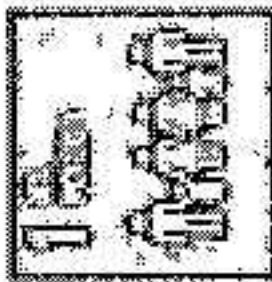
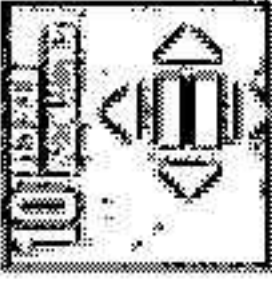
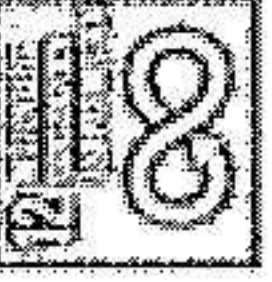
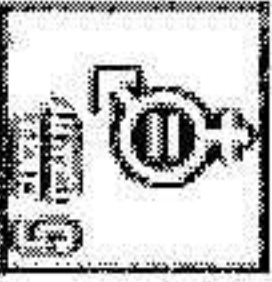
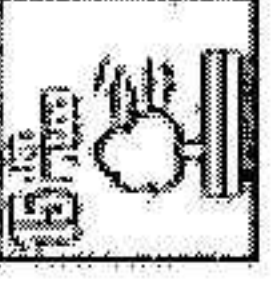
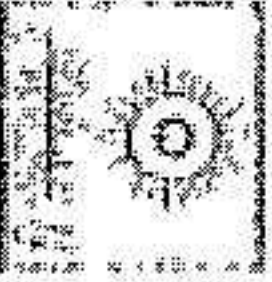
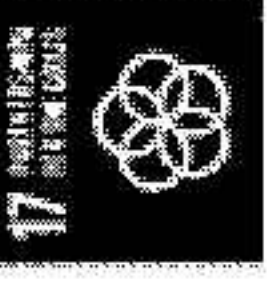
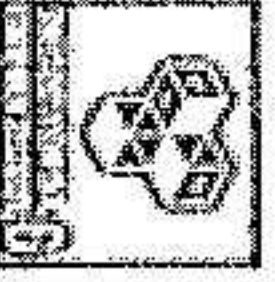
IKEA franchisees often issue their own reports, which may include both the IKEA business and other businesses. Please refer to these reports for more detailed information about each franchisee.



## SDG index

The UN Sustainable Development Goals (SDGs) provide a framework for collective action to tackle global issues such as poverty, gender equality and climate change. The SDGs are one of the key inputs in the IKEA Sustainability Strategy and ambitions for 2030. As of 2024, the world is unfortunately not on track to meet these goals by 2030. This reinforces the importance of businesses like the IKEA business to do our part by delivering to our sustainability ambitions and commitments.

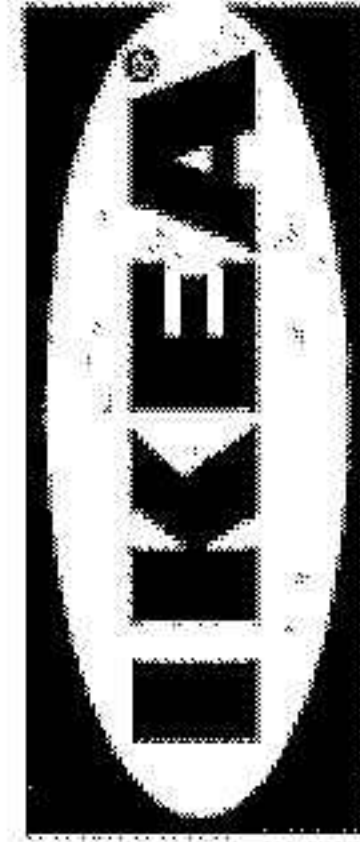
In this table, we summarise how the IKEA business contributes to the SDGs.

| Sustainable Development Goals                                                                                                       | Influence through our strategy                                                                | Sustainable Development Goals                                                                                                       | Influence through our strategy                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>1. No poverty                                | <a href="#">Fair &amp; equal</a>                                                              | <br>10. Reduced inequalities                     | <a href="#">Fair &amp; equal</a><br><a href="#">IWAY</a>                                                                                                                                                             |
| <br>2. Zero hunger                               | <a href="#">Healthy &amp; sustainable living</a>                                              | <br>11. Sustainable cities & communities         | <a href="#">Healthy &amp; sustainable living</a><br><a href="#">IWAY</a><br><a href="#">Circularity and secondary raw materials</a>                                                                                  |
| <br>3. Good health & well-being                  | <a href="#">Healthy &amp; sustainable living</a>                                              | <br>12. Responsible consumption & production     | <a href="#">Healthy &amp; sustainable living</a><br><a href="#">Our climate agenda</a><br><a href="#">Circularity and secondary raw materials</a><br><a href="#">Nature and resource use</a><br><a href="#">IWAY</a> |
| <br>4. Quality education                       | <a href="#">Fair &amp; equal</a>                                                              | <br>13. Climate action                         | <a href="#">Our climate agenda</a><br><a href="#">IWAY</a>                                                                                                                                                           |
| <br>5. Gender equality                         | <a href="#">Fair &amp; equal</a>                                                              | <br>14. Life below water                       | <a href="#">Nature and resource use</a>                                                                                                                                                                              |
| <br>6. Clean water & sanitation                | <a href="#">Nature and resource use</a>                                                       | <br>15. Life on land                           | <a href="#">Nature and resource use</a>                                                                                                                                                                              |
| <br>7. Affordable & clean energy               | <a href="#">Healthy &amp; sustainable living</a><br><a href="#">Our climate agenda</a>        | <br>16. Peace, justice and strong institutions | <a href="#">Fair &amp; equal</a>                                                                                                                                                                                     |
| <br>8. Decent work & economic growth           | <a href="#">Fair &amp; equal</a><br><a href="#">IWAY</a>                                      | <br>17. Partnerships for the goals             | <a href="#">Healthy &amp; sustainable living</a><br><a href="#">Our climate agenda</a><br><a href="#">Circularity and secondary raw materials</a><br><a href="#">Nature and resource use</a><br><a href="#">IWAY</a> |
| <br>9. Industry, innovation and infrastructure | <a href="#">Our climate agenda</a><br><a href="#">Circularity and secondary raw materials</a> |                                                                                                                                     |                                                                                                                                                                                                                      |



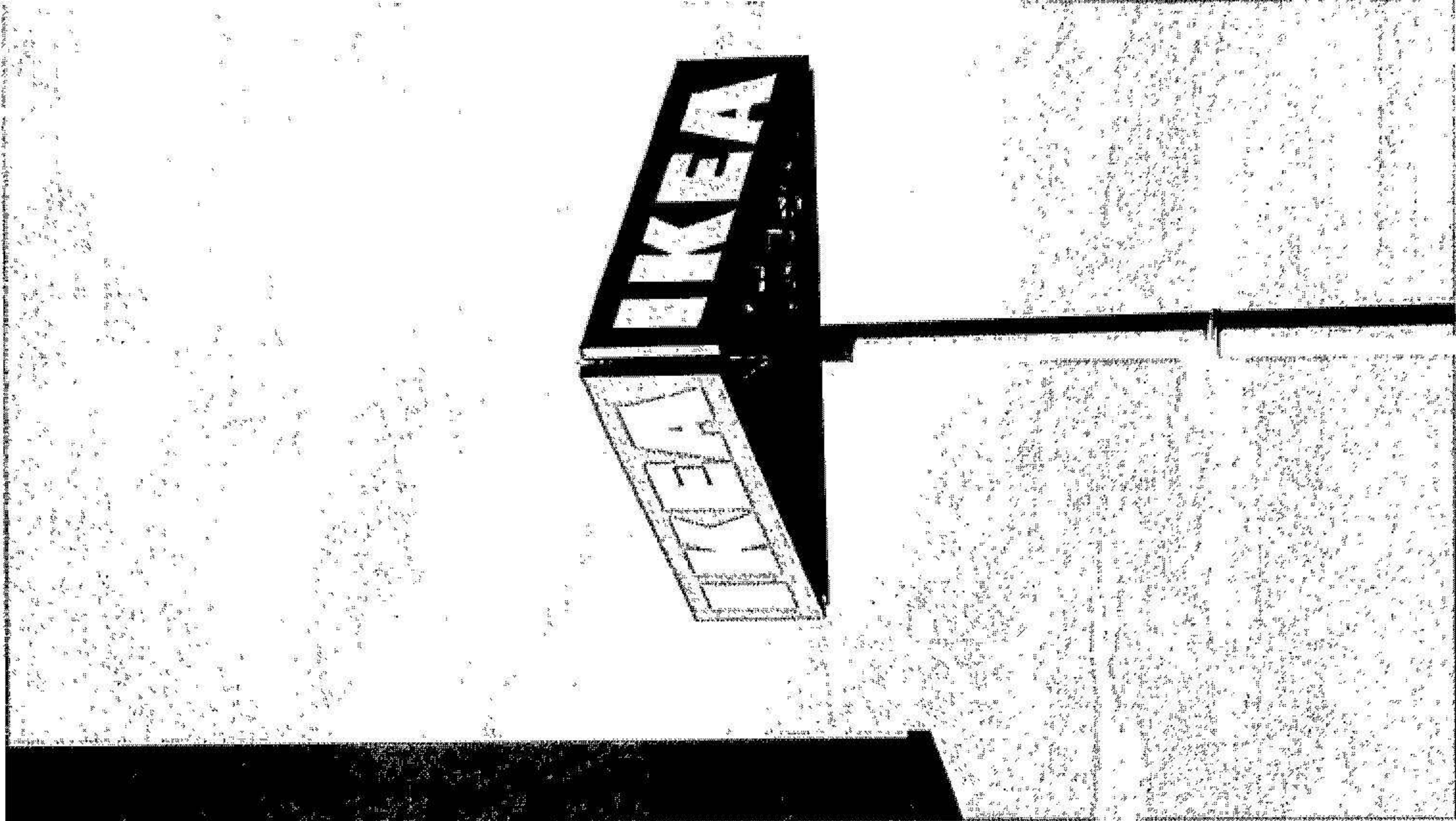


# IKEA Climate Report 2024





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## About this report

This report summarises our progress toward the commitments outlined in the IKEA climate agenda, which are an integrated part of the [IKEA Sustainability Strategy](#). It showcases a selection of initiatives that reflect our commitment to making a tangible impact. It covers the entire IKEA value chain and franchise system and provides an update on activities and the ongoing work to measure progress. The IKEA Climate Report is issued by Inter IKEA Group.<sup>1</sup> The reporting period follows the financial year 2024 (FY24), which runs from 1 September 2023 to 31 August 2024.

To ensure the long-term growth and development of the IKEA business, we use a [franchise system](#). This provides financial stability while allowing franchisees to challenge, test and explore new markets and ideas. Together, we continue to develop the IKEA Brand.

"We" in this report refers to the IKEA business. The IKEA business is defined as the business activities performed by all companies operating within the IKEA franchise system.

The IKEA value chain encompasses more than the IKEA business and includes sourcing and extracting raw materials, manufacturing, transporting of products, retail activities in stores, customer travel to stores, product use in customers' homes and product end-of-life.

Please note that we review and update historical data for accuracy on an annual basis. These changes are updates to external reference data, improved calculation methodologies and data quality. Percentages in this report may not total 100% due to rounding differences.

<sup>1</sup> Inter IKEA Group consists of Inter IKEA Holding B.V. and all its subsidiaries. An overview of all Inter IKEA Holding subsidiaries can be found [here](#).

## Methodology update in FY24

While we outline the detailed FY24 methodology on [page 50](#), we want to highlight two key topics at the beginning of this report. First, because of the Science Based Targets Initiative (SBTi) verification process of our net-zero goals, in June 2024, it was recommended that we exclude customer travel to stores from the mandatory net-zero inventory. As a result, we have revised our emissions data dating back to the FY16 baseline and highlighted the corresponding performance update in our greenhouse gas (GHG) inventory table on [page 48](#).

Second, the climate footprint of materials – the largest portion of our footprint – and of food ingredients is currently based on estimates and manual calculations using the best available information, reliable proxies, and data at the time. For materials, these estimates reflect the split of recycled and renewable materials that we estimated in FY21 but do not yet fully capture the positive changes made in the business since then, such as increasing the use of recycled and renewable materials.

We are focusing on improving accuracy and enabling more precise reporting. With ongoing digitalization of data collection, we aim to provide more accurate and comprehensive data in 2025. Following the publication of this report and in preparation for CSRD-compliant reporting from FY26, going forward, the sustainability reporting will undergo changes. The CSRD framework begins with a double materiality assessment, and based on the assessment of ESG topic materiality, future sustainability statements will be reported alongside financial data, analysing the impact of operations on people, the planet, and financial performance.

[Read the complete IKEA Sustainability Report FY24.](#)



INTRODUCTION LETTER

# Making progress on climate action

**Our business direction is clear: we want to make IKEA more affordable, accessible and sustainable, especially for people with thin wallets. Last year, as part of this journey, we took two big steps – we lowered prices across all markets and made steady progress on our sustainability agenda.**

2024 was another year of big global challenges: the continuing effects of climate change on people and nature, rising geopolitical conflicts, widespread economic pressures from inflation and higher cost of living.

Now more than ever, it's important to stay true to our vision of creating a better everyday life for the many people. We believe that a better life starts at home. During the year, we lowered prices on average by 10% across all 63 markets and worked hard on our sustainability agenda.

We are making good progress towards our climate goals and seeing positive signs that we can grow our business without increasing our greenhouse gas (GHG) emissions. In FY24, our total emissions were 5% lower than in the previous year (FY23) and 28% lower than in FY16 (our baseline year). This reduction from our baseline is mainly due to our increased use of renewable energy in production, logistics and retail, as well as improvements in energy efficiency

and the growing share of renewable electricity. However, lower production volumes during the reporting period also contributed to the reduction.

Since our baseline year FY16, relative emissions per produced volume have decreased by 9% in the upstream stages of our value chain (such as sourcing raw materials and manufacturing), and emissions per sold volume have decreased by 34% in the downstream stages (such as transportation, delivery, and product use). This highlights steady progress in reducing emissions relative to volumes, a positive step towards decoupling growth from emissions.

We continue to work hard on our material agenda, which accounts for the largest part of our footprint. In FY24, our materials footprint – still based on estimates – has decreased by 9% compared to our baseline. Work is ongoing to increase our share of recycled materials, use materials more efficiently, and develop products with a lower footprint. Some key movements from FY24 include maintaining the share of recycled wood, continued implementation of thin hot-rolled steel and the switch from paperboard to corrugated cardboard in packaging.

We are also working to improve traceability for both primary and recycled raw materials by partnering with suppliers to more accurately measure and follow up our progress. This is essential to ensure responsible sourcing and understand emission

reduction opportunities at every stage of our value chain, including actions we can take to reduce negative impacts on biodiversity and water.

In June, our net-zero goals were validated by the Science Based Targets initiative (SBTi). We are now, for the first time in this report, sharing our climate roadmap for FY30. This roadmap provides an overview of the key actions needed across each part of the value chain to halve emissions by FY30 and marks the first step toward a more comprehensive transition plan.

We see a clear business case for change. By driving innovation in materials and production processes, increasing efficiency and reducing waste, we can lower emissions while also reducing costs – for our business and our customers – when implemented at scale.

Many solutions are already available, offering a real opportunity to transform society for the better. While business has a key role to play, the transition to a net-zero society requires a multi-stakeholder approach. Governments are essential in creating the right conditions, from renewable energy infrastructure to circular economy systems. With countries set to submit their ten-year Nationally Determined Contribution (NDCs) by February 2025, we are hopeful for clear sectoral plans from governments, which will enable scaling up renewable energy, electrifying industries

and transport, adopting circular solutions, and protecting and restoring nature.

We understand the challenges but continue to be optimistic. We are committed to doing our part to support a just transition towards a net-zero world by staying true to our vision, making sustainable living affordable for as many people as possible.



Jon Abrahamsson Ring  
Chief Executive Officer, Inter IKEA Group



# Our climate agenda

In FY24, we introduced our strengthened climate agenda, Net Zero and Beyond, focusing on three key areas:

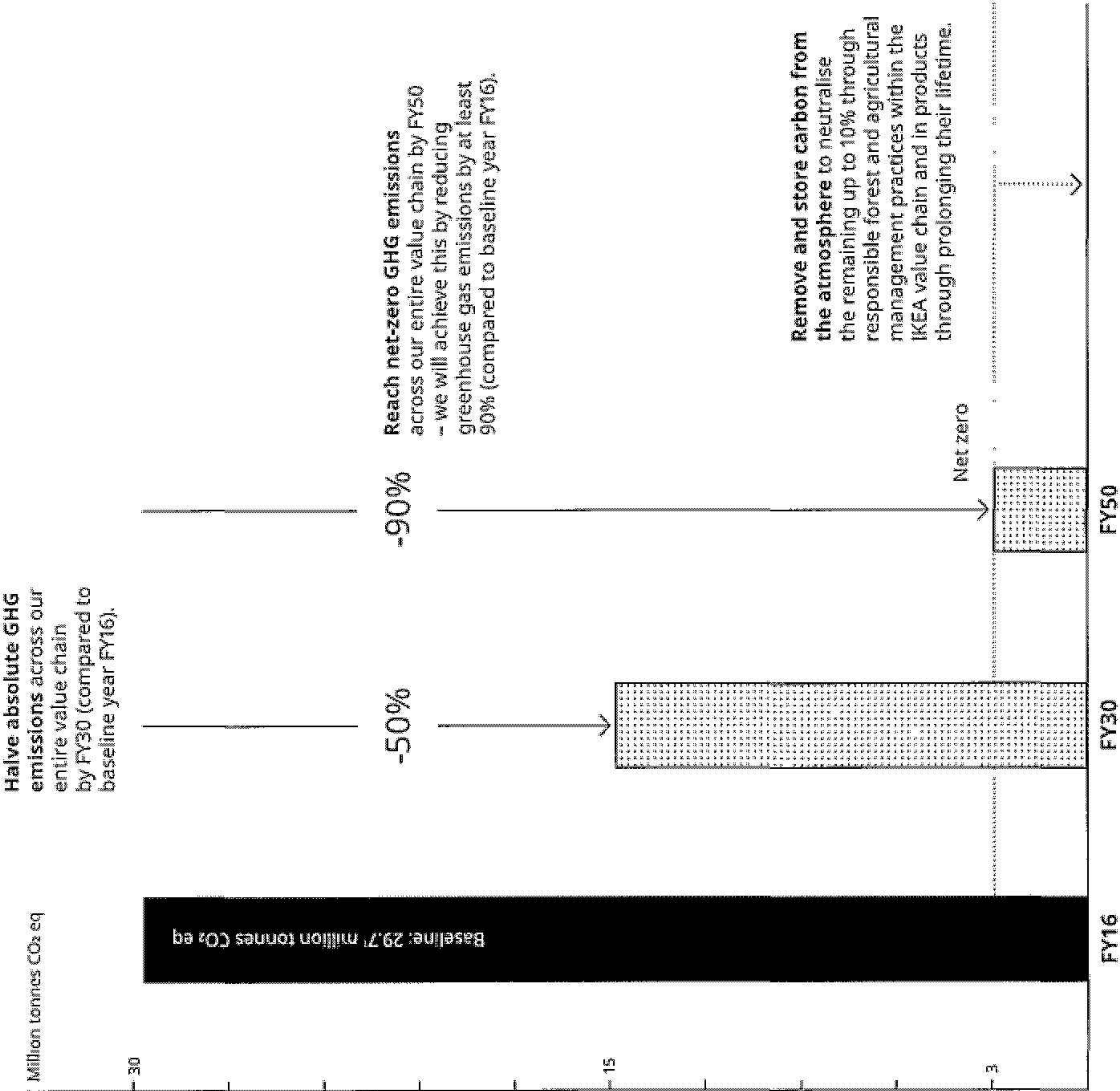
1. Reducing GHG emissions across the IKEA value chain, in absolute terms

The primary focus is to halve emissions across the IKEA value chain by FY30 (compared to baseline year FY16) and achieve net-zero emissions by FY50 at the latest. Net zero will be achieved by reducing emissions by at least 90% on an absolute basis (compared to FY16). The remaining 10% of emissions will be neutralised through removing and storing carbon within our value chain.

2. Removing and storing carbon from the atmosphere through forestry, agriculture and products within our value chain

We work towards removing and storing carbon from the atmosphere through responsible forest and agricultural management practices within the IKEA value chain and within our products. Efforts to transition towards a circular business and to prolong the life of IKEA products will ensure that carbon remains stored longer in them.

We are working towards setting goals for removing and storing carbon in forestry and agriculture.



The IKEA net-zero goal – reducing GHG emissions across the IKEA value chain, in absolute terms and removing and storing carbon from the atmosphere through forestry, agriculture and products within our value chain.

3. Going beyond IKEA

"Going beyond IKEA" means actions taken that don't directly count towards reducing our climate footprint and our net-zero goals. These include investments, advocacy, and leading initiatives with a long-term view of the future, linked to our value chain.

For example, we will work towards driving broader emission reductions and support a just transition by partnering with communities, policymakers, and other societal stakeholders. By sharing our resources and expertise, we aim to accelerate climate action and influence policies to scale renewable energy, electrify industries, adopt circular solutions, and protect nature – all aligned with the science of 1.5°C.

<sup>1</sup> Historical figures are revised only if data quality or calculation methodologies improve.



FY24 SUMMARY OF PROGRESS

1. Reducing GHG emissions across the IKEA value chain, in absolute terms



In FY24, the IKEA climate footprint is estimated to be 21.3 million tonnes CO<sub>2</sub> equivalent (eq) in absolute terms, which is a decrease of 5% compared to FY23, and 28% lower compared to the baseline FY16. The reduction in FY24 was attributed to the continued increase in renewable energy, a focus on energy efficiency, movements towards electrification of transport but also lower production volumes.

Materials used in IKEA products account for the largest part of our climate footprint. In FY24, the emissions from materials used decreased by 2% compared to FY23. While the footprint of materials is still based on estimates, work has been ongoing to increase the share of recycled materials, use materials more efficiently, and develop products with a lower climate footprint.

**Product use at home** represents the second-largest portion of the IKEA climate footprint. Compared to FY23, we saw an emissions reduction of 4% in FY24. The reduction is partly attributed to a 2% improvement in energy efficiency (lumen per watt) of the lighting range. The climate footprint of IKEA home appliances used by customers at home decreased by 9% in FY24 compared to FY23. A reduction in sales quantity (pieces) of lighting and appliances also contributed to the decreased product use at home footprint.

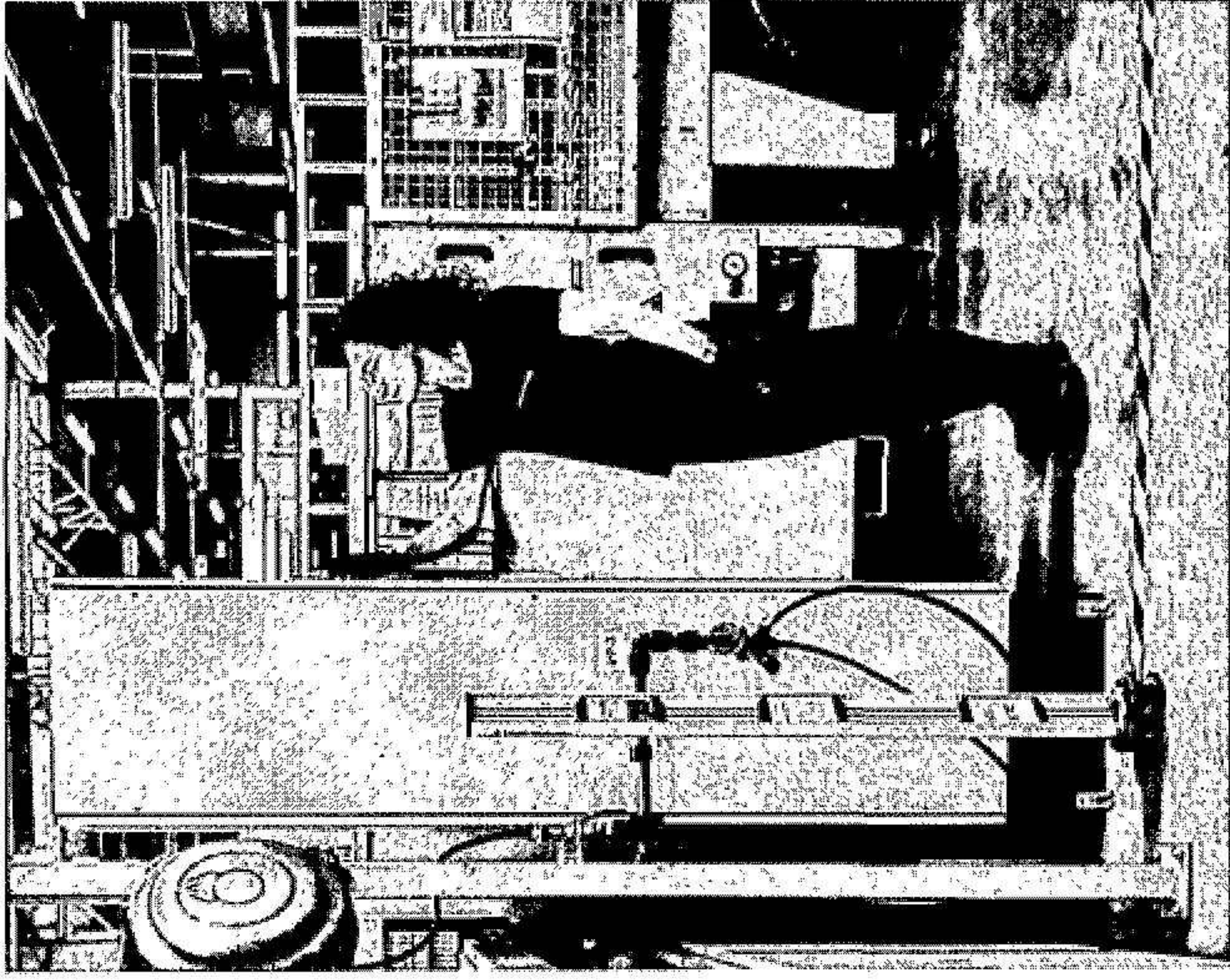
**Food ingredients** emissions decreased in FY24 by 6% compared to FY23. We continued to work towards increasing the share of plant-rich food and reducing red meat. We estimate that 36% of the main meals offered in the IKEA stores operated by Ingka Group, the largest IKEA franchisee, were plant-based in FY24, compared to around 30% in FY23. We expanded our plant-rich offer in FY24 – one example was PANNBIFF, the 50% plant based and 50% minced beef product launched in Sweden.

In **production**, the climate footprint decreased by 21% in FY24 compared to FY23. The renewable electricity share increased from 71% in FY23 to 75% in FY24, while the renewable energy share rose from 48% to 52%. The increase in renewable energy is mainly driven by the FY25 movement towards 100% renewable electricity use in 13 key countries. These countries represent our biggest markets in terms of electricity use in production, and where we have implemented a supplier renewable electricity programme. A total of 93 additional factories or suppliers achieved 100% renewable electricity in FY24, bringing the total to 491, which constitutes 44% of our direct suppliers.<sup>1</sup> Lower production volumes during the reporting period also contributed to the decrease in emissions during FY24.

<sup>1</sup> Includes home furnishing, components and media print suppliers but excludes food suppliers.

**Product transport** emissions improved in FY24 despite higher shipping volumes. While transport activity increased by 9% (in tonne-kilometres), we reduced absolute emissions by 0.2% and relative emissions by 9% compared to FY23.

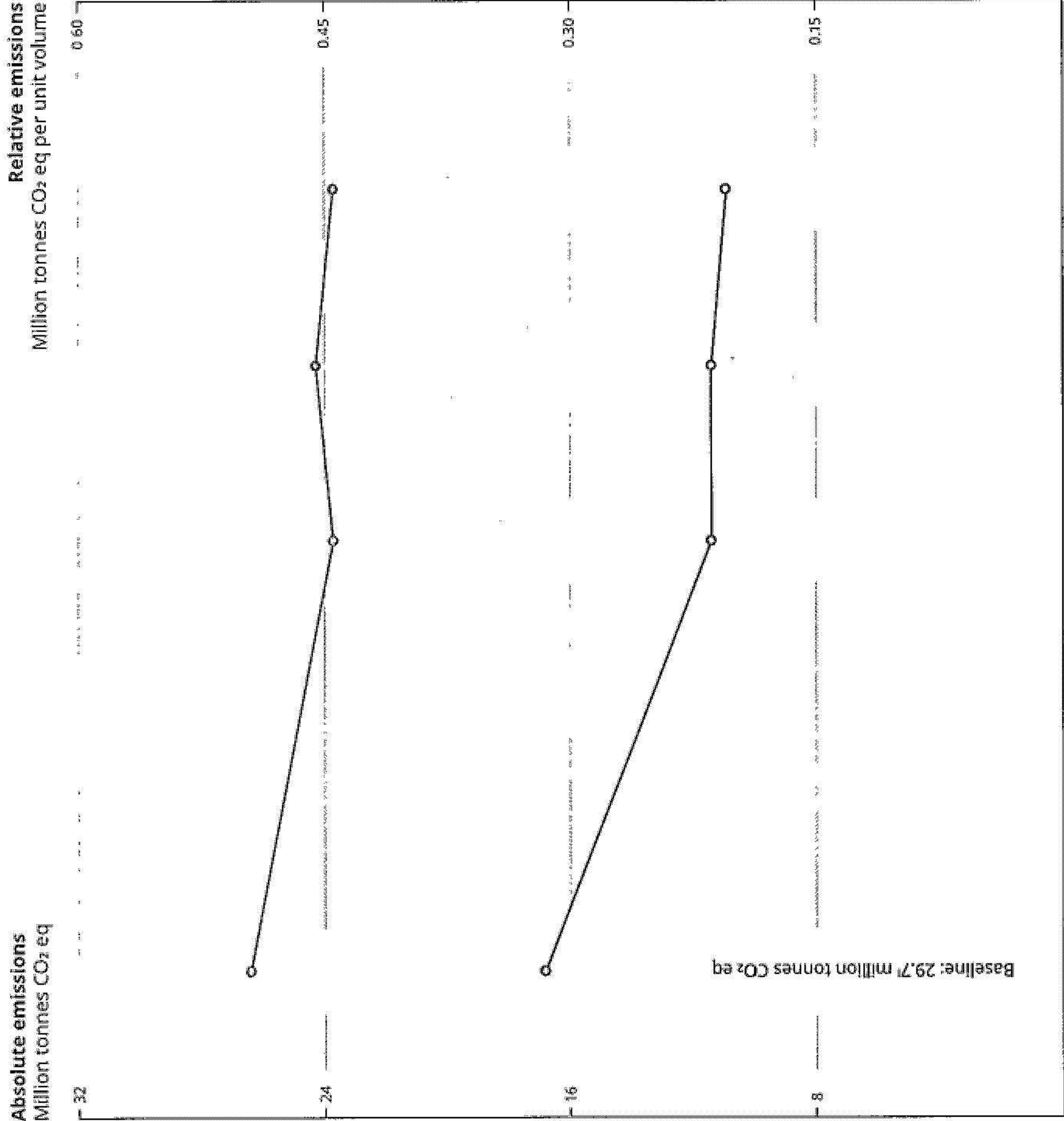
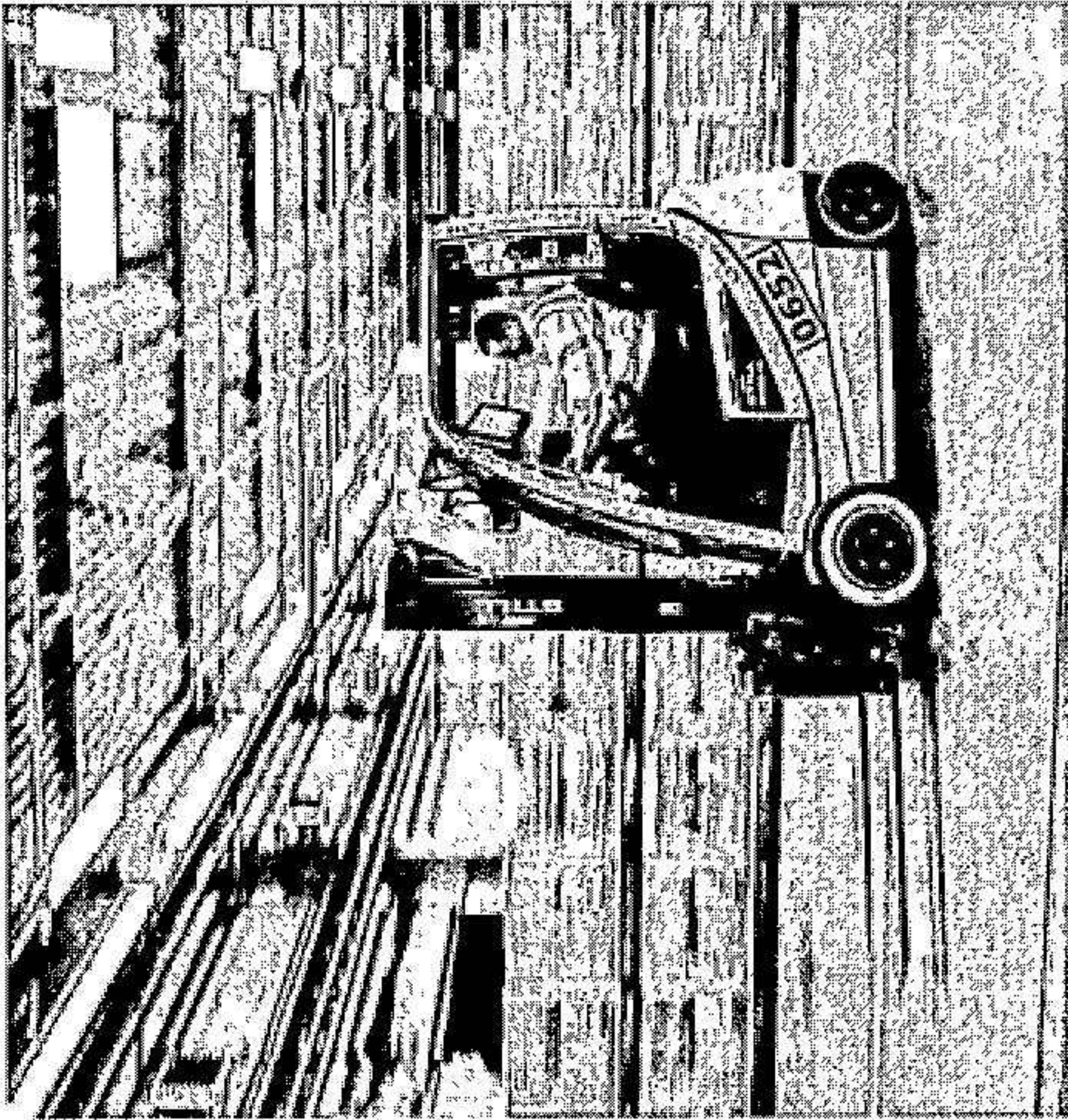
In **IKEA retail and other operations**, the share of renewable energy increased from 67% in FY23 to 71% in FY24, including an increase in renewable electricity from 77% to 81%.





### The IKEA climate footprint in both absolute and relative terms

The graph to the right shows our total value chain emissions reduction compared to our baseline year and year-over-year reductions for the past three financial years, measured in million tonnes of CO<sub>2</sub> eq. It shows our absolute emissions reductions as well as our relative upstream and downstream emissions reductions in the same period. Measuring relative emissions helps us understand efficiency improvements in the upstream and downstream parts of our business.



- Absolute emissions**  
The grey bars represent the absolute emissions from all parts of the IKEA value chain. In FY24, we saw an estimated year-over-year reduction of 5% in total emissions. This is an estimated 28% reduction compared to our FY16 baseline.
- Upstream relative emissions**  
The green line illustrates upstream emissions measured per cubic meter (m<sup>3</sup>) of production. Our upstream supply chain emissions include materials, food ingredients, production and product transport and logistics services. In FY24, we saw an estimated reduction of 6% in emissions per m<sup>3</sup> produced compared to FY23. This is an estimated 9% reduction compared to our FY16 baseline.
- Downstream relative emissions**  
The red line illustrates downstream emissions measured per m<sup>3</sup> of sales. Our downstream emissions include retail operations, co-worker commuting and business travel and home deliveries, product use at home and product end-of-life. In FY24, we saw an estimated reduction of 3% in emissions per m<sup>3</sup> sold. This is an estimated 34% reduction compared to our FY16 baseline.

<sup>1</sup> Historical figures are revised only if data quality or calculation methodologies improve.



## 2. Removing and storing carbon from the atmosphere through forestry, agriculture and products within our value chain

In FY24, we conducted detailed business-consequence analyses to explore different approaches for setting near- and long-term carbon removal goals, focusing on forestry and agriculture. Our goal is to finalise our approach in FY25.

In 2019, we allocated EUR 100 million to invest in carbon storage and removal projects. One such project is our ongoing engagement with smallholder farmers in Vietnam to prolong acacia rotation. Since 2022, the IKEA business,

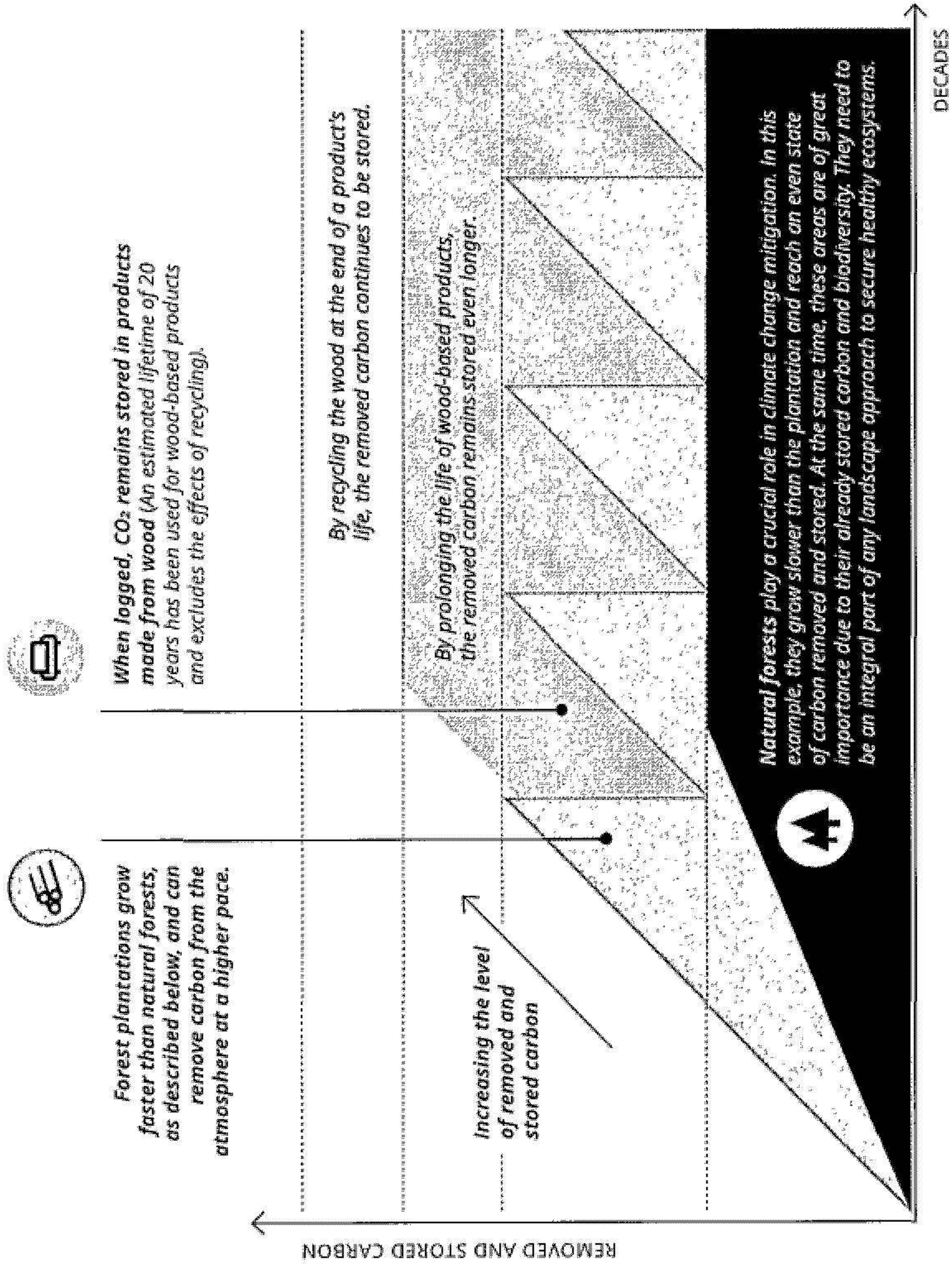
together with a smallholder cooperative, has been working in Hue, Central Vietnam, implementing and promoting responsible acacia forest management on 1,100 hectares.

We are also working closely with the Agricultural University in Hue to measure soil organic carbon impacts on more than 100 sites. In the summer of 2024, university researchers also conducted around 80 in-person interviews with the aim to assess the impact of responsible acacia forest management on the farmers' livelihoods and their perception of the project. Preliminary findings suggest that longer-rotation acacia management not only increases farmers' incomes significantly but also promotes higher levels of soil organic carbon storage compared to traditional practices. These responsible practices enhance carbon sequestration by allowing the acacia forests to mature, resulting in greater biomass accumulation and healthier soil.

During FY24, we also began to evaluate the potential of regenerative agriculture practices<sup>1</sup> to enhance biodiversity, improve soil health, and contribute to carbon removal and storage. Additionally, we piloted regenerative agriculture practices for beef, cotton, and wool and began assessing how these practices could be applied to coffee.



<sup>1</sup> Regenerative agriculture practices are farming methods designed to restore and enhance the health of ecosystems, particularly soil. These practices aim to increase biodiversity, improve water cycles, and sequester carbon, contributing to more sustainable and resilient food systems.



Above is a simplified model illustrating an example of removing and storing carbon through the establishment of fast-growing tree plantations plus restoration of natural forests on degraded land, including the effect of prolonging the carbon storage through wood-based products and recycling. Trees from responsibly managed forest plantations absorb substantial amounts of carbon dioxide (CO<sub>2</sub>) from the atmosphere. When trees are made into wood-based products, they act as temporary carbon storage. This storage effect can be extended through reuse, refurbishment, remanufacturing and recycling of the material at end-of-life. In resilient landscapes, the contribution of responsibly managed forest plantations towards climate change mitigation has to be considered together with the many contributions of natural forests. These contributions include aspects such as biodiversity and soil protection, for example. A holistic view, where we balance forest growth, harvest, carbon storage in land and products and other environmental services, such as biodiversity, is critical.



### 3. Going beyond IKEA

**"Going beyond IKEA" means actions taken that don't directly count towards reducing our climate footprint and our net-zero goals. They include investments, advocacy and additional actions where impacts may only be apparent in the future. To secure their contribution to the transformation of the IKEA business, any actions taken under this umbrella must be connected to our value chain, such as our products, supplier base or sourcing area.**

Some of the key initiatives from FY24 include:

#### Biofuels in ocean transportation

Achieving zero-emission shipping requires collaboration across the supply chain to deploy and scale up solutions with speed. The **book-and-claim system**<sup>1</sup> is an important piece of the puzzle for accelerating this transition in the ocean shipping industry. This system allows cargo owners to support zero-emission shipping, even if the clean fuels are not available on the specific route or ship their goods travel on. By paying for zero-emission fuels to be used elsewhere in the shipping network, cargo owners help fund the transition to cleaner shipping worldwide and help accelerate the availability of clean fuel across the industry.

<sup>1</sup> A book-and-claim system is a method used to certify the transfer of ownership of attributes, like renewable energy or recycled materials, without the physical transfer of the actual product by tracking and recording transactions in a registry.

By separating the environmental benefit from the physical fuel, the system enables cargo owners to signal a demand for sustainable fuels, helping to de-risk investments and scale up their production. It also addresses initial logistical challenges, such as carriers struggling to match demand with routes that offer fuel bunkering. We view the book-and-claim system as a temporary solution, bridging the gap until zero-emission fuels become widely accessible for global shipping.

Whenever the book-and-claim system is used in our transportation, we exclude it from our net-zero goals scope because the ships carrying IKEA cargo do not physically use the underlying zero-emission or low-emission fuels.

In FY24, we avoided 49,164 tonnes of CO<sub>2</sub> in ocean shipping by using biofuels. Compared to the previous year, we scaled up the use of biofuels by 95%.

We continue to monitor the GHG Protocol's Actions and Market Instruments working group for further guidance on the accounting for these market-based mechanisms.

#### Enabling investments towards a resilient net-zero society

In FY24, Inter IKEA Group invested in New School Foods, a Canadian start-up with a mission to speed up the transition to a lower impact food system by creating plant-based fish and other meat alternatives that deliver on taste, texture and price.

In FY24, Inter IKEA Group also became a key investor in Nordic SeaFarm, one of Europe's leading producers of sustainably farmed seaweed. The intent is to learn more about marine materials and how they can influence material development and applications in the future. We are continuously looking for innovative and renewable raw materials for potential use within our operations. With Nordic SeaFarm, we're exploring opportunities for aquaculture materials in applications like fibres for wood and fabric, as well as protective films and coatings.

Through our investments and explorations, we hope to not only have a meaningful impact on our climate goals but also inspire a larger societal movement towards more sustainable food and materials.

#### Partnerships and advocacy supporting a fair and resilient net-zero society

In FY24, we continued to drive progress towards a just and resilient net-zero society. At key global forums like COP29 and COP16 we advocated for the phasing out of fossil fuels, scaling up renewables, safeguarding nature, and integrating climate, nature, social, and health priorities into more ambitious Nationally Determined Contributions (NDCs).<sup>2</sup>

We also supported industry movements like the We Mean Business Coalition's Mission 2025, and demonstrated our support for the swift implementation of the Global Biodiversity Framework (GBF) through relationships and partnerships with Business for Nature (BFN), WWF, the World Business Council for Sustainable Development (WBCSD), and the Forest Stewardship Council (FSC). By participating in events such as the International Union of Forest Research Organizations (IUFRO) World Congress and World Water Week, we showcased actions supporting climate and nature while inspiring collective action.

<sup>2</sup> Nationally determined contributions (NDCs) are commitments that countries make to reduce their GHG emissions as part of climate change mitigation. These commitments include the necessary policies and measures for achieving the global targets set out in the Paris Agreement.



IKEA climate footprint

| Performance vs. baseline FY16 (million tonnes CO <sub>2</sub> eq)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <div><div><div>FY16: 29.7<sup>1</sup></div><div>FY23: 22.4<sup>2</sup></div><div>FY24: 21.3 million tonnes CO<sub>2</sub> eq</div><div>FY30: 14.8 million tonnes CO<sub>2</sub> eq</div><div>Goal FY30<br/>Reduce by at least 50% in absolute terms compared to baseline FY16.</div></div><div><div>Baseline</div><div>-25% (vs FY16)</div><div>-28% (vs FY16)</div><div>-50% (vs FY16)</div></div></div> <p>In FY24, the total IKEA climate footprint decreased by 1.1 million tonnes of CO<sub>2</sub> eq in absolute terms compared to FY23 – a reduction of 5%. The reduction in FY24 was attributed to the continued increase in renewable energy, a focus on energy efficiency, movements towards electrification of transport and lower production volumes.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
| Climate footprint at each stage of the IKEA value chain (million tonnes CO <sub>2</sub> eq)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |
| <div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>12.1</div><div>10.0</div><div></div></div><div><div>Baseline</div><div>-9% (vs FY16)</div><div>-50% (Goal FY30 compared to FY16)</div></div></div><div>Materials</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>0.9</div><div>0.8</div><div></div></div><div><div>Baseline</div><div>-6% (vs FY16)</div><div>-50% (Goal FY30 compared to FY16)</div></div></div><div>Food ingredients</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>3.7</div><div>1.5</div><div></div></div><div><div>Baseline</div><div>-59% (vs FY16)</div><div>-80% (Goal FY30 compared to FY16)</div></div></div><div>Production</div></div><div><div><div><div><div>FY17</div><div>FY24</div><div>FY30</div></div><div><div>1.5</div><div>1.0</div><div></div></div><div><div>Baseline (FY17, due to incomplete FY16 data)</div><div>-26% (vs FY17)</div><div>-70% (FY30 in relative terms compared to FY17)</div></div></div><div>Product transport &amp; logistics services</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>0.64</div><div>0.42</div><div></div></div><div><div>Baseline</div><div>-35% (vs FY16)</div><div>-80% (Goal FY30 compared to FY16)</div></div></div><div>IKEA retail &amp; other operations</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>0.50</div><div>0.43</div><div></div></div><div><div>Baseline</div><div>-13% (vs FY16)</div><div>-50% (FY30 in relative terms compared to FY16)</div></div></div><div>Co-worker commuting &amp; business travel</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>0.2</div><div>0.3</div><div></div></div><div><div>Baseline</div><div>48% (vs FY16)</div><div>-30% (Goal FY30 compared to FY16)</div></div></div><div>Home deliveries<sup>3</sup></div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>8.0</div><div>3.7</div><div></div></div><div><div>Baseline</div><div>-54% (vs FY16)</div><div>-70% (Goal FY30 compared to FY16)</div></div></div><div>Product use at home</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>2.0</div><div>1.7</div><div></div></div><div><div>Baseline</div><div>-13% (vs FY16)</div><div>-30% (Goal FY30 compared to FY16)</div></div></div><div>Product end-of-life</div></div><div><div><div><div><div>FY16</div><div>FY24</div><div>FY30</div></div><div><div>0.31</div><div>0.28</div><div></div></div><div><div>Baseline</div><div>-10% (vs FY16)</div><div></div></div></div><div>Other<sup>3</sup></div></div></div></div></div></div></div></div></div></div></div></div> |  |

<sup>1</sup> Historical figures are revised only if data quality or calculation methodologies improve.

<sup>2</sup> In June 2024, during the SBTi Net Zero evaluation process, we adjusted our approach to align with the SBTi Net Zero methodology. As part of this, customer travel was excluded from our net zero inventory because SBTi does not consider it a mandatory emission category and classifies it as optional instead. Although these emissions are not shown in the graph above, customer travel increased by 1% in FY24 compared to FY23 but decreased by 18% compared to the baseline year, FY16.

<sup>3</sup> Includes the climate footprints of capital goods, materials connected to retail equipment and co-worker clothing, and waste generated in IKEA operations.

















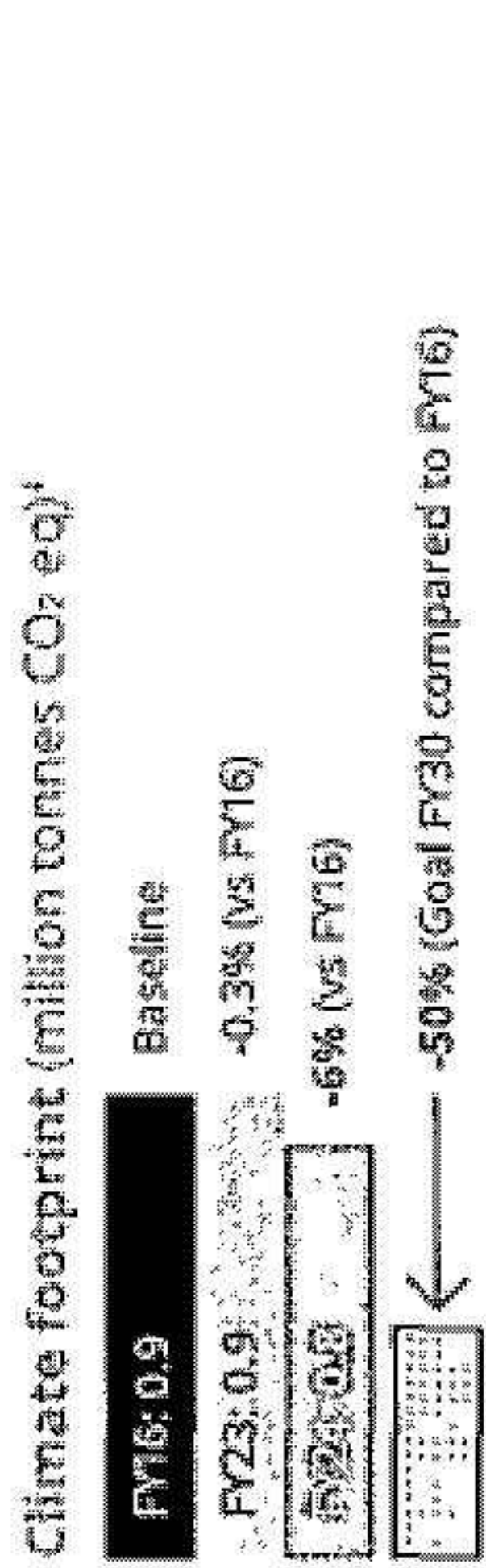






# Food ingredients

(4% of the total IKEA value chain climate footprint in FY24)



**Goal FY30 (updated)**

By FY30, reduce the absolute GHG emissions from food ingredients by at least 50% compared to baseline FY16.

**Sub-goal**

**Sub-goals 2025:** 50% of main meals offered in the restaurants will be plant-based.<sup>2</sup>

In FY24, the climate footprint from food ingredients decreased by 6% compared to FY23 and the baseline year, FY16. This is an improvement from FY23, when the footprint decreased marginally by 0.7% compared to FY22 and 0.3% compared to FY16.

The IKEA food sourcing business is undergoing a transformative change. We are gradually moving the local sourcing from our franchisees to centralised sourcing by Inter IKEA Group. This transformation will enable Inter IKEA Group to oversee the entire food business, including Swedish Food Markets and restaurants, achieving economies of scale and ensuring consistent, responsible sourcing practices to reduce the impact on climate and nature from food ingredients.

In FY24, we continued to work towards increasing the share of plant-rich food. 36.4% of the main meals offered in the restaurants at IKEA stores, operated by our largest franchisee, Ingka Group, were plant based, compared to around 30% in FY23.

We recognise the importance of shifting towards plant-rich diets as a vital step in addressing greenhouse gas (GHG) emissions. Our efforts have focused on minimizing the climate impact of our beef and pork-based food offerings, which account for over half of our total GHG emissions from food ingredients, while also increasing the availability of plant-rich food offerings.

<sup>1</sup> Scope: GHG Protocol, scope 3 emissions: Purchased goods and services – raw material extraction and processing of food ingredients up until the entry gate of tier 1 food suppliers.

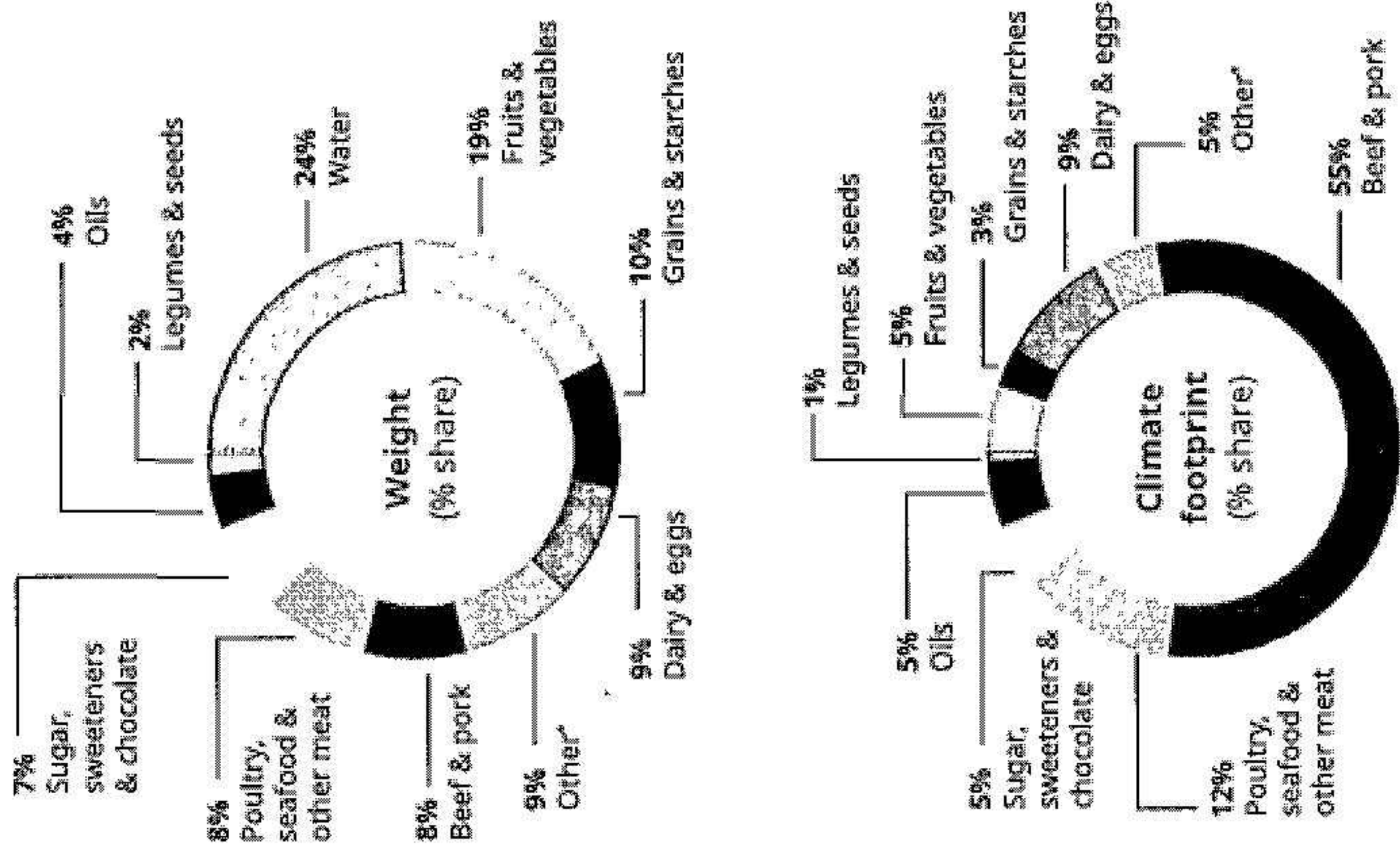
<sup>2</sup> In May 2024, the IKEA definition of "plant-based" was updated to better align with the ongoing work with the global industry standard definition. Following this update, we now define "plant-based" as foods derived from plants and fungi rather than animal sources. To sustain continuity and comparability in reporting, the sub-goal of "50% of main meals offered in the restaurants to be plant-based" from FY21, will be based on the previous definition of plant-based until the end of 2025 where meals can include up to 10% animal-produced ingredients, such as dairy, eggs, and honey.

We also recognise the impacts that arise from how food is grown, and we continue to work with partners in the supply chain to lessen those impacts. For information about food in our supply chain, see the [FY24 IKEA Sustainability Report](#).

Our aim is to offer a delicious and affordable food range that supports healthy and sustainable eating. For more details on the actions we will take to achieve our emissions reduction target for food ingredients, see the climate roadmap on [page 36](#).



<sup>3</sup> The IKEA business defines "plant-rich" as a meal/dish that is at least 75% plants, qualified as foods, whose ingredients are derived only from plants and the remaining 25% can contain any animal-derived ingredient.



\* Other. Includes beverages

Share of material weight (% tonnes) vs. climate footprint (% tonnes CO<sub>2</sub> eq).

<sup>4</sup> The numbers for food ingredients is currently based on estimations and manual calculations using the best available information, reliable proxies, and data.

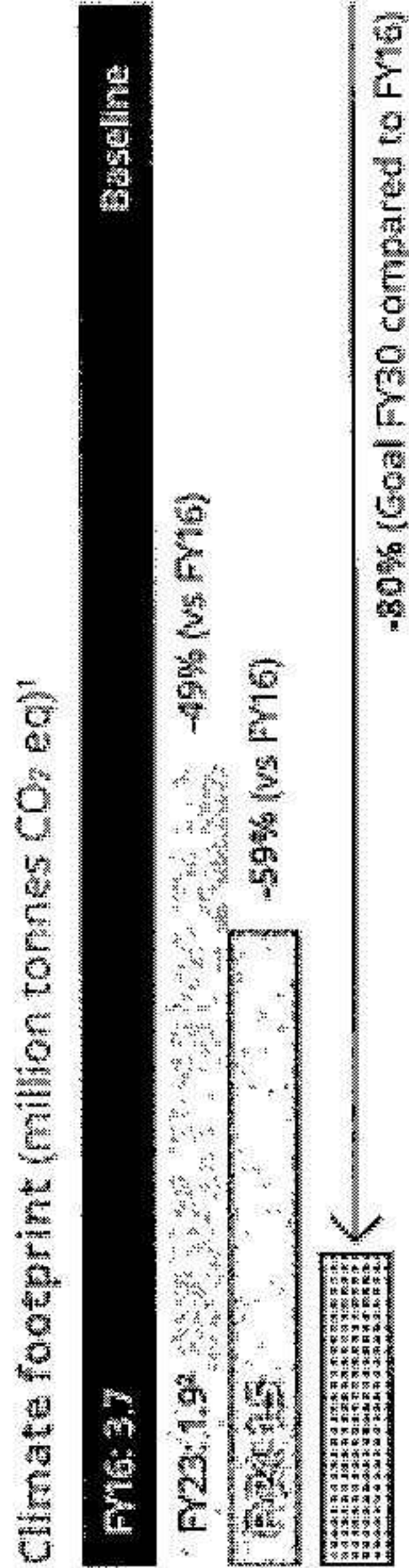






# Production

(7% of the total IKEA value chain climate footprint in FY24)

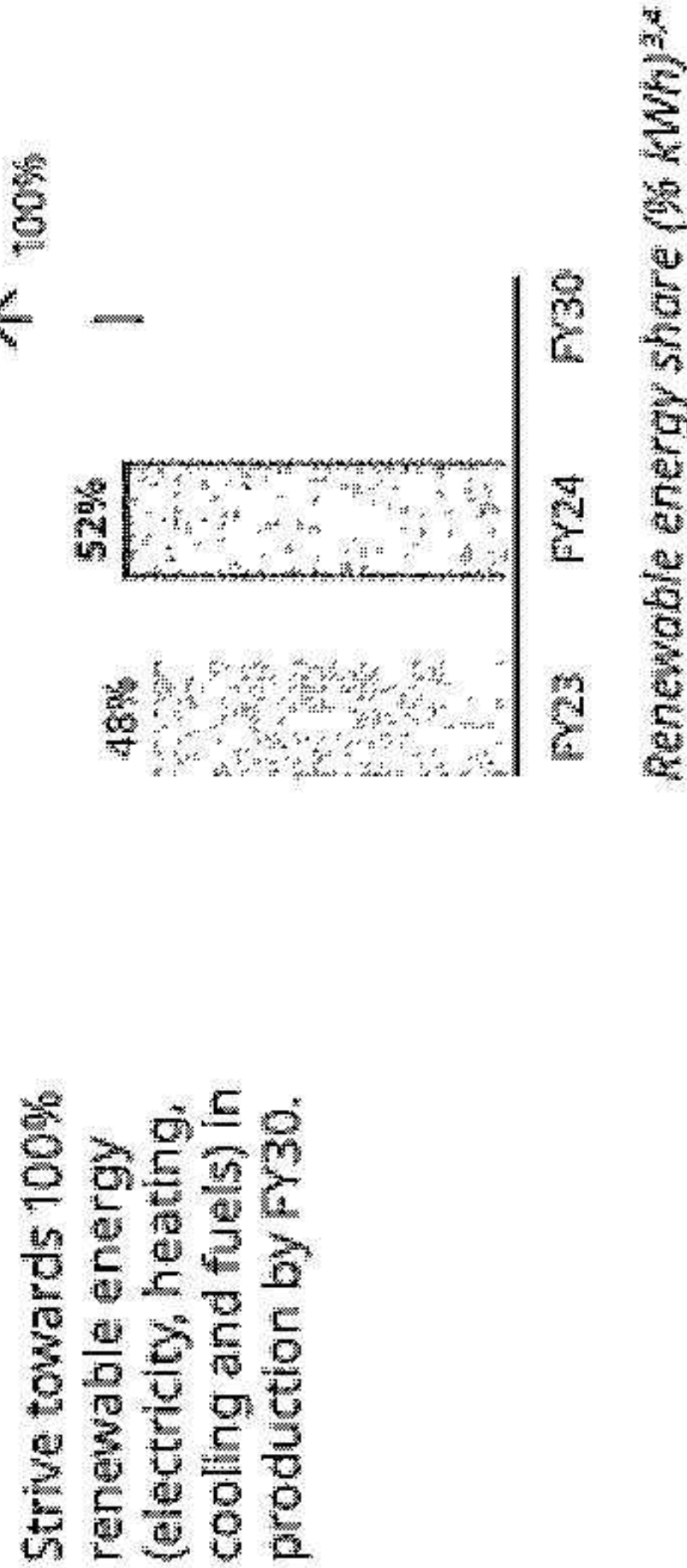


**Goal FY30**  
By FY30, reduce the absolute GHG emissions from production by 80% compared to baseline FY16.

**Sub-goals**

By FY25 at the latest, phase out all coal- and fossil oil-based fuels used on-site in production, significantly reducing the climate footprint and improving air quality.

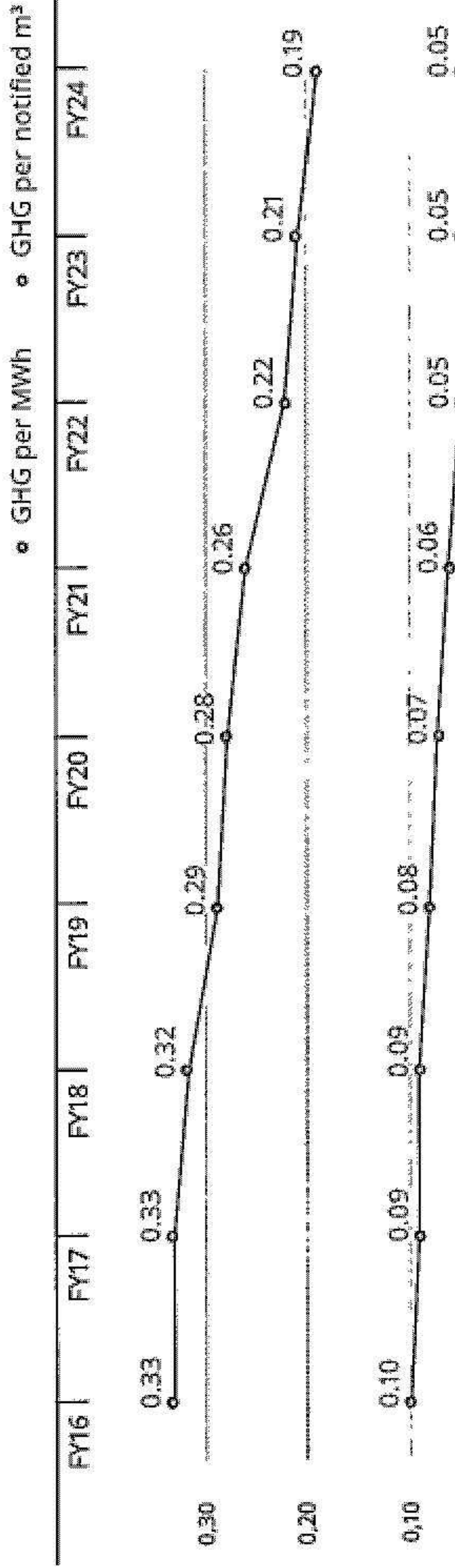
|                                                                               | FY23 | FY24 | FY25 <sup>5</sup> |
|-------------------------------------------------------------------------------|------|------|-------------------|
| Share of coal- and fossil oil-based fuels used on-site (% kWh) <sup>3,4</sup> | 8%   | 7%   | ↓                 |



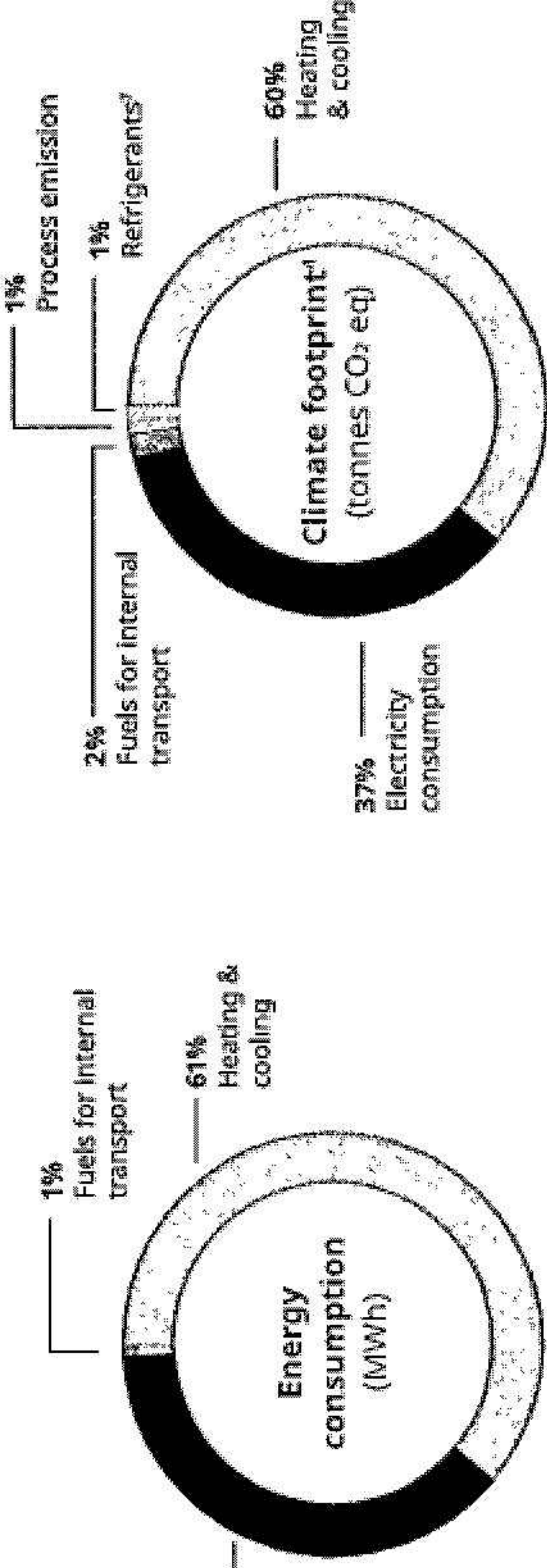
In FY24, the climate footprint from production decreased by 21% compared to FY23. Compared to the baseline FY16, we've seen a reduction of 59%.

In FY24, we saw progress compared to FY23 with increased use of renewable energy and electricity in production. However, a large portion of the reduced climate footprint is due to lower volumes and lower commodity prices in 2023 compared to 2022.<sup>5</sup> To isolate the volume fluctuations and more clearly see our improvements, we use an intensity perspective. From a carbon intensity<sup>6</sup> perspective in greenhouse gas (GHG) emissions per megawatt-hour (MWh), we saw a 9% improvement year on year (a 42% improvement since the FY16 baseline). In FY24, we also continued to see significant progress within IKEA Industry production sites towards our goal of reducing absolute GHG emissions by 80% by 2025 compared to FY16, achieving a 77% reduction in GHG emissions this year compared to the FY16 baseline.

For more details on the actions we will take to achieve our emissions reduction target for production, see the climate roadmap on [page 37](#).



Relative emissions overview for production



Production climate footprint vs. energy consumption.

<sup>1</sup> Scope: GHG Protocol, scope 3 emissions: Purchased goods and services – scope 1 & 2 emissions and connected scope 3: fuel- and energy-related activities (including transmission and distribution losses) of tier 1 home furnishing, food, components, and catalogue and print suppliers.  
<sup>2</sup> Based on improved data collection with our food business during FY24, we made calibrations to the FY23 production figures.  
<sup>3</sup> To secure consistency with data reported by our external suppliers, data covers the calendar year 2023.  
<sup>4</sup> Excludes food suppliers due to breakdown in emission categories not available for these suppliers. Food production accounts for 6% of the total production footprint.  
<sup>5</sup> For production part of the value chain, we depend on data on a CY basis. FY24 performance reflects CY2023 data, while FY23 performance relied on CY2022 data.  
<sup>6</sup> Carbon intensity (tonnes of CO<sub>2</sub> eq per kWh used) is a measure of how many tonnes of GHG are emitted for every kilowatt-hour of energy consumed.  
<sup>7</sup> Refrigerants and process emissions do not consume energy.

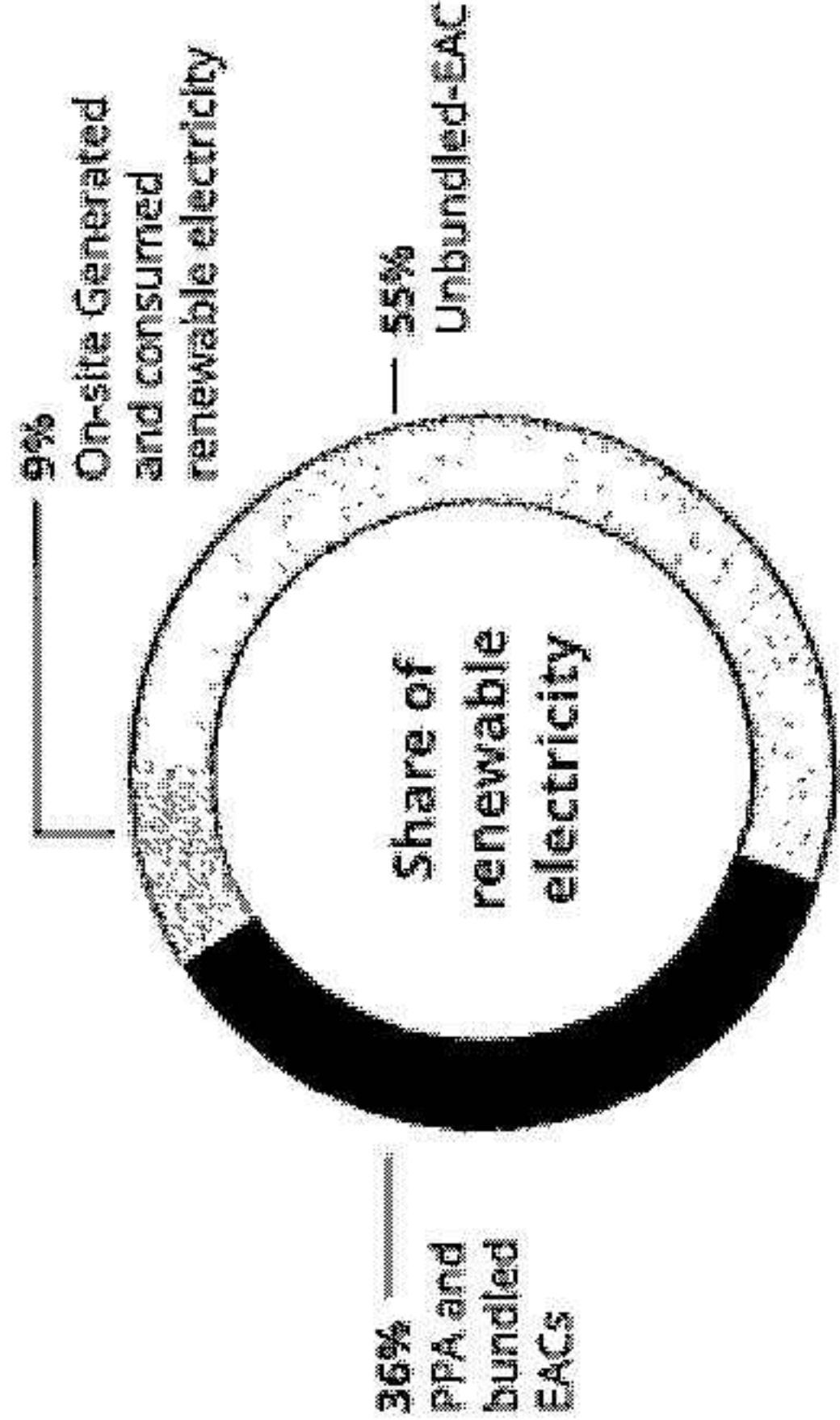


## Renewable energy

### Renewable electricity

During FY24, we saw positive movements in the adoption of renewable electricity in our value chain. The share of renewable electricity in production increased from 71% in FY23 to 75% in FY24.

The IKEA renewable electricity programme for suppliers – launched in 2021 in China, India and Poland – continued during FY24. Encouraged by the response of the initial three countries, the programme was rolled out to a second wave of ten additional markets in FY23 and FY24.



Share of total renewable electricity purchased or generated/ consumed onsite

The most significant development in the Wave 2 markets was seen in Vietnam, where the renewable electricity share increased by 40 percentage points in FY24 compared to FY23, for a total of 84%. Strong results were also achieved in China and India, reaching 92% and 69% renewable electricity share, respectively, in FY24.

Compared to FY23, an additional 93 factories and suppliers have achieved 100% renewable electricity consumption, moving the total to 491, which constitutes 44% of our direct suppliers.<sup>1</sup>

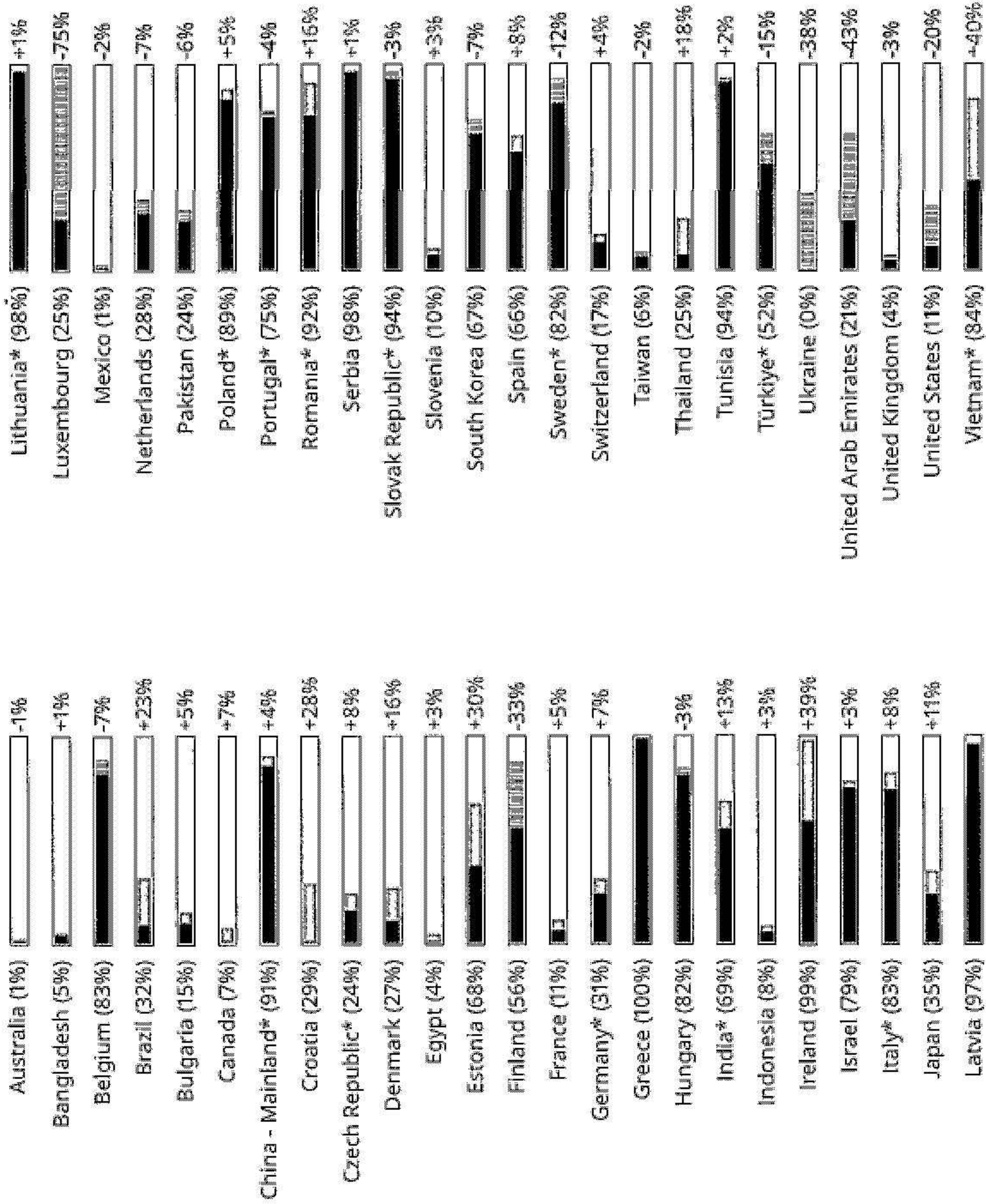
### On-site renewable electricity

In terms of our renewable electricity sourcing strategy, we continue to encourage our suppliers to generate as much renewable electricity on-site as possible. In FY24, the amount of on-site renewable electricity generated and consumed increased to 9% from 6% in FY23.

### Power Purchase Agreements (PPAs) and Energy Attribute Certificates (EACs)

For off-site renewable electricity needs, we encourage our suppliers to move towards wind and solar power purchase agreement (PPA) setups. For our smaller suppliers whose energy consumption needs do not fit the profile/requirements of a typical PPA setup, we are working towards facilitating aggregated PPAs. The biggest consumption of PPAs occurs in Poland at the IKEA Industry facilities. (Continues on next page)

● Share of renewable electricity FY24 (% points, kWh)<sup>2</sup> ○ Increase from FY23 (% points, kWh) ○ Decrease from FY23 (% points, kWh)



<sup>2</sup> The order of the countries is alphabetical and therefore does not represent the quantity of electricity consumed by suppliers in each of the countries.

<sup>1</sup> Includes home furnishing, components and media print suppliers but excludes food suppliers.

\* Part of renewable electricity programme

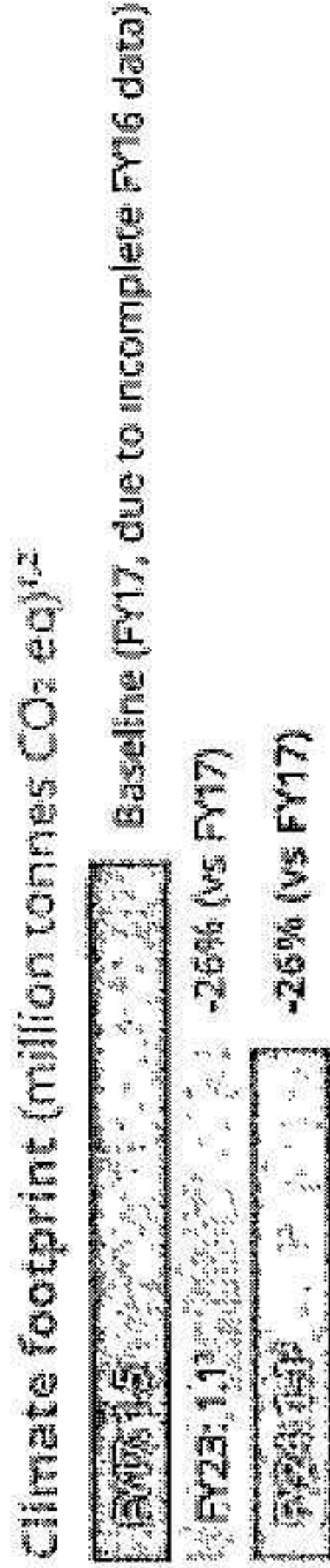






# Product transport & logistics services

(5% of the total IKEA value chain climate footprint in FY24)

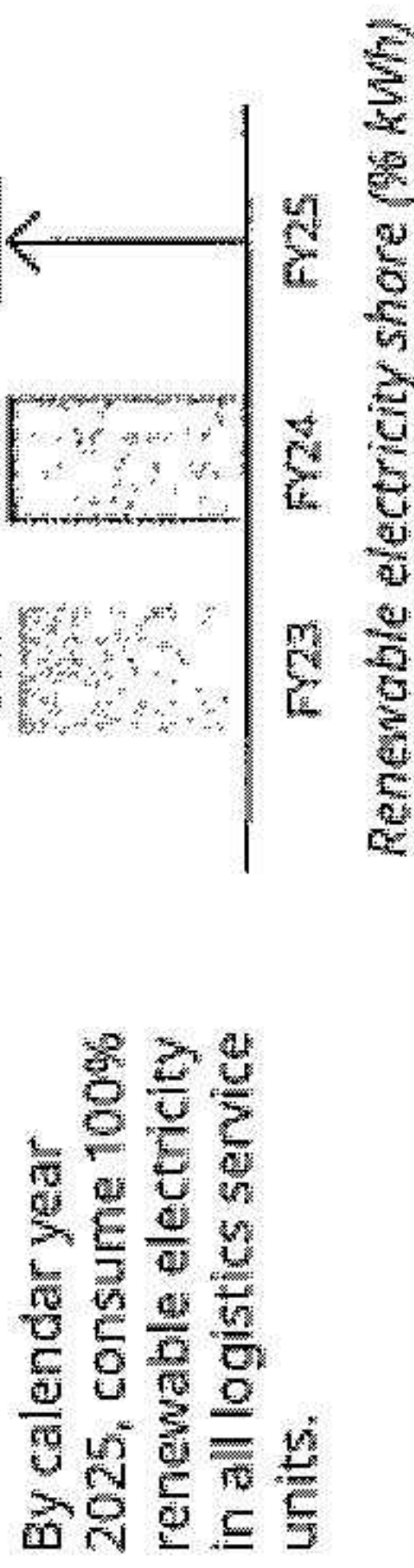
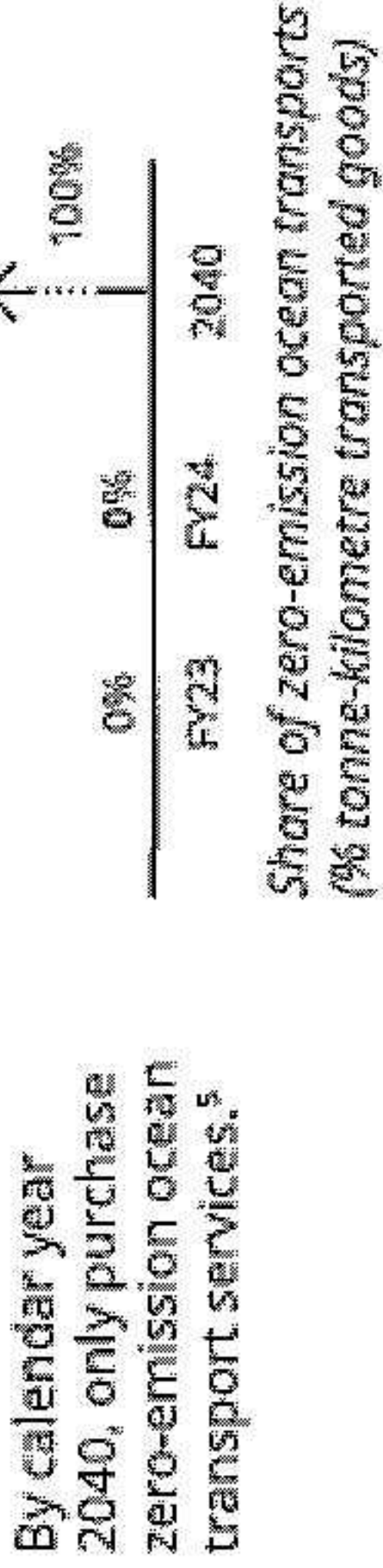
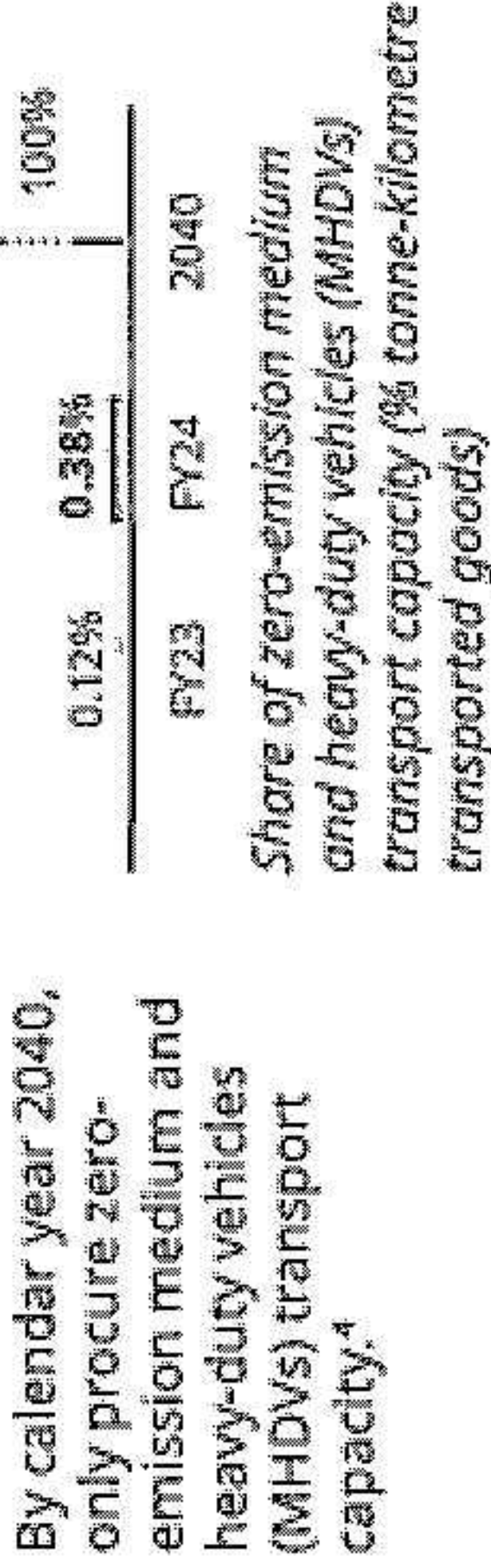


## Goal FY30

By FY30, reduce the relative GHG emissions from product transport by 70% compared to FY17 (in terms of kg CO<sub>2</sub> eq per tonne kilometre transported goods).

By FY30, reduce the absolute GHG emissions from logistics services by 80% compared to FY19.

## Sub-goals



**In FY24, the climate footprint from product transport and logistics services decreased by 0.4% compared to FY23 (even though transported volume increased by 9%) and 26% compared to the baseline FY17.**

The IKEA business is a large global shipper. In FY24, we made approximately 1.7 million shipments, generating one million tonnes CO<sub>2</sub> equivalent (CO<sub>2</sub> eq) of greenhouse gas (GHG) emissions.

In FY24, although transportation in tonnes-kilometres increased by 9% compared to FY23, our CO<sub>2</sub> emissions decreased in both absolute and relative terms. Absolute emissions decreased by 0.2%, and we see an even bigger increase in our efficiency and a reduction in relative emissions from product transport (CO<sub>2</sub> eq per tonne km transported) by 9% compared to FY23, and 29% compared to the baseline. The efficiency improvement stemmed from an increased supply chain efficiency (better equipment utilisation, deploying larger trucks,

optimising the network), as well as increased use of biofuels and electric locomotives. The average loading volume per shipment was increased during FY24, thereby avoiding 115,430 transport shipments. This led to both lower emissions and lower costs.

In FY24, we recalculated our emission baseline and previous years to be in accordance with the latest edition of the Global Logistic Emission Council (GLEC) framework, which was published in September 2023. The main change in the latest version is a significant increase in the regional emission factors for fossil fuels due to including the methane slip in the emission calculation. This restatement resulted in about an 8% increase in our absolute and relative CO<sub>2</sub> eq emissions – an adjustment we have made to our emission figures for transport between FY16 and FY24.

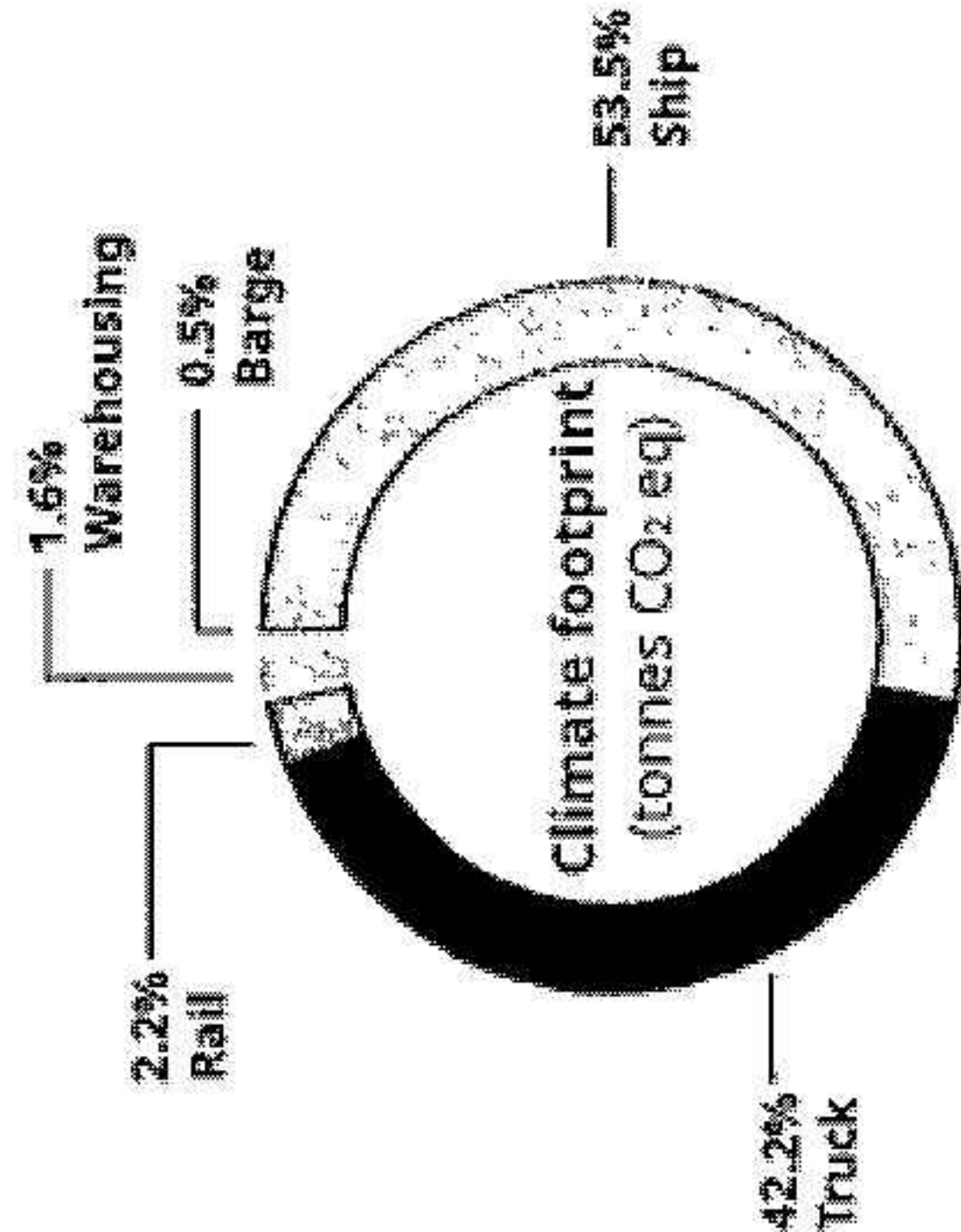
For product transport, the share of alternative fuels such as biofuel and electricity, increased from 9.2% in FY23 to 12% in FY24.<sup>6</sup> The share of land intermodal remained at 51% globally since FY23.

The aim is to only use zero-emission medium and heavy-duty vehicles (MHDVs) and only purchase

zero-emission ocean transport services by 2040. We took some small but important steps during FY24 by continuing the deployment of electric vehicle (EV) trucks. As this is a long-term agenda, bigger progress is anticipated in the coming years.

Efficiently decarbonising our transport and logistics supply chain requires an end-to-end perspective. We must consider the entire journey of home furnishing goods from suppliers to warehouses and stores via ocean, land, terminals and ports. By addressing this in a holistic way, sub-optimisation and limiting the focus to only specific parts of the journey are avoided.

For more details on the actions we will take to achieve our emissions reduction target for product transport & logistics services, see the climate roadmap on [page 38](#).



<sup>1</sup> Scope: GHG Protocol, scope 3 emissions: Upstream transportation and distribution and connected fuel- and energy-related activities of tier 1 product transport suppliers.

<sup>2</sup> The baseline for product transport is FY17 due to limitations in source data for FY16 to follow-up progress. For the sake of the baseline for the IKEA value chain, it has been estimated for FY16.

<sup>3</sup> The figures exclude the biofuels consumed using a book-and-claim approach, which is showcased in the Going Beyond IKEA section (page 8).

<sup>4</sup> As defined by The Climate Group.

<sup>5</sup> As defined by Cargo Owners for Zero Emission Vessels.

<sup>6</sup> We include parts of the biofuel use within our Net Zero inventory and partly within Going Beyond IKEA. Please see [page 8](#) for more details.



## Decarbonising the road section of the transport and logistics supply chain

**In FY24, the absolute climate footprint from road transports decreased by 10% and from rail by 3% compared to FY23.**

There was also a reduction in the relative emissions from overall land transport (which includes road, rail and barge transport) by 6% compared to FY23 and by 31% compared to the baseline FY17. Both absolute and relative reductions were due to improvements in supply chain efficiency (better equipment utilisation, deploying larger trucks, optimising the network) and increased use of biofuels.

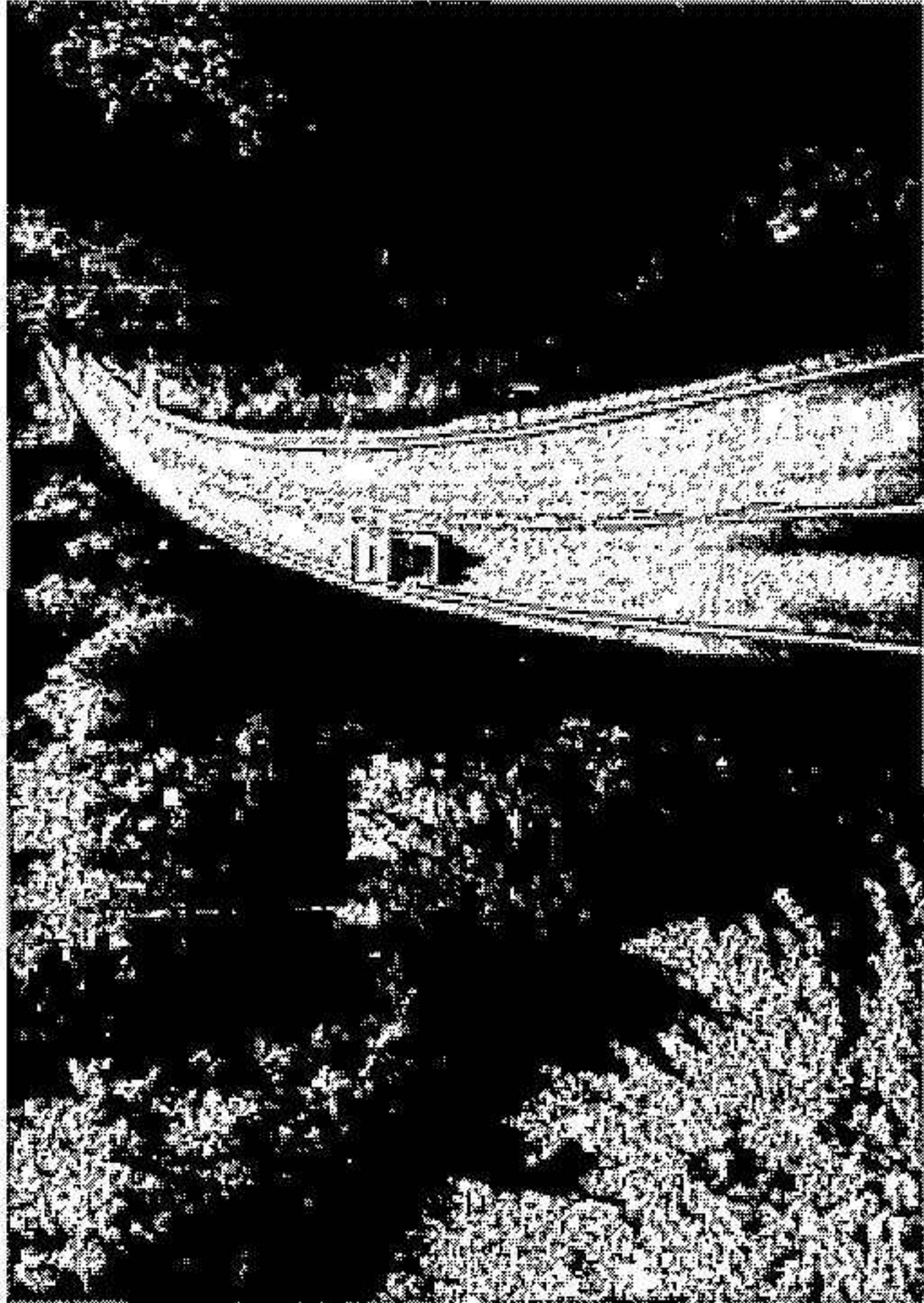
As part of decarbonising road transport, we're moving long-distance shipments to intermodal<sup>1</sup> solutions such as rail, barge and short sea, and we're electrifying the first and last legs of the journeys.

We are maintaining a high share of intermodal transportation. In FY24, 51% of our global land replenishment transportation (measured in transported tonnes per kilometre) of home furnishing goods to warehouses and stores was secured by intermodal transportation. We saw an even higher share of 56% for land replenishment transportation for Europe. Rail transport, on average, decreases GHG emissions by 50% compared to a diesel truck. In addition to addressing

the immediate climate challenges, rail also has the additional benefit of improving the work-life balance of drivers by enabling shorter driving distances and reducing both road congestion and air pollution.

For the shorter distances, we are continuously increasing the share of EV trucks. In FY24, we doubled the number of countries where EV trucks are in operation to a total of 10.

In FY24, biofuels used in road transportation – mainly hydrotreated vegetable Oil (HVO) and biogas – increased by 20% compared to FY23 (from 6.3% in FY23 to 7.6% in FY24). We consider biofuels as a short-term option since they are not a zero-emission solution and still contribute to air pollution. However, they are available to reduce GHG emissions. In FY24, we moved most of our domestic flows to biofuels in Germany, the Netherlands, Austria, and Italy.

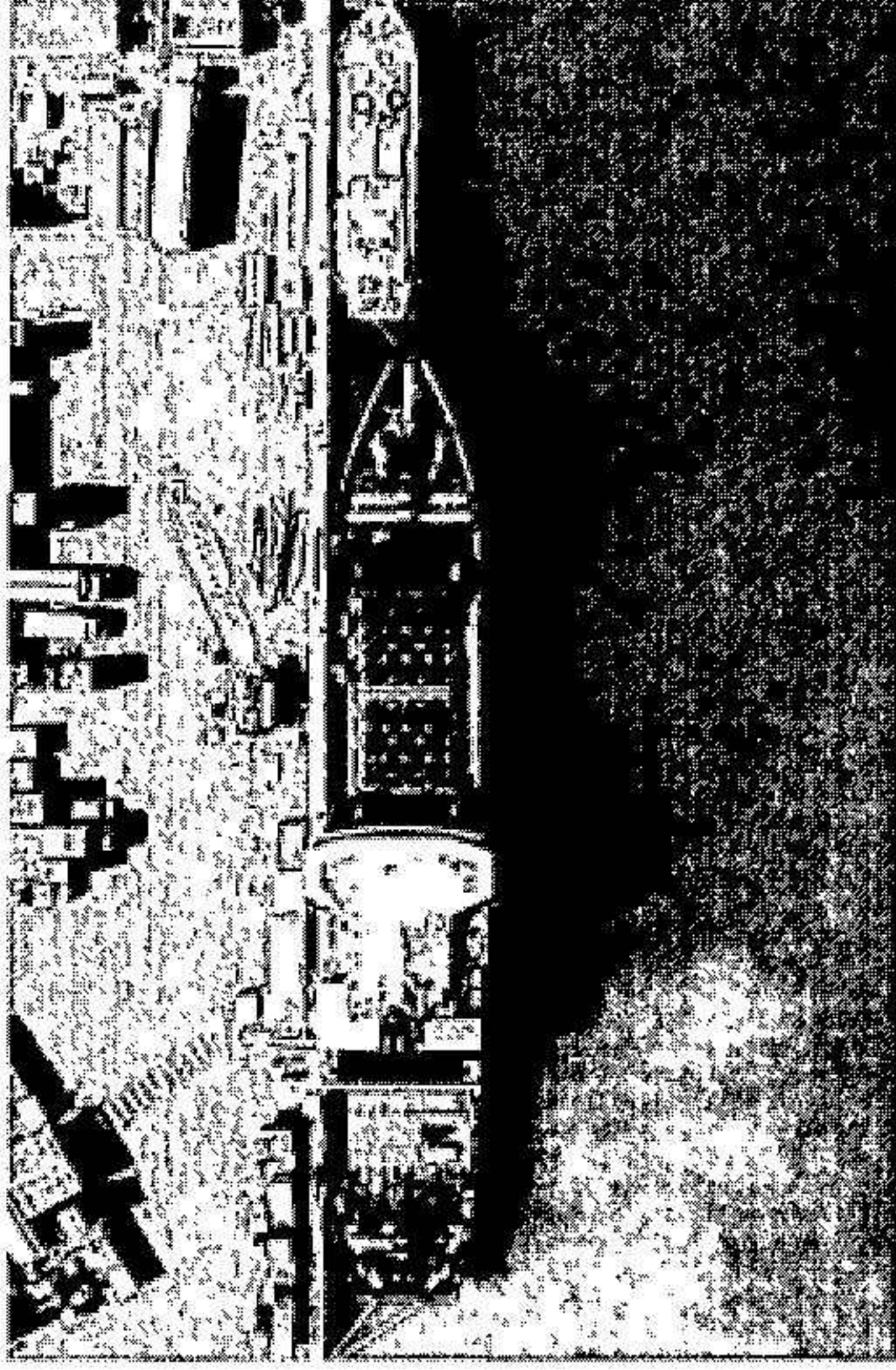


## Moving towards zero-emission ocean shipping

**In FY24, the absolute climate footprint from ocean transports increased by 8.8% compared to FY23, while relative emissions decreased by 3%.**

The increase in absolute emissions is due primarily to the crisis in the Red Sea. Since the end of 2023, container shipping lines have been forced to reroute from the Suez Canal to the Cape of Good Hope to avoid attacks in the Red Sea. The rerouting continues to impact the IKEA business, mainly on the Asia/Europe corridor, increasing our absolute CO<sub>2</sub> eq emissions in FY24 by 10%, due to the longer distances travelled. Still, relative emissions decreased by 3% due to improved supply chain efficiency. Compared to the baseline year FY17, ocean absolute emissions decreased by 14%, and relative emissions decreased by 20%, while our volume increased by 7.7%.

Even though we use biofuels in ocean shipping today (page 8), the long-term solution is zero-emission shipping, which is not yet available at scale. Initiatives such as the Zero Emission Maritime Buyer's Alliance (ZEMBA) are key to moving the industry faster towards zero-emission options.



**First milestone reached in the journey towards zero-emission ocean shipping**  
We were the first member of Zero Emission Maritime Buyers Alliance (ZEMBA), joining in March 2023. Today, there are more than 40 members, demonstrating an increased demand in the industry to decarbonise ocean shipping.

In April 2024, ZEMBA announced the winner of the first-ever Request for Proposal (RFP) for zero-emission ocean shipping. The winning proposal was an exclusively waste-based biomethane service that is estimated to provide an emissions reduction over 90% on a lifecycle basis, starting from 2025. Being a part of this first-ever tender signals to the industry the demand for zero emission ocean shipping, which aligns with our aim for driving the decarbonisation transformation of ocean shipping.

<sup>1</sup> Intermodal transportation is a method of moving goods using multiple modes of transport – such as rail, road, and sea – without directly handling the cargo when switching between these modes. This system relies on standardised containers or units, making transfers seamless and efficient.











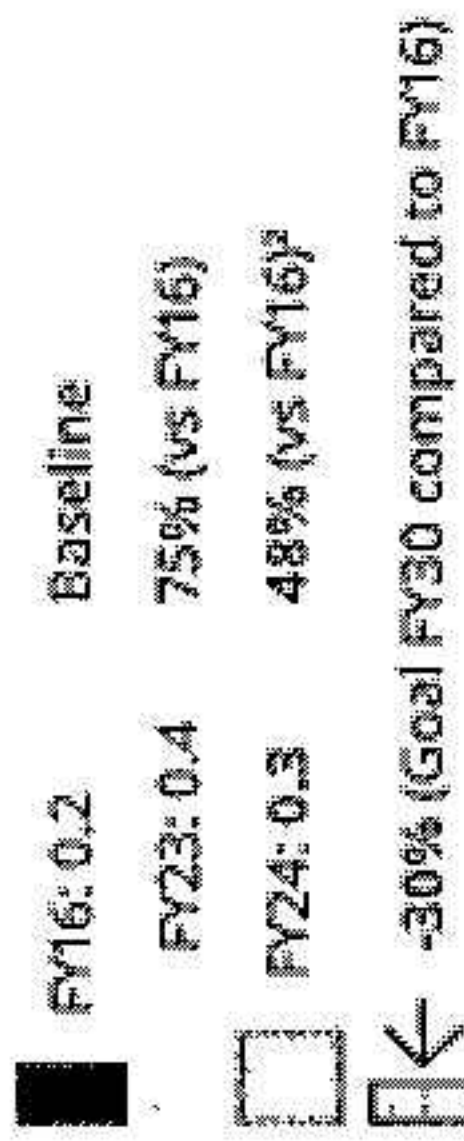




# Home deliveries

(1% of the total IKEA value chain climate footprint in FY24)

Climate footprint (million tonnes CO<sub>2</sub> eq)<sup>1</sup>



## Goal FY30

By FY30, reduce the absolute GHG emissions by 30% compared to baseline FY16.<sup>2</sup>

### In FY24, the climate footprint from home deliveries decreased by 16% compared to FY23.

We saw good progress in the share of zero-emission vehicles for home deliveries, increasing to 41% in FY24 from 25% in FY23.

As of FY24, the GHG emissions from home deliveries are 48% above the FY16 baseline. This is due to a significant increase in online purchases from customers over the past decade, resulting in disproportionately more home deliveries and emissions since the baseline year. We estimate that the total distance covered for home deliveries transportation has increased by 70% since FY16.

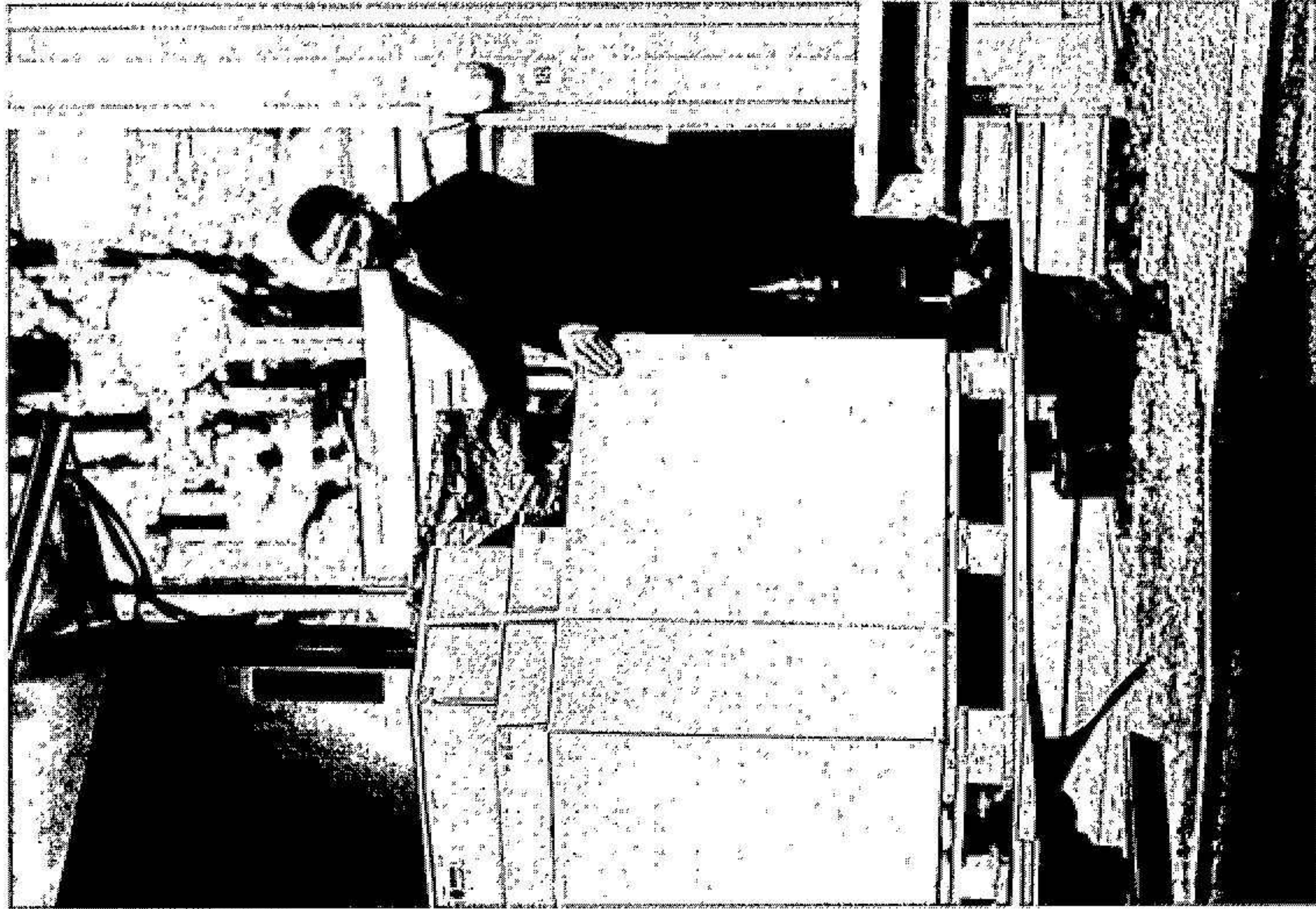
We have seen positive movement towards decoupling emissions from transported distance in relative terms, however we need to continue working towards securing EVs powered by renewable electricity and other zero emission solutions.

### New sub-goal for transport for customer deliveries and services

Previously, our sub-goal was to aim for 100% of transport for customer deliveries and services to use electric vehicles (EVs) or other zero-emission solutions. This sub goal was for Inter IKEA Group and the IKEA retail business of Ingka Group.

We have been facing various challenges, including the availability of suitable zero-emission vehicles (ZEVs), a limited range of freight EVs, and a suitable charging infrastructure in many of the markets where we operate. While we continue to engage in policy advocacy in local markets and will maintain our overall emission reduction target, we are recalibrating our sub-goals. Ingka Group has now set a new sub-goal to achieve more than 90% of home deliveries made by zero-emissions vehicles by 2028. In view of the new ownership changes in the retail operations owned by Inter IKEA Group, we will calibrate the sub-goals during the course of 2025.

For more details on the actions we will take to achieve our emissions reduction target for home deliveries, see the climate roadmap on page 41.



<sup>1</sup> Scope: GHG Protocol, scope 3 emissions: Downstream transportation and distribution of Inter IKEA Group operations and IKEA retail part of our franchisees' business.  
<sup>2</sup> Scope: Inter IKEA Group and the IKEA retail business of Ingka Group.















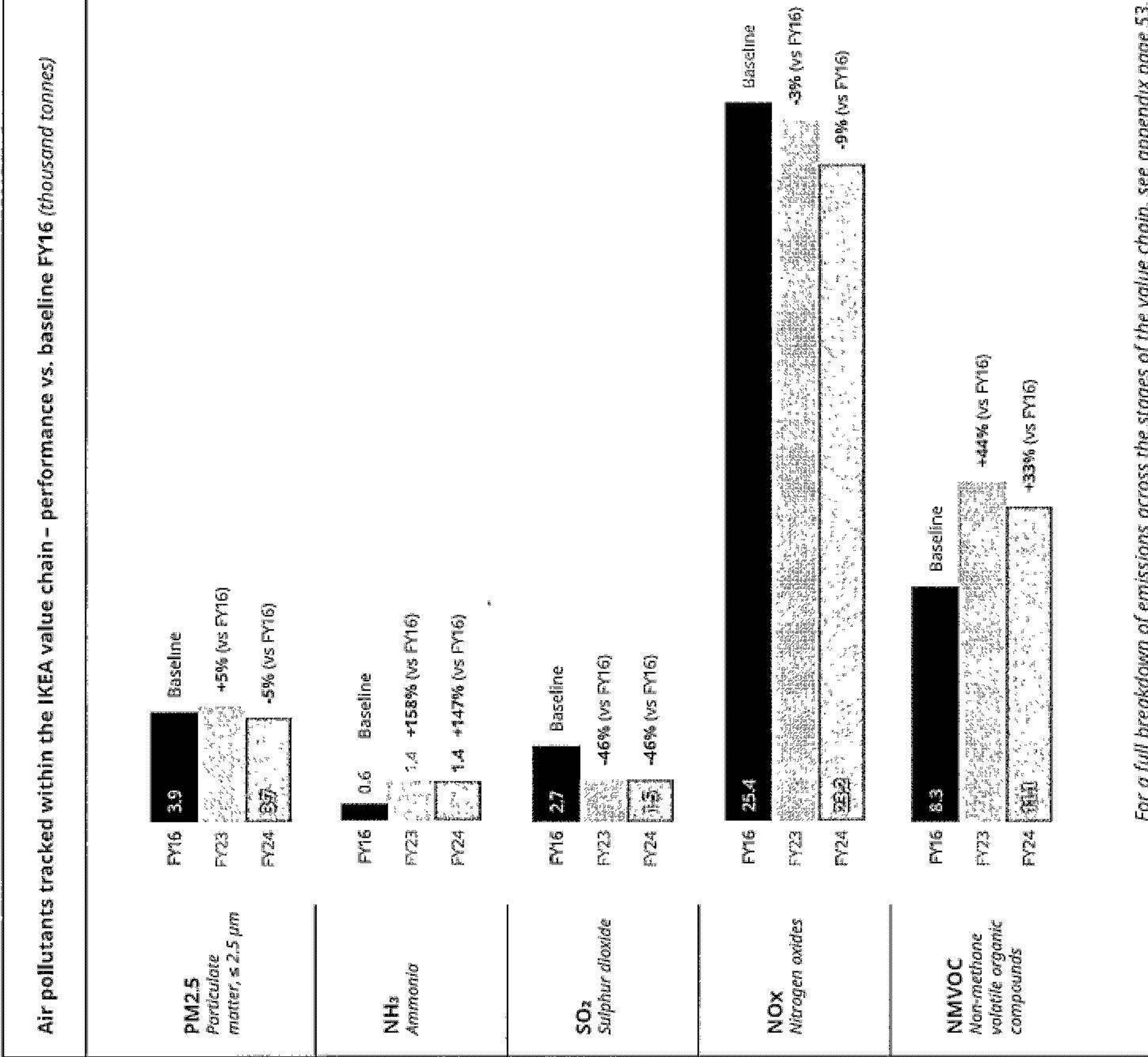
# The IKEA air pollution footprint

Clean air is essential for a healthy and more sustainable life. We are committed to actively reducing air pollutants from our operations and in customers' homes.

Air pollution is one of the most significant public health challenges globally, affecting millions of people every year. Actions to reduce air pollution and address climate change are closely linked, with increases in both often coming from the same sources, such as burning fossil fuels. By working in an integrated way, we can mitigate climate change while also contributing to cleaner air.

We recognise the importance of being transparent about the impact on air pollution caused by our business and are committed to actively reducing air pollutants across our whole value chain. We also want to raise awareness about the importance of disclosing and addressing air pollution in hopes that other businesses and organisations do the same and take measures to address this very important topic.

In FY24, we continued to build on our air pollution agenda. Driven by the continuing movement towards renewable electricity in production, logistics services and retail, we saw a decrease in all air pollutants. Because of a delay in digitalisation efforts, we are still unable to share the air pollutants from materials and food ingredients, which together accounted for 56% of our emissions in FY24. We hope to publish the inventory, including those two parts of the value chain in FY25.



- Progress in reducing air pollution in FY24
- During FY24, particulate matter the size of 2.5 µm or less (PM2.5) decreased by 10% compared to FY23, mainly due to our increased consumption of renewable electricity across production, retail and other operations.
  - Levels of nitrogen oxide (NOx) decreased by 6% compared to FY23 (and a reduction of 9% since FY16). The increase in renewable electricity across our value chain, the increased efficiency of our lighting range coupled with grid improvements in various markets around the world and the move to zero-emission vehicles (ZEVs) played a significant role in reducing this air pollutant.
  - Non-methane volatile organic compounds (NMVOC) decreased by 8% compared to FY23, mainly because of improvements in the production part of the value chain, which saw a 10% decrease in NMVOC compared to the past year. Most of the improvement is attributable to lower production volumes during the reporting period.



### Air pollution mitigation scenario (FY24 to FY30)

As part of our commitment to the Alliance for Clean Air, hosted by the World Economic Forum and Clean Air Fund, where IKEA is a founding member, we have been working on developing mitigation scenarios for air pollutants in the IKEA value chain. Through these scenarios, we have been able to quantify the impact of our FY30 climate roadmaps on air pollutant emissions within production, product transport & logistics services, IKEA retail and other operations, product use at home and product end of life.

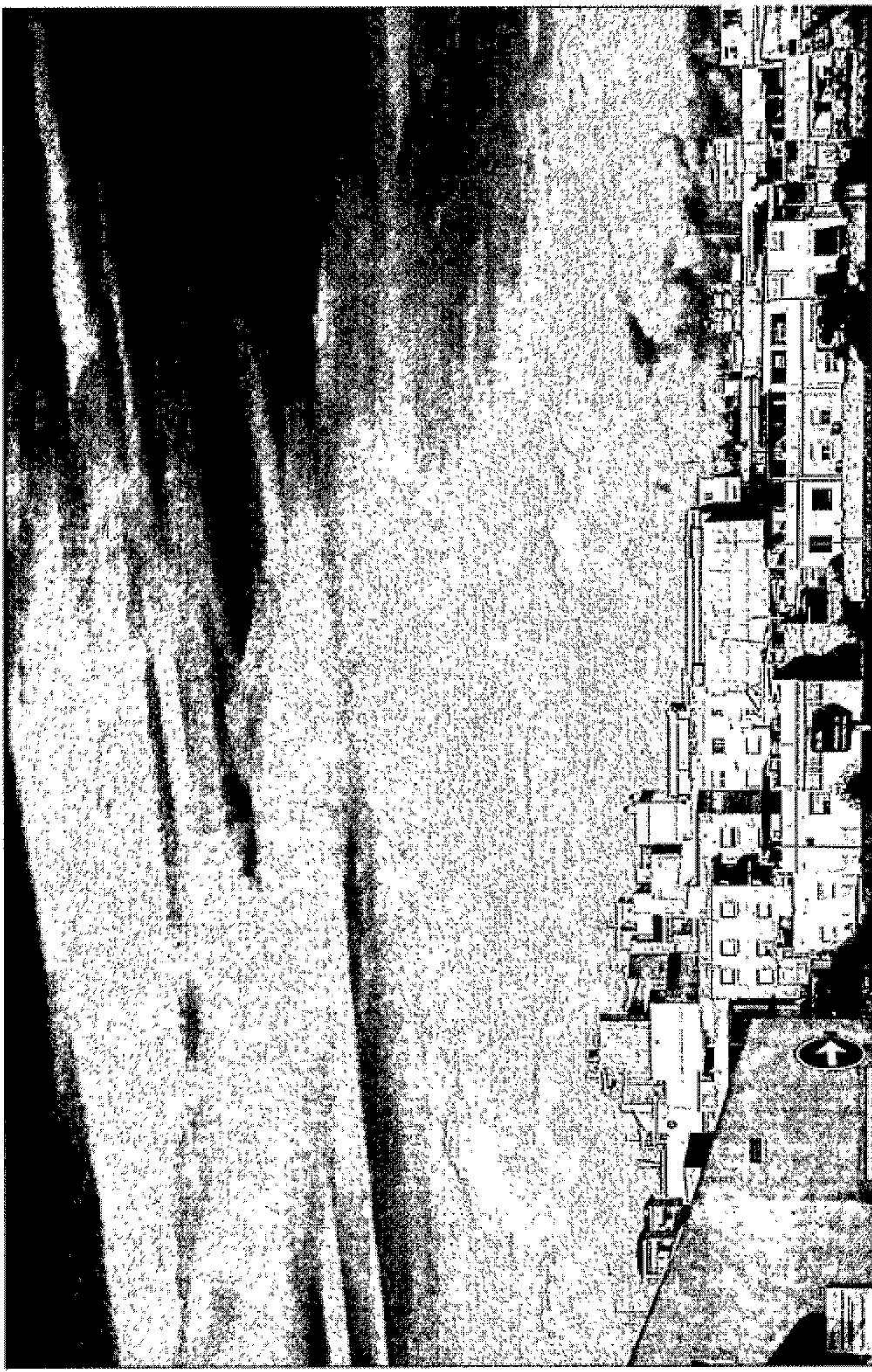
While there are still improvements and further work that needs to be completed within the inventory, we can clearly already see the positive impact our existing mitigation measures will have on reducing air pollutant emissions.

From our mitigation analysis, we estimate the following impact on air pollutant emissions by FY30:

- Overall, across the parts of the value chain considered, we expect to mitigate more than 50% of emissions by FY30 for all pollutants, specifically: 51% reduction for black carbon, 58% reduction for PM2.5, 59% reduction for PM10, 57% reduction for NMVOC, 69% reduction for sulphur dioxide (SOx), and 68% reduction for NOx.
- The main reductions are seen within stationary fuel combustion and transport.

Some of the main movements that will contribute to reducing the air pollutants as a part of this mitigation scenario analysis include:

- Consuming 100% renewable electricity in IKEA retail markets operated by Inter IKEA Group and Ingka Group, and our top 13 supplier markets by FY25.
- Phasing out coal- and fossil oil-based fuels used in the production of IKEA products, where feasible, by FY25.
- Investing in new, cleaner technology to generate electricity and heat on-site from wood waste with very limited emission of air pollutants, such as the technology by MEVA Energy.
- Energy and fuel efficiency measures adopted across the considered parts of the value chain.





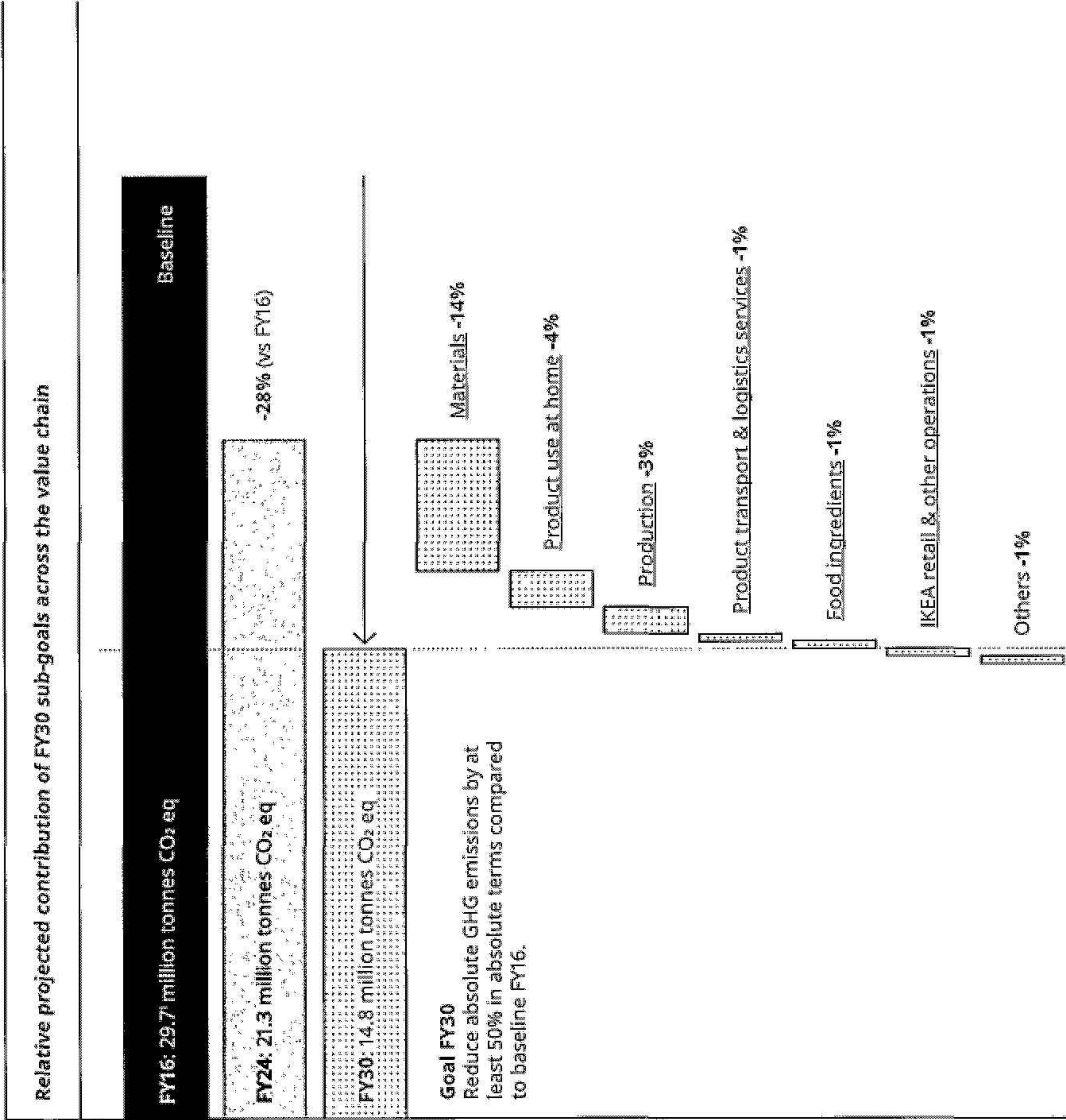
# The IKEA climate roadmap



The IKEA climate road map is a first step toward aligning with the CSRD requirements for a climate transition plan. We will publish a CSRD-compliant climate transition plan when the reporting requirements take effect.



# Our plan to reach our FY30 climate goals



This graph shows the relative contribution of the goal set for each part of the IKEA value chain to achieving our FY30 goal to halve absolute emissions across the value chain, based on the remaining emissions as of FY24. For example, reducing emissions in materials by 50% will contribute to 14% of the total emissions reduction by FY30. This graph is a projection based on currently available plans and data.

We know our 1.5°C aligned climate goals are just the starting point. Achieving them requires transformational changes across the IKEA value chain.

When we developed our net-zero goals, we conducted a comprehensive business consequence analysis to first identify the actions needed across the IKEA value chain to achieve our FY30 target of halving absolute emissions by 50%. This analysis was used to secure approval for our net-zero goals from the IKEA Strategic Sustainability Council.

This exercise resulted in a clear climate roadmap to FY30, detailing specific actions for each part of the value chain and integrating them into actionable business plans.

Within our climate roadmap for FY30, we've detailed our key actions and challenges, as well as the broader industry and societal movements that will help us achieve our commitments. We will continuously evaluate evolving advancements in technology, material science, adoption of renewables and other broader movements in society to refine our pathways to achieve net-zero emissions across our entire value chain by FY50. This is an ongoing process, and we remain committed to adapting and calibrating our roadmaps as we progress.



In FY24, materials made up almost half of our total greenhouse gas (GHG) emissions footprint (52%), followed by product use at home (17%) and production (7%). These three areas of our footprint combine to add up to almost 76% of total GHG emissions for the IKEA Business.



# Key drivers

**We are committed to halving emissions across our entire value chain by FY30 (compared to baseline year FY16) and reaching net zero by FY50 without the use of carbon offsets.<sup>1</sup>**

Our agenda to drastically reduce emissions across the IKEA value chain is underpinned by four key drivers:

**Increasing the use of materials and food ingredients with a lower climate footprint**

Our ambition is to:

- Aim to use only renewable or recycled materials in our products.
- Introduce more plant-based and plant-rich food into the IKEA food range and reduce red meat.
- Continue to source materials and food from suppliers who use responsible management practices, such as wood certified by the Forest Stewardship Council (FSC).
- Choose materials with the lowest possible climate footprint, while considering impacts on people and nature.

**Striving towards electrification, 100% renewable energy and continually improving energy efficiency**

We will address the major root cause of climate change by phasing out fossil fuels and striving towards 100% renewable energy (electricity, heating, cooling and fuels) across the IKEA value chain. To enable the switch, we will favour the electrification of heating processes and transport. We will continually improve energy efficiency in our business and supply chain and enable our customers to do the same through our products and services.

**Transitioning towards a circular business**

We aim to become a circular business and design products from the very beginning to be reused, refurbished, remanufactured and recycled, prolonging their life and generating as little waste as possible. This includes providing services to enable the circular flows of products and materials in society. This will reduce the need to extract and process materials – the biggest part of our footprint.

**Promoting sustainable choices**

By increasing our efforts to inspire and enable a move towards healthy and sustainable lifestyles, we can play our part in making sustainable choices desirable, affordable and accessible for as many people as possible. It will also help drive down emissions. We can showcase that sustainability does not necessarily come at a premium but can be affordable as well. Some examples are moving towards more plant-based and plant-rich food, more energy and water-efficient products and offering opportunities for customers to participate in the circular economy through repairing and reusing products, reducing waste.



<sup>1</sup> Using carbon offsets refers to the practice of compensating for emissions by funding projects that reduce or remove greenhouse gases elsewhere rather than directly addressing the root cause of those emissions.



Our climate roadmap for FY30

Materials

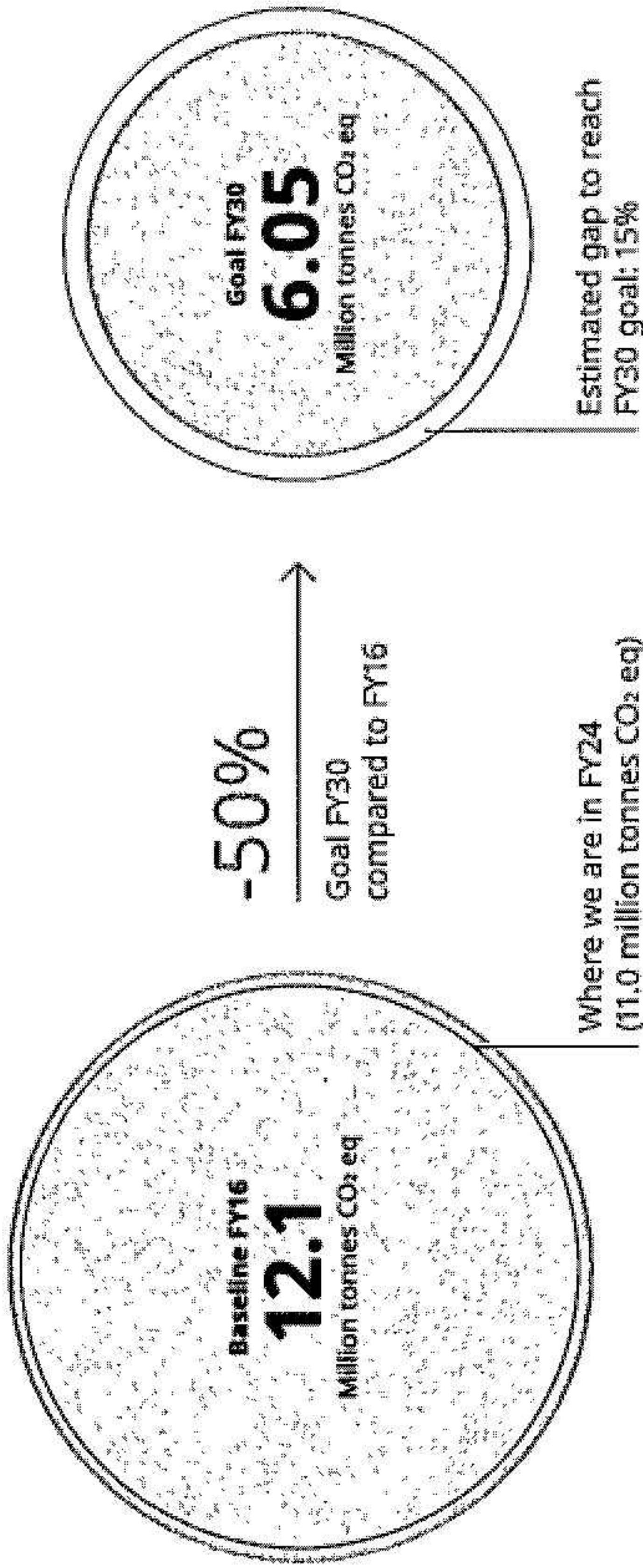


Materials made up 52% of the total IKEA value chain climate footprint in FY24.

By FY30, our goal is to reduce absolute GHG emissions from materials by at least 50% compared to the FY16 baseline, a reduction from 12.1 million tonnes CO<sub>2</sub> equivalent (CO<sub>2</sub> eq) to 6.05 million tonnes CO<sub>2</sub> eq. In FY24, we reached 11.0 million tonnes CO<sub>2</sub> eq. Our initial business consequence analysis projected an estimated reduction of -35% by FY30, which suggests a gap of 15%. This figure is an early estimate, and the actual gap will become clearer as we gather more data.

We are also constantly evaluating and updating our action plans to reflect new opportunities realised in the process of new product and materials development and innovation generated within the IKEA business and as a result of broader industry movements.

We are working through the complexities of measuring our material footprint. In FY25, we will have more precise data that will more accurately reflect our progress as well as the gap we need to close by FY30. See our progress for FY24 on [page 10](#).



The climate footprint of materials includes the cradle-to-gate<sup>1</sup> footprint from raw material extraction and all processing steps and transport up until the gate of our tier 1 suppliers where the IKEA products are manufactured, which are covered under "production". Read more about our methodology on [page 50](#).

<sup>1</sup> Cradle-to-gate is an assessment of a partial product life cycle from resource extraction to factory.

Key actions to reduce emissions *(See the next page for more details)*

- Significantly increasing the share of recycled content in IKEA products as part of our aim to use only recycled and renewable materials.
- Building on our long-term focus on material efficiency, enabling more from less and reducing the amount of materials we use.

- Developing and selecting materials with a lower climate footprint during the design phase whenever possible.
- Securing a higher share of renewable energy in the material supply chain.
- Strengthening and expanding responsible forest and agriculture management practices.

Challenges we are working to address

- **Need for increased traceability of primary and secondary raw materials:** To enable more accurate measurement of progress and understand emissions reduction opportunities at every stage of production, we need to work even closer with suppliers to secure better and more consistent data. This will also ensure responsible sourcing and support the traceability of materials.
- **Availability and scalability of lower-emission materials and technologies:** Reducing emissions for materials depends on us being able to access and scale up lower carbon materials consistently across our supply chain. Additionally, there is a challenge that innovative new materials often come with high initial costs connected to research and development and limited supply.
- **Adoption of renewable energy in supply chains:** Building on our long-term relationships with suppliers, we're working to support them in setting climate goals and transitioning to renewable energy. Continuing to strengthen collaboration opportunities with suppliers in the material supply chain remains key to achieving our overall climate goals.

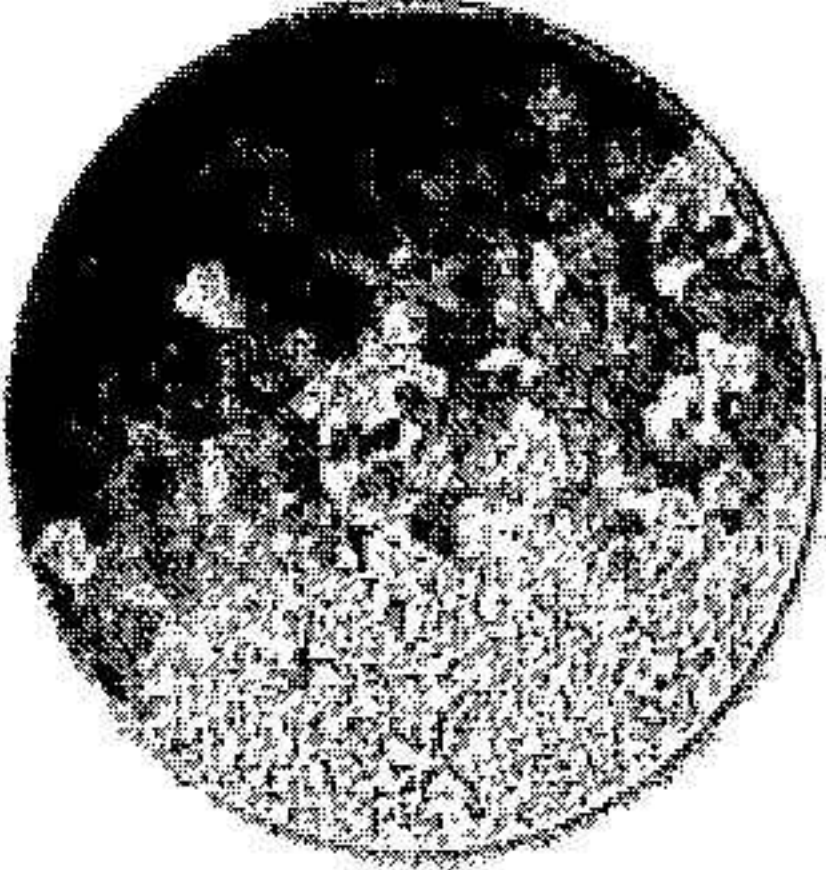
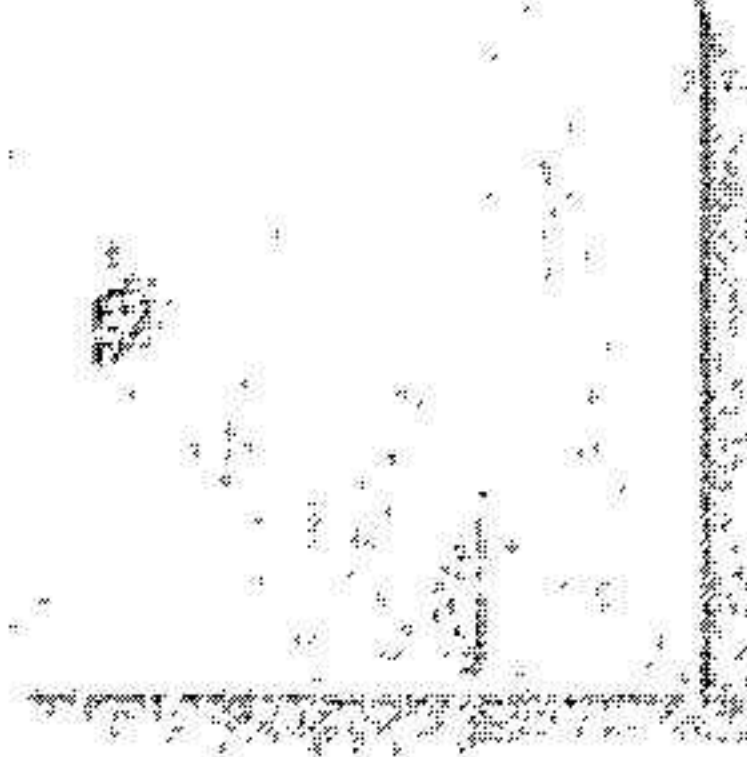
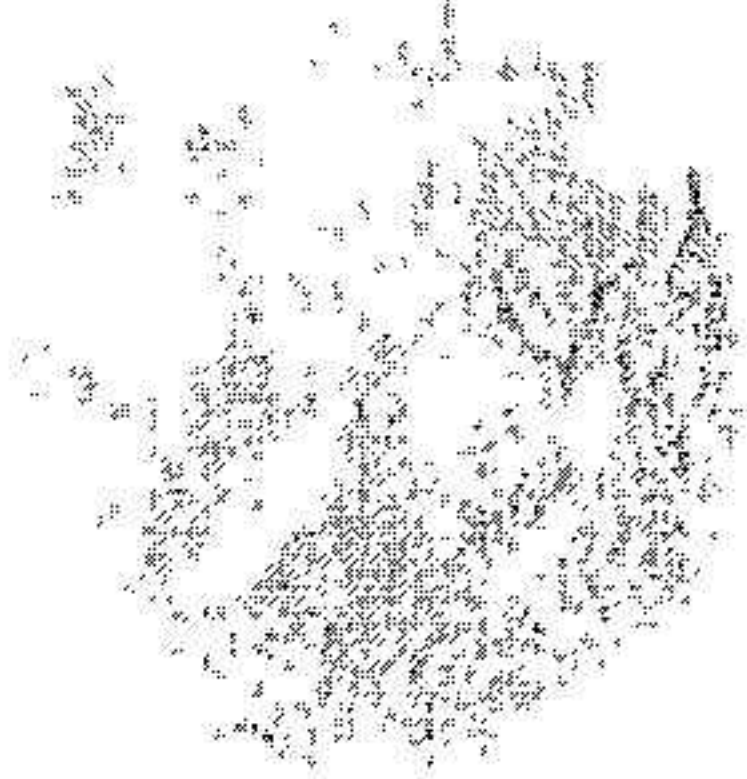
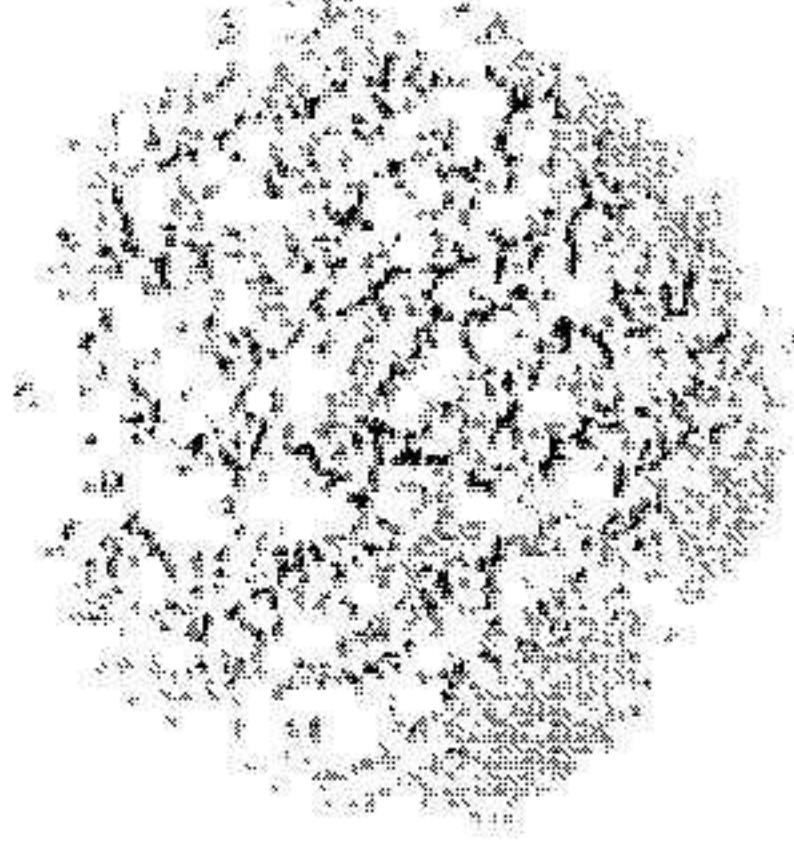
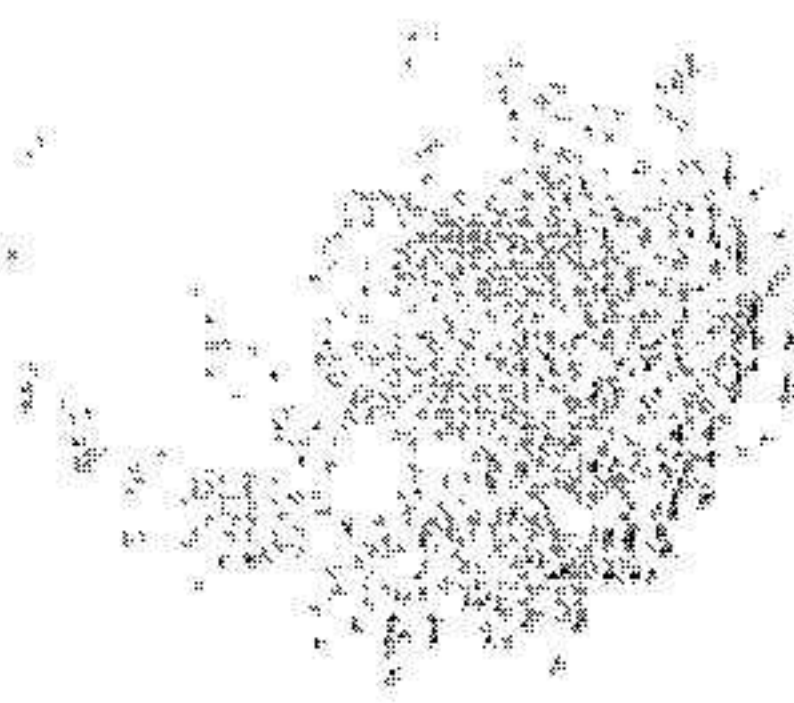
Opportunities for collaboration to accelerate progress

- **Advocating for the implementation of harmonised external carbon pricing:** The IKEA business recognises external carbon pricing mechanisms aligned with the science of 1.5°C as an important tool to be used by governments and the EU to achieve the necessary absolute reduction of emissions. Carbon pricing policies, where mechanisms are applied across all sectors, in as many countries as possible and internationally harmonised, will help to encourage faster movement towards materials with a low carbon footprint.
- **Partnering to call for increased renewable energy and eliminate fossil fuels:** We're partnering with others to encourage governments to adopt a global, harmonised commitment with regulatory and policy alignment, investments in renewable energy and cross-border collaboration to phase out fossil fuels. This will enable us – and our material suppliers – to speed up the adoption of renewable energy.
- **Supporting policies to accelerate circularity:** We support calls to action encouraging governments to implement international standards and a harmonised approach to circularity across borders, reframing waste as a resource and supporting further development of the recycling infrastructure. These movements would help reduce or remove barriers to help accelerate the adoption of recycled materials and/or keep products and materials in use for longer.
- **Cross-industry collaboration to scale material innovation:** Since many new materials and technologies are at the research stage or in need of scaling up, we see an opportunity to collaborate with other businesses and suppliers to drive material innovations and solutions that can be deployed faster. Collaborations and coalitions are needed here to create opportunities and share the cost of innovation.



## Key actions to reduce GHG emissions by material

The five materials used today within the IKEA business, that make up the largest share of GHG emissions for a combined footprint of 91% (page 10) include wood, metals, textiles and comfort materials, plastics and paper. Focusing on these materials will result in the most impactful reductions.

| Metals                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Wood                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Textiles & Comfort                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Paper                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Plastics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>While metals are recyclable and essential for the IKEA range in fittings and cookware, they have the largest relative climate footprint of our materials.</p> <p><b>Key actions to reduce emissions</b></p> <ul style="list-style-type: none"><li>Increasing recycled content in steel and aluminium.</li><li>Using metals in a smarter way to increase material efficiency, such as opting for high-strength steel which enables us to use less material while achieving the same properties.</li><li>Using the right material for the right application such as using carbon steel instead of stainless steel in use cases where there is no exposure to wet conditions or food contact.</li><li>Exploring new steel production techniques to achieve lower emission steel.</li></ul>  | <p>Wood is the most widely used material in the IKEA range and is part of our identity and Swedish heritage. It includes particleboard, fibreboard, solid wood, layer glued and veneer.</p> <p><b>Key actions to reduce emissions</b></p> <ul style="list-style-type: none"><li>Moving from fossil-based glues to bond wood components or fibres (currently representing approximately 5% of the total IKEA climate footprint) to glues with lower climate footprints, such as bio-based glues.</li><li>Continuing to increase renewable energy in board production.</li><li>Focusing on resource efficiency with high-yield coatings, coverings, adhesives, and processes, reducing emissions by minimising waste and lowering energy consumption.</li></ul>  | <p>Textiles and comfort materials include textiles from across the home, like bed textiles, curtains, rugs and towels, as well as comfort materials with a plastic origin, such as foam in sofas and mattresses.</p> <p><b>Key actions to reduce emissions</b></p> <ul style="list-style-type: none"><li>Reducing the use of polyurethane foam.</li><li>Reaching the full potential of recycled fibres (aiming for a minimum of 30% of the cotton used across the IKEA range be recycled cotton by FY30 and aiming for zero virgin fossil-based polyester by FY25 where technically possible).</li><li>Increasing the use of alternative natural and synthetic fibres like jute, flax, hemp, lyocell, and viscose, which have a lower climate footprint compared to virgin cotton.</li></ul>  | <p>Paper is used in many ways across the IKEA offer – not just in packaging material and price tags but also in products such as paper foil, lampshades and home organisation products, to name a few.</p> <p><b>Key actions to reduce emissions</b></p> <ul style="list-style-type: none"><li>Optimising mix of renewable and recycled feedstock.</li><li>Consolidating volumes with paper mills with lower CO<sub>2</sub> footprint.</li><li>Investing in R&amp;D with strategic partners for innovation.</li></ul>  | <p>Plastics are found throughout the IKEA offer – from furniture and electronics to fittings and packaging material.</p> <p><b>Key actions to reduce emissions</b></p> <ul style="list-style-type: none"><li>Maximising the usage of recycled materials – increasing the share of recycled post-consumer feedstock.</li><li>Using renewable based materials to close the gaps where recycled materials may not be appropriate (for example, where materials come into close contact with food or high-risk children's products like cribs).</li><li>Aiming to have no virgin fossil-based plastic in our products by FY30.</li><li>Transitioning from plastic to paper in packaging and products.</li></ul>  |

See our progress for FY24 on [page 12](#).

See our progress for FY24 on [page 11](#).

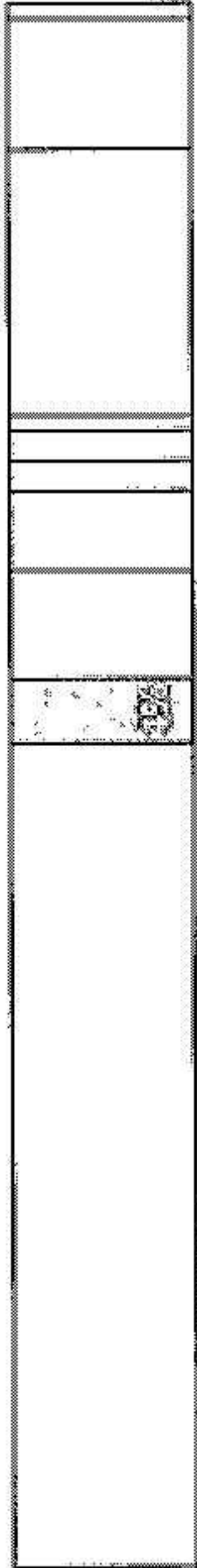
See our progress for FY24 on [page 13](#).

See our progress for FY24 on [page 14](#).



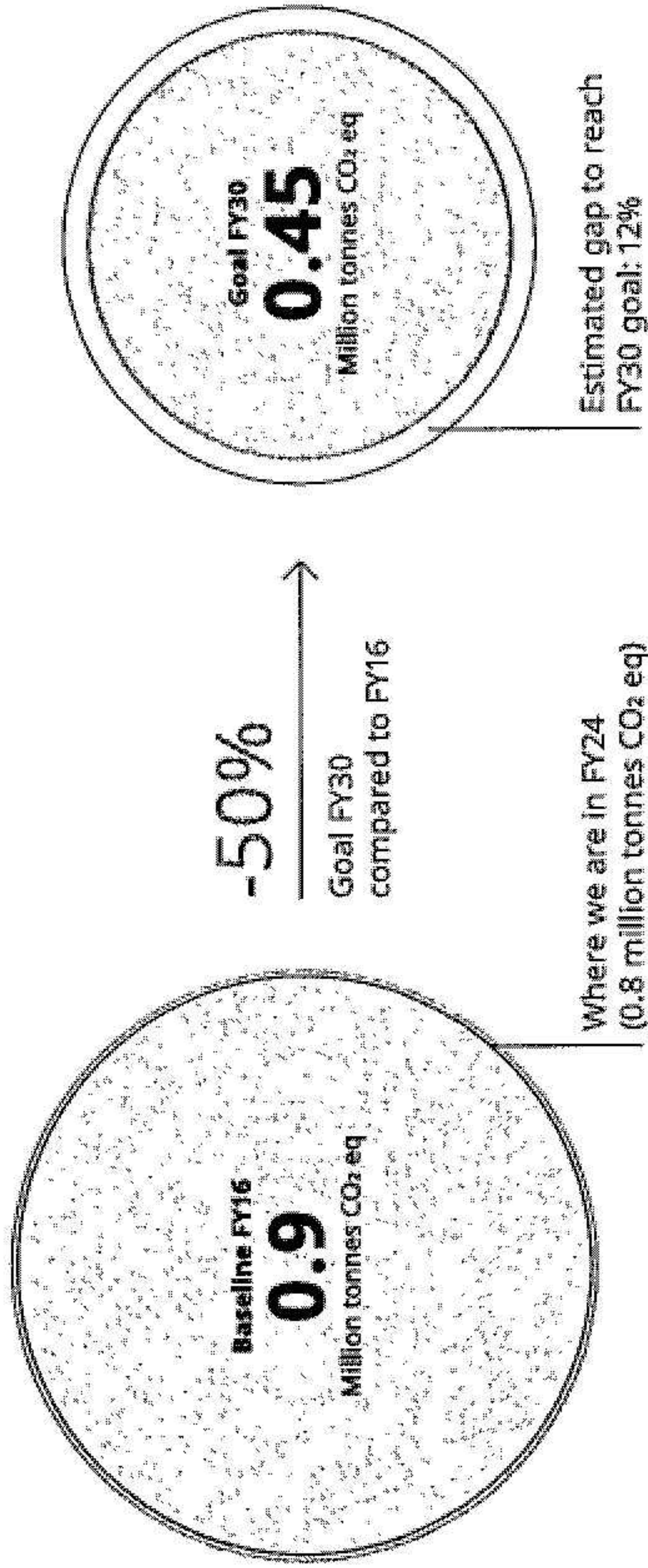
Our climate roadmap for FY30

Food ingredients



Food ingredients made up 4% of the total IKEA value chain climate footprint in FY24.

By FY30, our goal is to reduce absolute GHG emissions from food ingredients by 50% compared to the FY16 baseline, a reduction from 0.9 million tonnes of CO<sub>2</sub> eq. to 0.45 million tonnes of CO<sub>2</sub> eq. In FY24, we have reached 0.8 million tonnes of CO<sub>2</sub> eq. Our initial business consequence analysis projected an estimated reduction of -38% by FY30, which suggests a gap of 12%. This figure is an early estimate, and the actual gap will become clearer as we gather more data. We are also constantly evaluating and updating our action plans to reflect new opportunities identified as we develop and leverage innovation for new production processes and food ingredients generated within the IKEA business and as a result of broader industry movements. See our progress for FY24 on [page 15](#).



The climate footprint for food ingredients is calculated in a similar cradle-to-gate<sup>1</sup> way as materials – from raw materials extraction and all processing steps and transport to the factory manufacturing the food products. Read more about our methodology on [page 50](#).

<sup>1</sup> Cradle-to-gate is an assessment of a partial product life cycle from resource extraction to factory.

Key actions to reduce emissions

- Increasing the share of ingredients with a lower emissions footprint (e.g., reducing red meat and increasing plant-based and plant-rich offerings).
- Continuing work to secure deforestation-free sourcing of food ingredients starting with soy, palm oil, beef, cocoa and sugarcane by FY25.<sup>2</sup>
- Inspiring and enabling consumers to choose foods with a lower emissions footprint, including working in partnership with our franchisees, focusing on affordability to encourage more customers to choose plant-rich alternatives.
- Initiating the transition from conventional farming towards more responsible agriculture practices, such as regenerative agriculture, contributing to enhanced soil health for increased carbon sequestration and biodiversity.
- Reducing food waste across the IKEA value chain.

Challenges we are working to address

- Need for increased traceability of food ingredients to the source:** To enable more accurate measurement of progress, ensure responsible sourcing and understand emissions reduction opportunities at every stage of production, we need to work even closer with suppliers to secure better and more consistent data. This includes improving traceability of food ingredients, as well as addressing food waste and food loss at the sourcing level.
- Ability to scale more responsible agriculture practices:** The transition to more responsible agriculture practices, such as regenerative agriculture, is a challenge that will take time to scale. We are working to understand how to partner with suppliers to support this transition and protect farmer livelihoods.
- Customer dietary shifts:** We are working to increase customer awareness of the environmental and health impacts of their food choices while making lower-carbon options more accessible and affordable. However, changing ingrained eating habits and preferences, which often favour high-emission foods like meat and dairy, is a longer-term challenge. We aim to address this through continued awareness building and offering delicious, lower-carbon alternatives.

Opportunities for collaboration to accelerate progress

- Continued collaboration and partnerships on innovation:** We are exploring opportunities to engage with industry stakeholders and innovative start-ups to develop scalable solutions for alternative proteins, further develop regenerative farming practices, and innovative food products.
- Policies supporting access to finance for regenerative agriculture:** Collaborating with partners to advocate for governments to implement holistic agricultural policies that incentivise innovation, education, and research while also reducing subsidies for harmful industrial farming practices. These movements will accelerate industry-wide adoption and transition to regenerative agriculture, which will support farmers from whom we source food ingredients to adopt these practices.

<sup>2</sup> IKEA is committed to no deforestation and no forest degradation across our primary deforestation-linked commodities (soy, palm oil, beef, leather, coffee, cocoa, rubber, and sugarcane), with a target date of December 31, 2025. All wood used in IKEA products is sourced from responsibly managed forests which do not contribute to deforestation. Commodities and products in scope of the European Union Deforestation-free Regulation (EUDR) will have to meet the corresponding timelines.

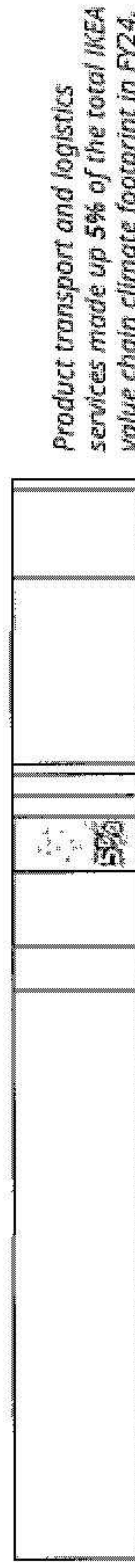




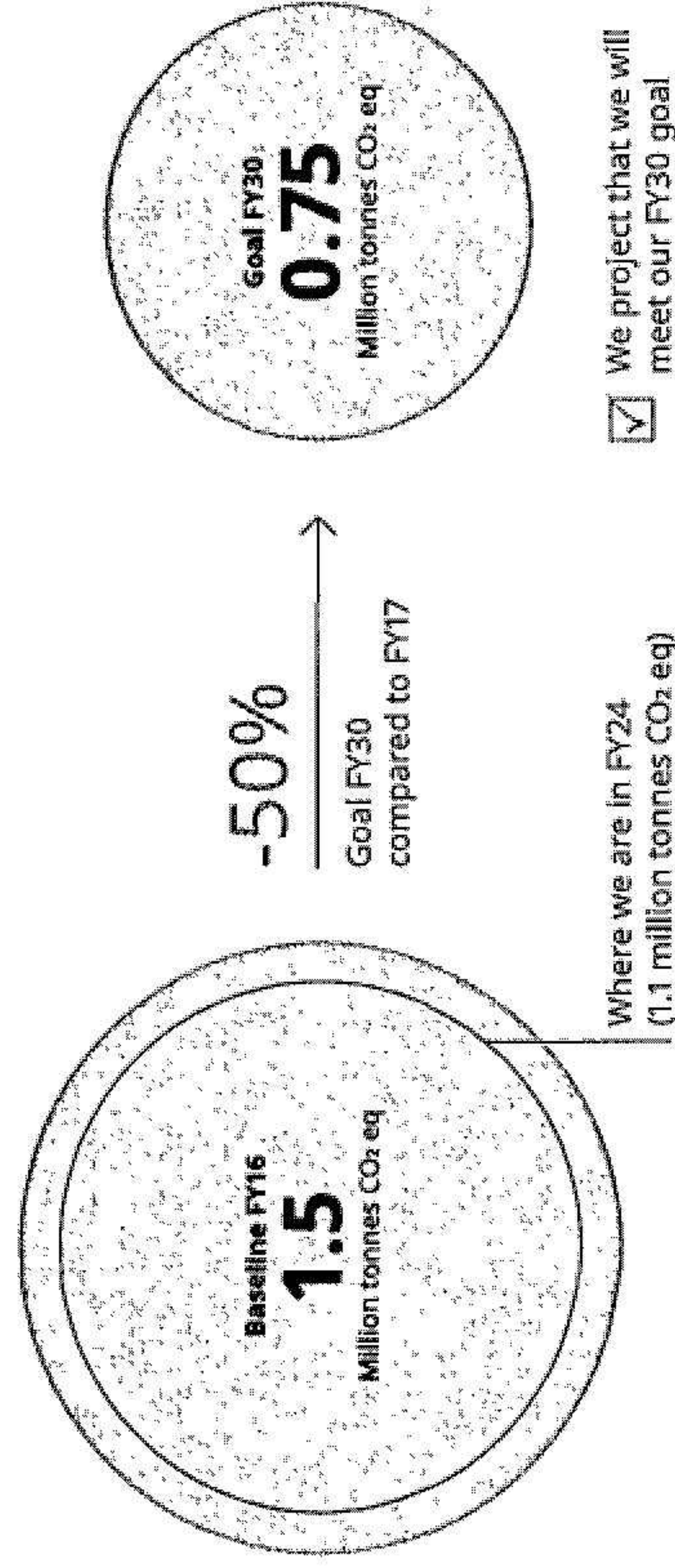


## Our climate roadmap for FY30

# Product transport & logistics services



By FY30, our goal is to reduce absolute GHG emissions for product transport and logistics by 50% compared to the FY16 baseline, a reduction from 1.5 million tonnes of CO<sub>2</sub> eq to 0.75 million tonnes of CO<sub>2</sub> eq. In FY24, we have reached 1.1 million tonnes of CO<sub>2</sub> eq. See our progress for FY24 on page 20.



The climate footprint of product transport is measured as any transport managed by IKEA Supply Chain Operations, IKEA Industry, IKEA Components and IKEA Marketing & Communication. In essence, this is all product transport from our direct supplier to any IKEA unit, as well as product transport between IKEA units. Read more about our methodology on page 50.

### Key actions to reduce emissions

- Collaborating with our service providers to reduce energy and fuel consumption, increase equipment utilisation, and optimise our network.
- Continuing to increase the share of intermodal transport solutions.
- Deploying biofuels in the short-term while moving towards zero-emission solutions.
- Consuming 100% renewable electricity in all logistics service units by calendar year 2025, and 100% renewable energy by 2030.
- Integrating innovations and new types of collaborations into our value chain.

## Challenges we are working to address

- **Need for increased infrastructure:** To support the transition toward zero-emission solutions, we are working toward increasing charging for electric vehicles (EV). However we continue to face challenges to scale this infrastructure, secure greater grid capacity and source renewable energy.
- **Availability of zero-emission solutions for ocean shipping:** Currently, limited development and deployment opportunities for zero-emission solutions for ocean shipping are available on a global scale. We are working to address this through innovative partnerships that explore and implement low or zero-emission technologies.
- **Transparency and visibility of GHG emissions:** To ensure effective environmental impact monitoring and reporting, we need to work even more closely with our suppliers to secure accurate and reliable primary data on transport options.

## Opportunities for collaboration to accelerate progress

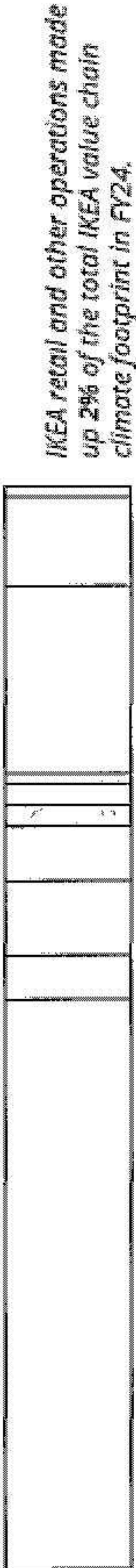
- **Collaborative projects to accelerate innovation:** We are actively participating in innovative, collaborative projects together with other public and private sector organisations to accelerate the development of EV charging infrastructure and green corridors.
- **Adoption of book-and-claim systems<sup>1</sup> as a transitional tool:** We see book-and-claim systems as a necessary short-term solution for the maritime industry while zero-emission vessels and fuels become more widely available. We look forward to the outcomes of the GHG Protocol's Action and Market Instruments Working Group, which is expected to provide clear guidance on the role of market-based mechanisms, such as book-and-claim, within net-zero strategies. By adopting this approach, we can create a strong demand signal to accelerate market readiness for low- and zero-emission fuels.
- **Horizontal collaboration of service providers:** Horizontal collaboration of service providers is essential for optimising the utilisation of transport networks, which can lead to more efficient and sustainable logistics operations. We see an opportunity to scale our current efforts to partner with various carriers, logistics companies, and other stakeholders to share resources and information. By doing so, we can enhance load efficiency, reduce empty miles, and improve route planning, ultimately leading to reduced GHG emissions and lower operational costs.
- **Improvements in rail networks, capacities, and service levels:** To enhance the efficiency and sustainability of transportation logistics, improvements to rail networks, capacities and service levels are crucial. We are working with stakeholder groups, including governments, to call for better rail infrastructure supporting a more reliable and higher-capacity transportation option that can help reduce our dependency on road transport, which often has a higher carbon footprint.

<sup>1</sup> A book-and-claim system is a method used to certify the transfer of ownership of attributes, like renewable energy or recycled materials – without the physical transfer of the actual product – by tracking and recording transactions in a registry.

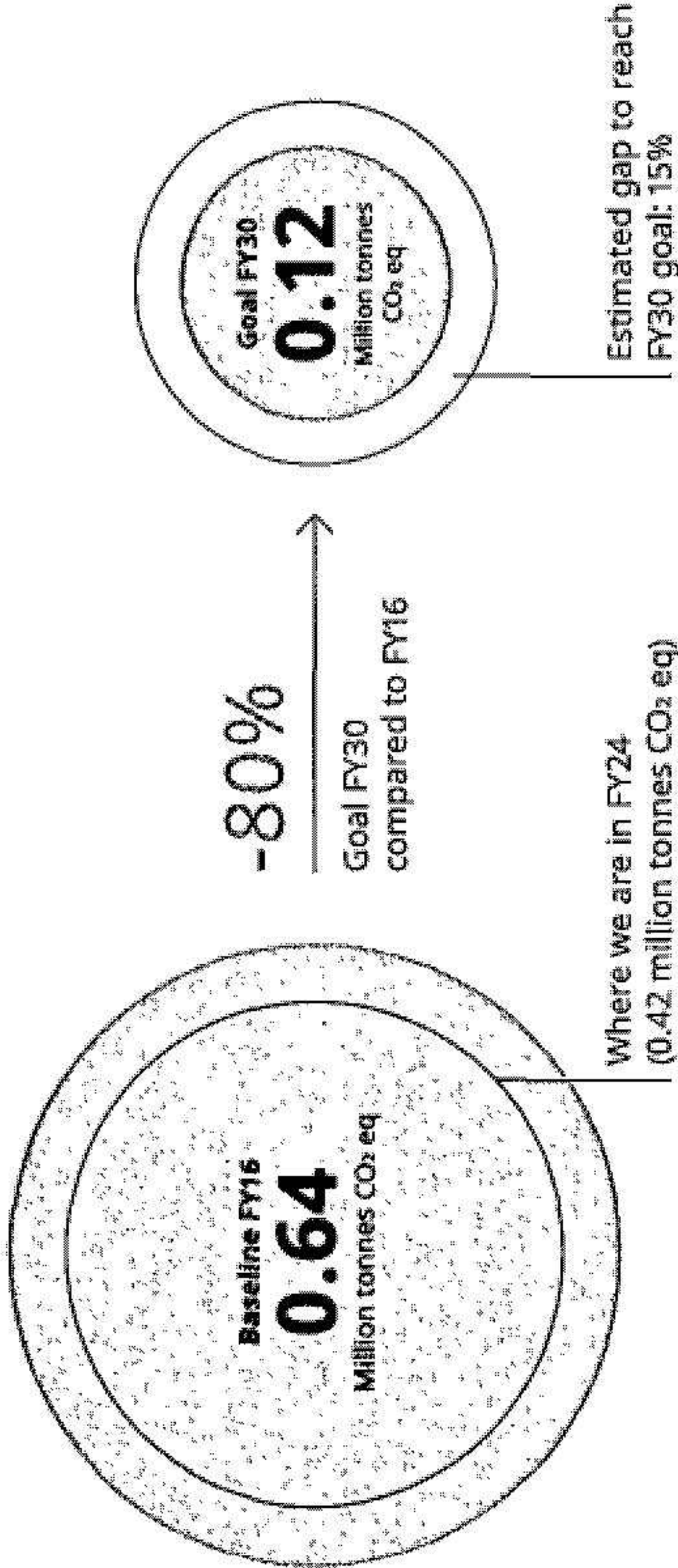


Our climate roadmap for FY30

# IKEA retail & other operations



By FY30, our goal is to reduce absolute GHG emissions for retail and other operations by 80% compared to the FY16 baseline, a reduction from 0.64 million tonnes of CO<sub>2</sub> eq. to 0.12 million tonnes of CO<sub>2</sub> eq. In FY24, we reached 0.42 million tonnes of CO<sub>2</sub> eq. Our initial business consequence analysis projected an estimated reduction of -65% by FY30, which suggests a gap of 15%. This figure is an early estimate, and the actual gap will become clearer as we gather more data. We are also constantly evaluating and updating our action plans to reflect new opportunities to scale the adoption of renewable energy. See our progress for FY24 on [page 23](#).



The climate footprint of IKEA retail and other operations covers all IKEA operations (stores, warehouses, offices, etc.) by Inter IKEA Group and the IKEA retail business of each of the IKEA franchisees. It does not include IKEA owned factories by IKEA Industry and packaging and distribution units by IKEA Components since these are reported in production. Read more about our methodology on [page 50](#).

## Key actions to reduce emissions

- Continuing to increase the share of renewable energy, including renewable electricity, renewable sources of heating, cooling, and fuels for transport.
- Consuming 100% renewable electricity in Inter IKEA own operations and the IKEA retail operations of Ingka Group by FY25.
- Aiming for 100% renewable electricity in all other franchisee markets by FY30.

## Challenges we are working to address

- Need for increased Power Purchase Agreement (PPA) infrastructure:** Currently there is a challenge in securing PPA infrastructure in many of our retail markets. Where PPAs are not available today, we are using Energy Attribute Certificates (EACs) on a transitional basis. However even EACs are not available or reliable in several retail markets today such as Hong Kong, Qatar, and Bahrain.
- Financial challenges facing retail:** We are working to find solutions to the financial challenges faced by our retail markets including strategies for managing increased operational expenses of EACs, high capital expenditure costs, and long payback periods for rooftop solar installations.

## Opportunities for collaboration to accelerate progress

- Partnering to call for increased renewable energy and eliminate fossil fuels:** We're partnering with others to encourage governments to adopt a global, harmonised commitment with regulatory and policy alignment, investments in renewable energy and cross-border collaboration to phase out fossil fuels and increase renewable energy. For retail and other operations, advocating for improved PPA infrastructure and expanded grids will be particularly important in markets that currently limit the use of renewable electricity (e.g., Saudi Arabia, Indonesia, UAE).

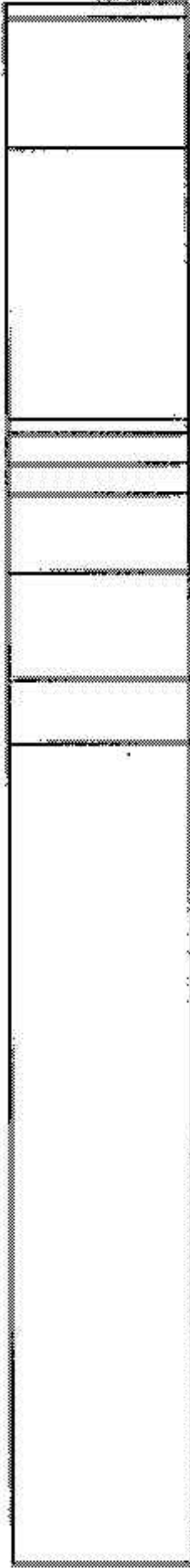






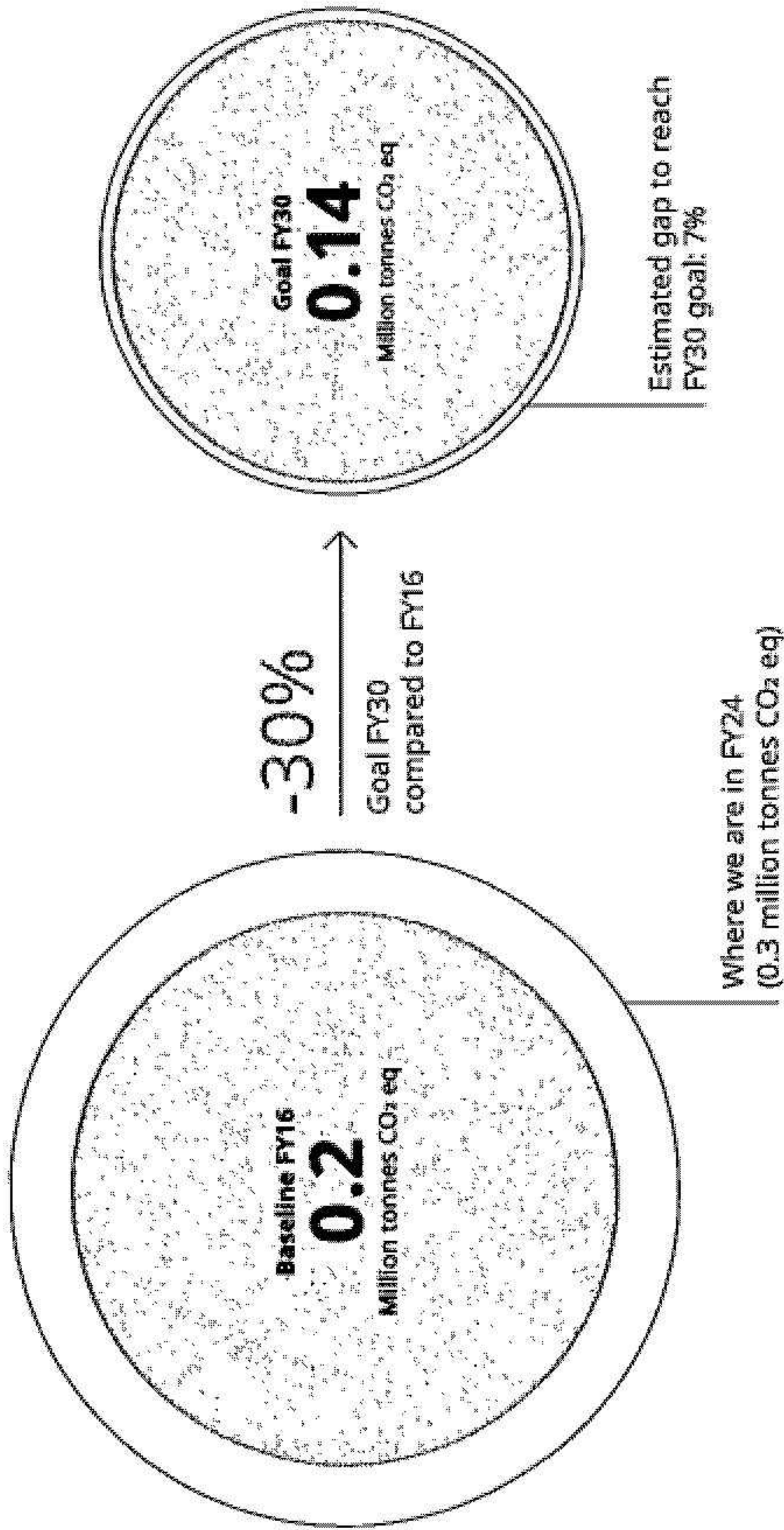
Our climate roadmap for FY30

# Home deliveries



Customer travel and home deliveries made up 1% of the total IKEA value chain climate footprint in FY24.

By FY30, our goal is to reduce absolute GHG emissions for home deliveries by 30% compared to the FY16 baseline, a reduction from 0.2 million tonnes of CO<sub>2</sub> eq to 0.14 million tonnes of CO<sub>2</sub> eq. In FY24, our emissions were 0.3 million tonnes CO<sub>2</sub> eq which is an increase compared to our FY16 baseline. This is due to increasing online purchases, resulting in disproportionately more home deliveries and related emissions since the baseline year. See our progress for FY24 on [page 25](#).



The climate footprint from home deliveries includes emissions produced by transporting products from IKEA distribution centres or stores to customers' homes. Read more about our methodology on [page 50](#).

## Key actions to reduce emissions

- Aiming for 100% of transport for customer deliveries and services to use electric vehicles (EVs) or other zero emission solutions, starting with IKEA retail markets operated by Inter IKEA Group and Ingka Group.
- Steering franchisees to secure renewable electricity for their own operations and charging EVs.



## Challenges we are working to address

- **Availability of EVs for home deliveries:** Transitioning to EVs is key to reducing emissions for home deliveries. We're working to secure and increase the supply of EVs and charging infrastructure for home deliveries, but the challenge of limited availability remains.
- **Efficient route planning and logistics optimisation for home deliveries:** We need to continue to adopt technologies which support real-time data analysis to minimise travel distances and maximise delivery efficiency.
- **Access to renewable electricity:** To reduce emissions, EVs need to be powered using renewable electricity. In some IKEA retail markets, there is a challenge securing access to renewable electricity. To address this, we are working to identify other zero-emission solutions to support home deliveries.

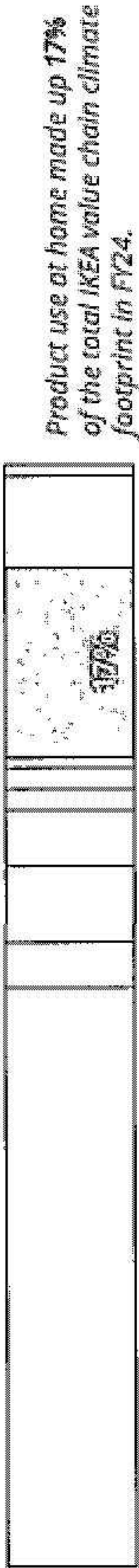
## Opportunities for collaboration to accelerate progress

- **Collaboration to scale EVs and charging infrastructure:** We're exploring opportunities to join partnerships and initiatives with governments, utility providers, and private players aimed at expanding EV usage and accelerating the development of EV charging infrastructure.
- **Advocating for renewable electricity for EVs and zero-emission solutions:** We see an opportunity to seek out partnerships with external stakeholders, renewable energy providers, and policy advocates to help overcome barriers in markets where access to renewable electricity is a challenge. By working together, we aim to identify and implement alternative zero-emission solutions for home deliveries and support franchisees in advocating for renewable energy policies.

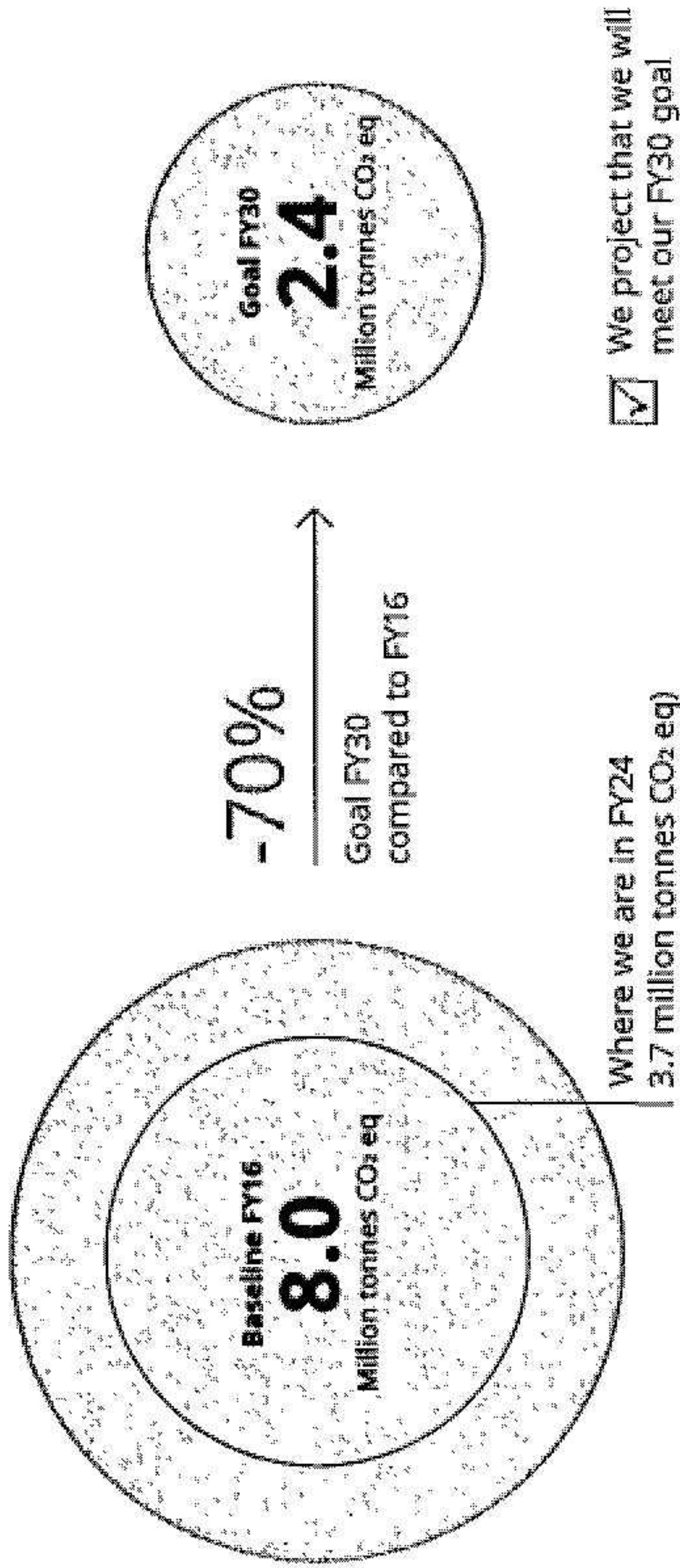


Our climate roadmap for FY30

# Product use at home



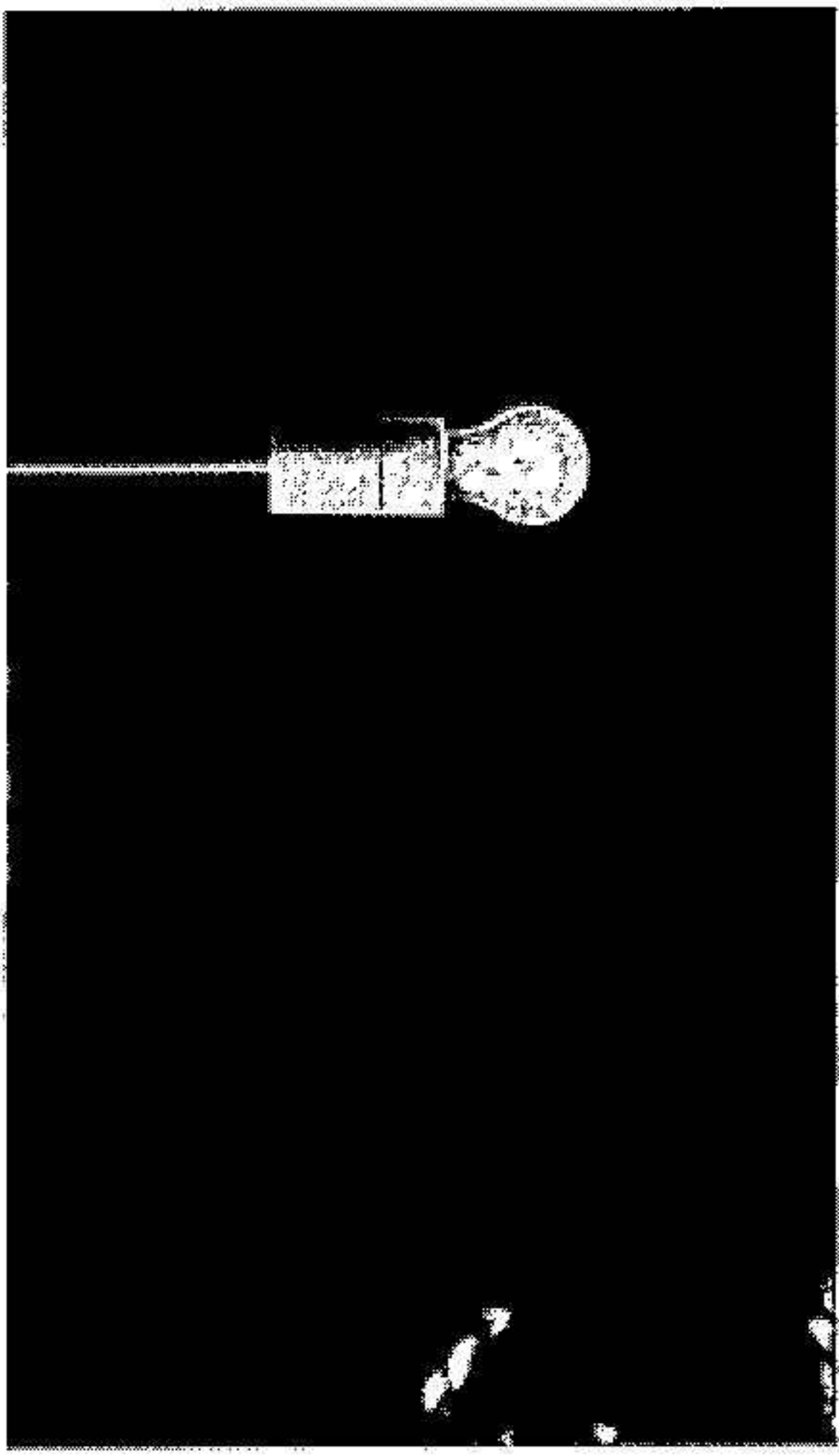
By FY30, our goal is to reduce absolute GHG emissions for product use at home by 70% compared to the FY16 baseline, a reduction from 8.0 million tonnes CO<sub>2</sub> eq. to 2.4 million tonnes CO<sub>2</sub> eq. In FY24, we have reached 3.7 million tonnes CO<sub>2</sub> equivalent. See our progress for FY24, [page 26](#).



The climate footprint of product use at home is based on the energy consumption for the home use of IKEA lighting, home appliances and home electronics as well as the burning of candles. Read more about our methodology on [page 50](#).

## Key actions to reduce emissions

- Continuing to improve the energy efficiency of our lighting range (aiming to increase the energy efficiency of top light source range SOLHETTA by 1.5x compared to today).
- Aiming to improve energy efficiency by 10% for ovens, hoods, fridges and freezers.
- Phasing out fossil-based paraffin in candles by FY30.



## Challenges we are working to address

- Continuous improvement in the energy efficiency of products:** Today, we focus on incorporating the latest advancements in technology and innovation to optimise the energy performance of products like our lighting range and home appliances. However, continuing to improve the efficiency of products remains challenging due to diminishing returns on technological advancements, meaning that each new improvement gets harder, more complex, and more expensive to achieve.
- Responding to evolving regulatory standards and industry benchmarks:** We work to proactively adapt to evolving regulatory standards and industry benchmarks for energy consumption, but it is at times challenging to keep pace with the changes.
- Customer adoption and proper use of energy-efficient products:** Encouraging consumer adoption and ensuring the proper use of energy-efficient products are vital for maximising their environmental benefits. We are committed to inspiring and enabling our customers to make the most of our energy-efficient solutions.

## Opportunities for collaboration to accelerate progress

- Strong partnerships with suppliers:** We have strong relationships with our suppliers and continue to partner with them to secure the availability of responsibly sourced materials and components necessary to effectively improve the energy efficiency of our products.
- Advocating for the scale up of renewable energy across all markets where we sell our products:** Our customers are highly dependent on the electricity offered in their local markets for powering IKEA products such as lighting and appliances. Through actively partnering with others to advocate for the adoption of renewable energy, we aim to influence policies supporting increased renewable energy in the grids, which would support a decrease in our product use at home emissions footprint.







Our climate roadmap for FY30

## Broader societal movements to accelerate progress



Through the IKEA business, we have an opportunity to be a good example for positive change in society. This means looking critically at all aspects of our business and engaging with stakeholders across the value chain to remove barriers and find solutions to challenges.

In our roadmap, we are open about our challenges and dependencies, identifying where we have projected gaps to achieve our FY30 climate ambitions. Some of these are related to the need to invest in innovation, increase efficiency, and the creation of new technologies.

Still, actions that have a real and lasting impact on the climate require a global effort underpinned by global policy movements for net-zero emissions. We believe it takes a comprehensive approach, integrating multiple policies and strategies across various sectors of the economy and aspects of society. By aligning the National Determined Contributions (NDCs) with the science of 1.5°C, countries can accelerate climate action through policy and regulatory changes.

As outlined in our climate roadmap, the IKEA business is committed to halving emissions by FY30 and working towards reaching net zero by FY50. We will go beyond IKEA and contribute to collective efforts mitigating the impacts of climate change and enabling societal climate resilience. We are driven by our vision to create a better everyday life for the many people, and our climate commitments are a big part of our everyday work.

Our ability to deliver on these ambitious goals will be influenced by regulations. Legislators and policymakers can support us by developing stable, fact-based and robust regulations reinforced by clear expectations, reasonable implementation timelines, and no overlaps or uncertainties in their application.

We believe in taking action together. To achieve this, close collaboration between businesses and countries is needed. By creating incentives, regulators can support businesses, practices, and technologies that accelerate movements towards a net-zero society, while businesses can share their best practices and smart solutions.

As outlined on the following pages, we see three key climate policy areas which would support this acceleration for businesses and society:

1. Accelerating the transition to renewable energy-based systems and supporting the decarbonisation of all industry sectors.
2. Promoting sustainable sourcing and products, as well as circular business models aimed at prolonging product and material life.
3. Protecting forests and making responsible forest management the norm.



## Accelerating the transition to renewable energy-based systems and supporting the decarbonisation of all industry sectors

By phasing out fossil fuels, we believe society can address the main cause of climate change. The IKEA business supports the phase out of fossil fuels. We focus on actions that will reduce any potential dependency in the area of fossil energy.

### How we are contributing:

- Working towards the complete phase-out of on-site coal, oil and oil-based fossil fuels by FY27.
- Making progress on securing 100% renewable energy (electricity, heating, cooling and fuels) across the IKEA value chain by 2030.
- Securing 100% renewable electricity consumption across IKEA own operations by FY25.
- Investing EUR 100 million in financing for the on-site generation of renewable energy.
- Promoting on-site renewable energy generation by suppliers.
- Enabling the purchase of renewable electricity for what can't be generated on-site.
- Electrifying production processes, heating and internal transports.
- Advocating and partnering with others to call for action to increase the availability of renewable energy and eliminate fossil fuels.

### Policy movements that can further support:

- A global commitment to move towards a complete phaseout of fossil fuels in line with science and the 1.5°C target – through regulatory

alignment, investments and cross-border collaboration.

- Eliminating subsidies for fossil fuels to create a fair, competitive environment for renewable energy sources.
- Streamlining the permitting procedure to facilitate faster deployment of renewables capacity.
- The development and deployment of green hydrogen infrastructure will be key to decarbonising many heavy industry sectors, such as steel. Continuous support through policy instruments is also needed.
- While biomethane has a potential to be an interim solution for "difficult to decarbonise" industries (until complete electrification is possible), it is important to implement policies and guardrails to ensure the feedstock used is sustainable and does not lead to land use change.
- Accelerating the deployment of charging infrastructure along national highways, incentivising the use of zero-emission vehicles (ZEVs) and EVs, supporting the development of alternative renewable fuels, and fostering public-private partnerships to ensure the transport sector aligns with the science of 1.5°C.
- A just and equitable transition needs to be secured alongside the transformation of the transport industry. This can enable new jobs as well as contribute to cleaner air and safer transport systems that benefit people and communities.

## Promoting sustainable sourcing of products as well as circular business models aimed at prolonging product and material life

Circularity is key to emissions reductions and decarbonisation of materials. Embedding circular design principles in how we make and use products can help cut emissions from industry, agriculture, and land use that switching to renewable energy alone can't solve.<sup>1</sup> This is why we are focused on transitioning to a circular business as a key enabler to achieving our climate goals.

### How we are contributing:

- Our goal to reduce absolute GHG emissions in materials by 50% by FY30.
- Designing IKEA products with circular capabilities.<sup>2</sup>
- Aiming to only use recycled and renewable materials, with a specific focus on significantly increasing the share of recycled content in IKEA products.
- Making it easy for people to acquire, care for and pass on products in circular ways.
- Aiming to send zero waste from IKEA operations to landfill.

<sup>1</sup> Ellen MacArthur Foundation, "Fixing the economy to fix climate change"

<sup>2</sup> Circular capabilities means that a product could be reused, refurbished, remanufactured, and/or recycled. Practically, a product is considered to have circular capabilities if it meets all requirements linked to the circular design principles applicable to that specific product.



## Protecting nature and making responsible forest management the norm

To limit the average global temperature rise to 1.5°C, it is not enough to just drastically reduce emissions. We also need to remove and store atmospheric carbon. Nature plays an important role in combatting climate change, and it is therefore imperative that we protect natural ecosystems. Because forests serve as significant carbon sinks, it is important that we step up our efforts in forest restoration, reforestation and afforestation globally.

### How we are contributing:

- Committing to no deforestation, no forest degradation or conversion of natural ecosystems across our primary deforestation-linked commodities (soy, palm oil, beef, leather, coffee, cocoa, rubber, wood, and sugarcane), with a target date of 31 December 2025.<sup>1</sup> All wood used in IKEA products is sourced from responsibly managed forests which do not contribute to deforestation.

- Contributing to limiting climate change by removing and storing carbon from the atmosphere through responsible forest management practices within the IKEA value chain and in products through prolonging the life of products and materials.

<sup>1</sup> Commodities and products in scope of the European Union Deforestation-free Regulation will have to meet the corresponding timelines.

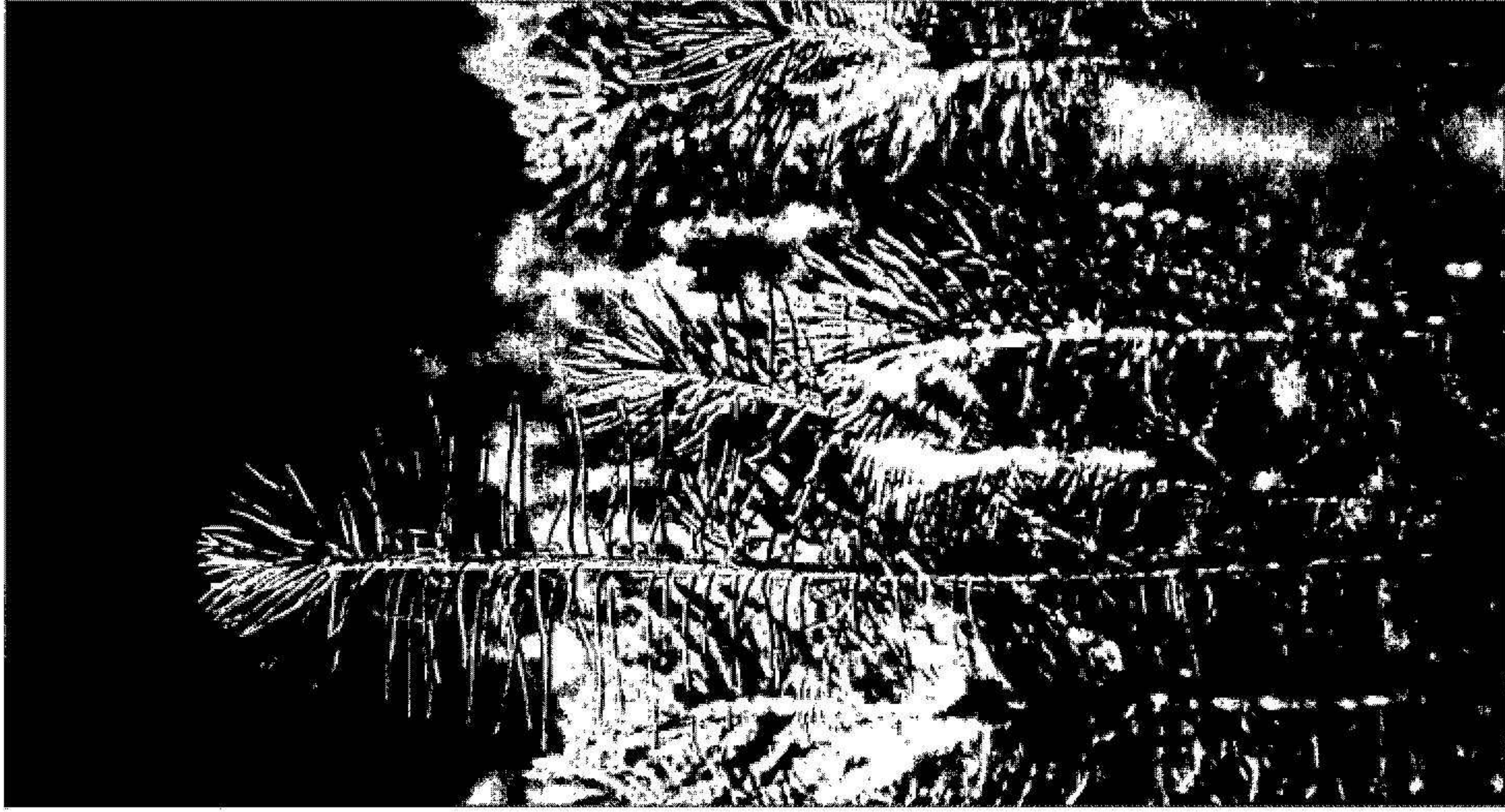
- Neutralising the remaining up to 10% of emissions needed to achieve our net-zero goal by removing and storing carbon from the atmosphere through responsible forest practices within our value chain.
- Contributing beyond net zero: When the Land Sector and Removals Guidance is published by the GHG Protocol in 2025, we will set near- and long-term goals for removing and storing carbon in forestry, agriculture and in products (by prolonging the lifespan of products). This will be over and above the amount of carbon removals and storage needed to neutralise the residual emissions (to achieve net zero by FY50).
- EUR 100 million investment<sup>2</sup> to remove and store carbon from the atmosphere through reforestation, restoration of degraded land and better forest management practices.

### Policy movements that can further support:

Increased investments in forestry and nature-based solutions to improve biodiversity and protect natural landscapes. A global funding mechanism to spur investments in nature-based solutions is desirable, and should include:

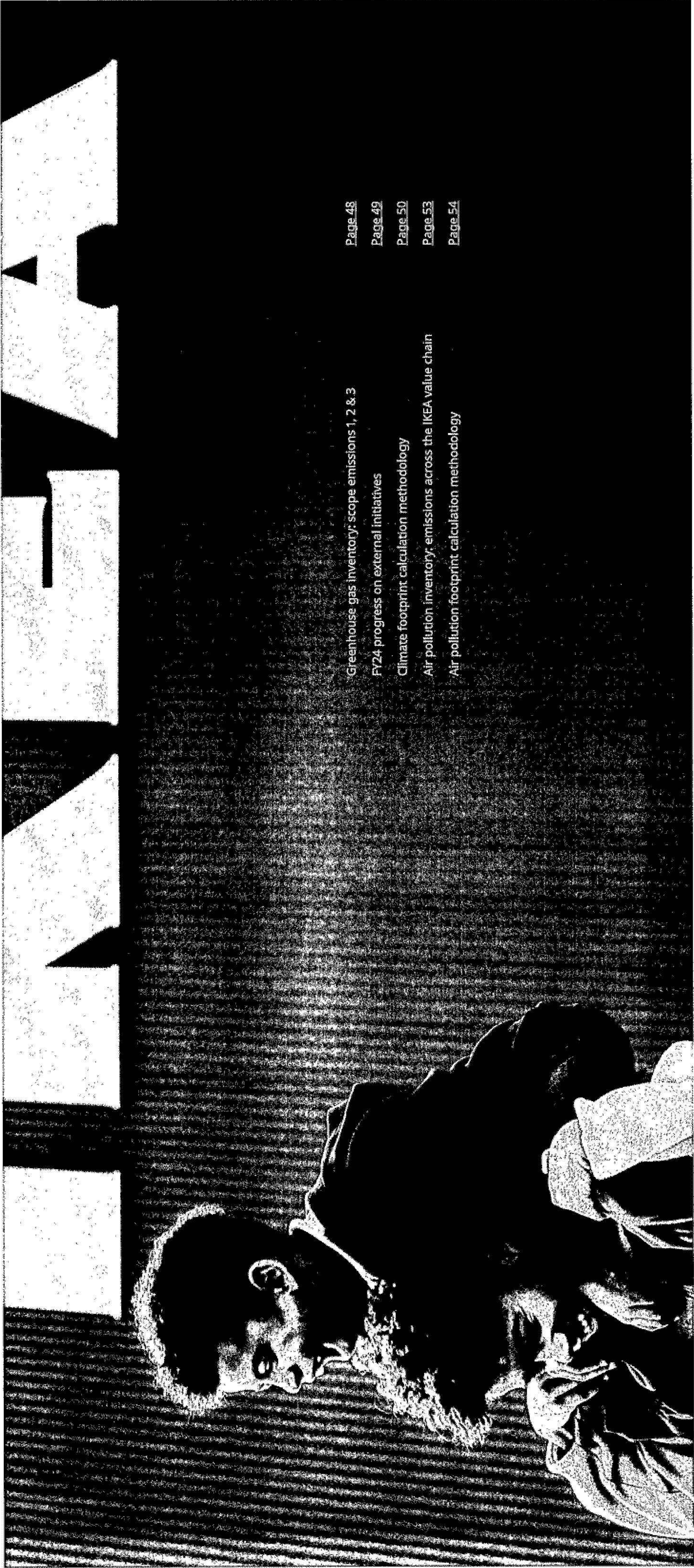
- Eliminating deforestation and conversion of natural ecosystems via a legal framework.

<sup>2</sup> Inter IKEA newsroom, "IKEA invests 200 million euros to speed up action to become climate positive by 2030", 2019





# Appendices

|                                                                                    |                         |
|------------------------------------------------------------------------------------|-------------------------|
|  |                         |
| Greenhouse gas inventory: scope emissions 1, 2 & 3                                 | <a href="#">Page 48</a> |
| FY24 progress on external initiatives                                              | <a href="#">Page 49</a> |
| Climate footprint calculation methodology                                          | <a href="#">Page 50</a> |
| Air pollution inventory: emissions across the IKEA value chain                     | <a href="#">Page 53</a> |
| Air pollution footprint calculation methodology                                    | <a href="#">Page 54</a> |



# Greenhouse gas inventory: scope emissions 1, 2 & 3

| Sum of GHG emissions (tonnes CO <sub>2</sub> eq) |                                                                                               | FY16       | FY17       | FY18       | FY19       | FY20       | FY21       | FY22       | FY23       | FY24       |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Scope 1                                          | On-site generation, fuel combustion and refrigerants                                          | 116,529    | 108,797    | 105,864    | 82,423     | 70,934     | 69,073     | 79,685     | 62,454     | 66,497     |
| Scope 2                                          | Purchased electricity & heating                                                               |            |            |            |            |            |            |            |            |            |
|                                                  | Location-based                                                                                | 430,628    | 378,856    | 411,465    | 405,000    | 376,680    | 368,117    | 368,520    | 283,118    | 246,855    |
|                                                  | Market-based                                                                                  | 275,636    | 226,899    | 265,810    | 148,965    | 83,286     | 68,716     | 20,657     | 13,883     | 5,418      |
| Scope 3                                          |                                                                                               |            |            |            |            |            |            |            |            |            |
| 1. Purchased goods and services                  |                                                                                               | 16,161,879 | 16,469,068 | 17,489,238 | 17,133,958 | 15,385,333 | 16,615,125 | 16,472,069 | 13,917,369 | 13,296,377 |
|                                                  | Food ingredients                                                                              | 864,085    | 899,309    | 974,772    | 891,476    | 721,033    | 700,534    | 867,276    | 861,316    | 809,900    |
|                                                  | Materials                                                                                     | 12,117,088 | 12,313,394 | 13,256,017 | 13,086,366 | 11,825,379 | 13,624,222 | 13,450,536 | 11,209,918 | 11,019,165 |
|                                                  | Production                                                                                    | 3,124,317  | 3,189,599  | 3,209,617  | 3,099,570  | 2,803,568  | 2,245,823  | 2,108,524  | 1,802,776  | 1,424,549  |
|                                                  | Retail equipment & co-worker clothing                                                         | 56,389     | 66,766     | 48,832     | 56,547     | 35,354     | 44,546     | 45,733     | 43,358     | 42,764     |
| 2. Capital goods                                 |                                                                                               | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| 3. Fuel- and energy related activities           |                                                                                               | 108,605    | 73,015     | 101,862    | 61,624     | 56,404     | 49,830     | 40,350     | 30,070     | 23,188     |
| 4. Upstream transportation and distribution      |                                                                                               | 1,311,001  | 1,516,590  | 1,565,448  | 1,484,401  | 1,290,255  | 1,441,306  | 1,411,197  | 1,131,146  | 1,130,540  |
| 5. Waste generated in operations                 |                                                                                               | 53,190     | 79,700     | 103,207    | 87,552     | 51,432     | 46,654     | 36,179     | 34,069     | 21,393     |
| 6. Business travel                               |                                                                                               | 151,261    | 146,614    | 152,910    | 116,824    | 57,007     | 14,163     | 29,555     | 54,816     | 47,137     |
| 7. Employee commuting                            |                                                                                               | 353,421    | 377,550    | 394,153    | 398,111    | 389,220    | 428,153    | 424,375    | 398,058    | 390,514    |
| 8. Upstream leased assets                        |                                                                                               | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| 9. Downstream transportation and distribution    |                                                                                               | 211,872    | 247,113    | 285,454    | 361,627    | 303,173    | 367,160    | 367,855    | 371,776    | 313,557    |
| 10. Processing of sold products                  |                                                                                               | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| 11. Use of sold products                         |                                                                                               | 7,990,126  | 7,467,481  | 7,230,826  | 6,384,018  | 5,743,429  | 5,534,870  | 4,390,868  | 3,819,585  | 3,671,144  |
| 12. End-of-life treatment of sold products       |                                                                                               | 2,000,216  | 1,971,969  | 2,110,619  | 2,122,966  | 1,968,093  | 2,136,899  | 1,972,389  | 1,786,620  | 1,737,883  |
| 13. Downstream leased assets                     |                                                                                               | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| 14. Franchises                                   |                                                                                               | 816,412    | 813,631    | 1,038,155  | 959,828    | 809,419    | 708,040    | 631,766    | 716,596    | 617,833    |
| 15. Investments                                  |                                                                                               | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Grand total                                      | (For scope 2 emissions, the market-based value is used for purchased electricity and heating) | 29,550,148 | 29,498,427 | 30,843,545 | 29,342,295 | 26,207,986 | 27,479,988 | 25,876,944 | 22,336,442 | 21,321,480 |
| Outside the scopes                               |                                                                                               |            |            |            |            |            |            |            |            |            |
|                                                  | On-site generation, fuel combustion and refrigerants                                          | 2,349,199  | 2,307,777  | 2,429,459  | 2,428,053  | 2,152,532  | 2,088,690  | 2,150,899  | 1,933,590  | 1,933,534  |
|                                                  | Customer travel                                                                               | 420,488    | 355,503    | 417,474    | 477,429    | 445,418    | 436,400    | 487,516    | 364,684    | 341,104    |
|                                                  |                                                                                               | 1,940,054  | 1,952,274  | 2,011,985  | 1,950,624  | 1,707,115  | 1,652,290  | 1,663,384  | 1,568,906  | 1,592,430  |



# FY24 progress on external initiatives

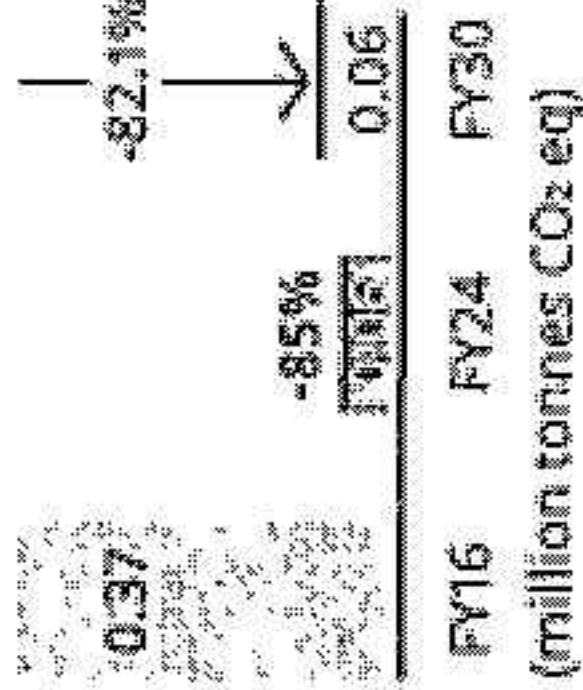
The following is a summary of all IKEA commitments towards external initiatives.

## Science Based Targets initiative (SBTi)

The target boundary includes biogenic emissions and removals from bioenergy feedstocks. For greenhouse gas (GHG) emissions from bioenergy, the global warming potential (GWP) of CO<sub>2</sub> is assumed to be zero, while the GWP of CH<sub>4</sub> and N<sub>2</sub>O are still included. See listed emission factors in the climate footprint calculation methodology on page 50.

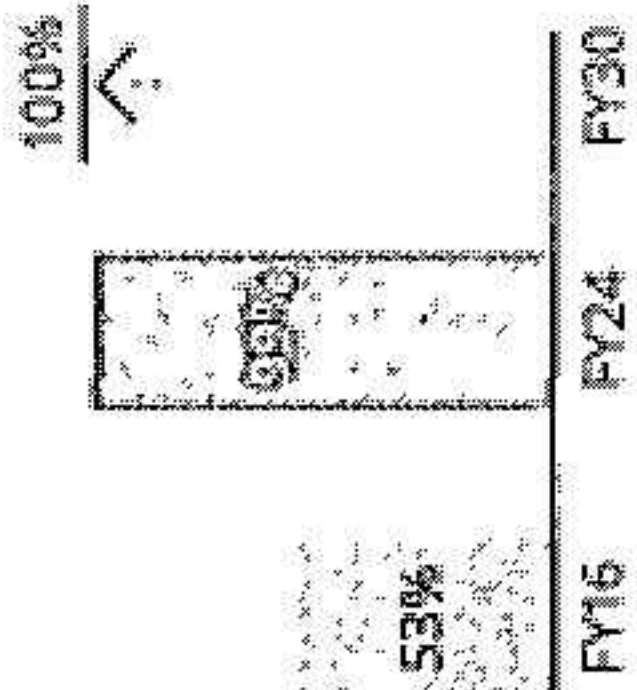
| Goal FY30 <sup>1</sup> | Progress FY24 |
|------------------------|---------------|
|------------------------|---------------|

IKEA (Inter IKEA Holding B.V. and its controlled entities) commits to **reduce scope 1 and 2 GHG emissions** by 82.1% by FY30, from a FY16 base year.



| Goal FY30 | Progress FY24 |
|-----------|---------------|
|-----------|---------------|

IKEA (Inter IKEA Holding B.V. and its controlled entities) commits to **increase annual sourcing of renewable electricity** from 53% in FY16 to 100% by FY25 and commits to continue active annual sourcing of 100% renewable electricity through 2030.



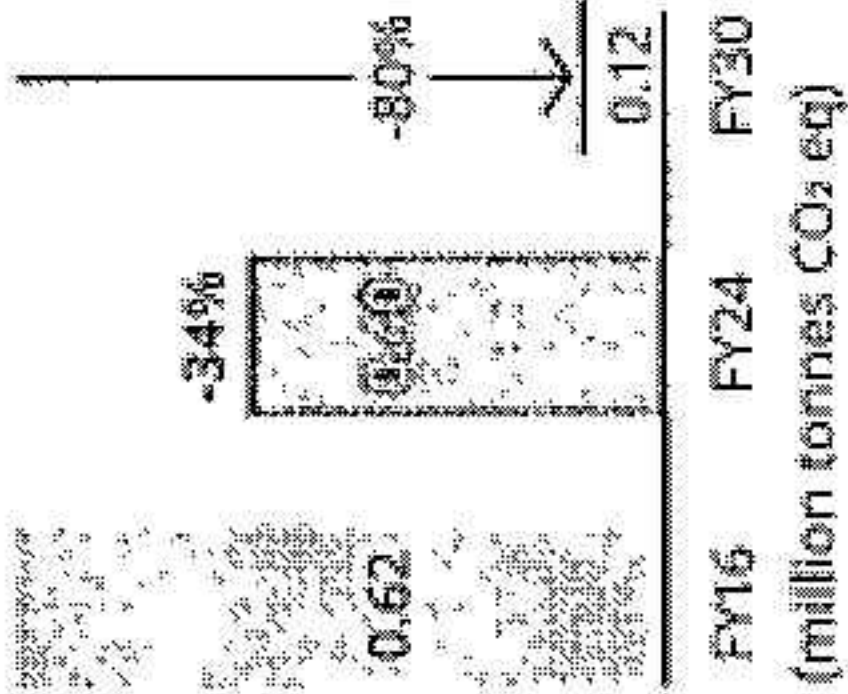
| Goal FY30 <sup>1</sup> and FY50 <sup>2</sup> | Progress FY24 |
|----------------------------------------------|---------------|
|----------------------------------------------|---------------|

Goal FY30<sup>1</sup>: IKEA (Inter IKEA Holding B.V. and its controlled entities) commits to **reduce absolute scope 1, 2 and 3 GHG emissions** by 50% by FY30, from a FY16 base year

Goal FY50 (latest)<sup>2</sup>: IKEA (Inter IKEA Holding B.V. and its controlled entities) commits to reaching net-zero GHG emissions across the value chain by FY50.

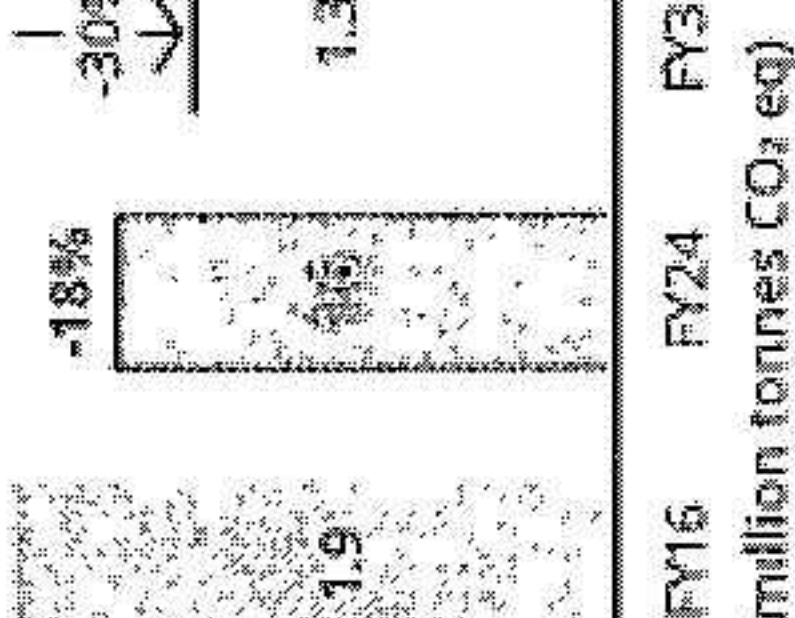
| Goal FY30 <sup>1</sup> | Progress FY24 |
|------------------------|---------------|
|------------------------|---------------|

IKEA (Inter IKEA Holding B.V. and its controlled entities) also commits to **reduce scope 3 GHG emissions from franchisees** by 80% by FY30, from a FY16 base year.

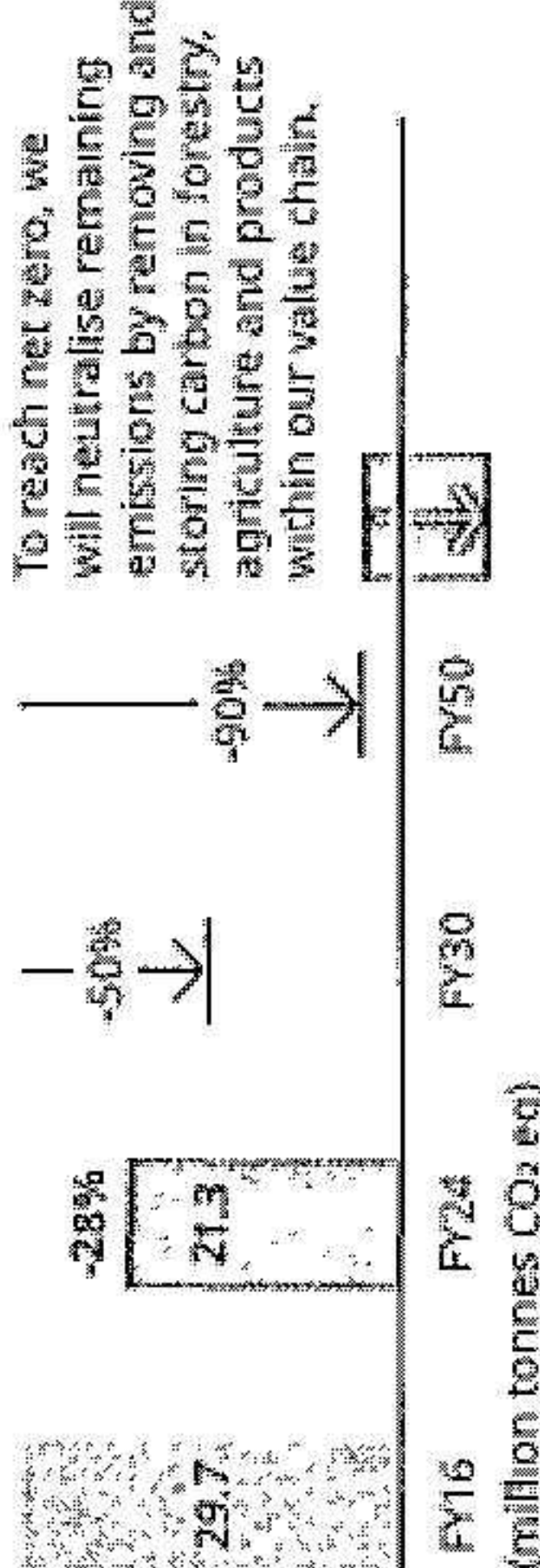


| Goal FY30 | Progress FY24 |
|-----------|---------------|
|-----------|---------------|

IKEA (Inter IKEA Holding B.V. and its controlled entities) commits to **reduce absolute scope 3 GHG emissions beyond the minimum boundary from downstream transportation and distribution** (customer travel to stores) 30% by FY30 from a FY16 base year.

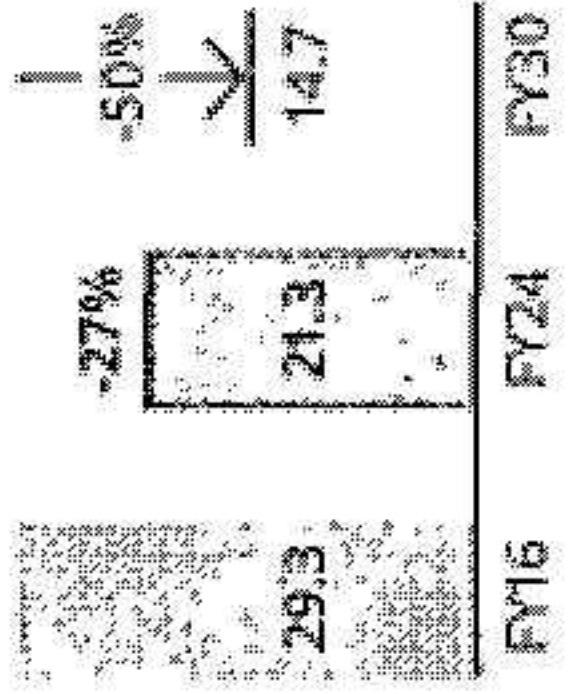


| Progress FY24 |
|---------------|
|---------------|



| Goal FY30 <sup>1</sup> | Progress FY24 |
|------------------------|---------------|
|------------------------|---------------|

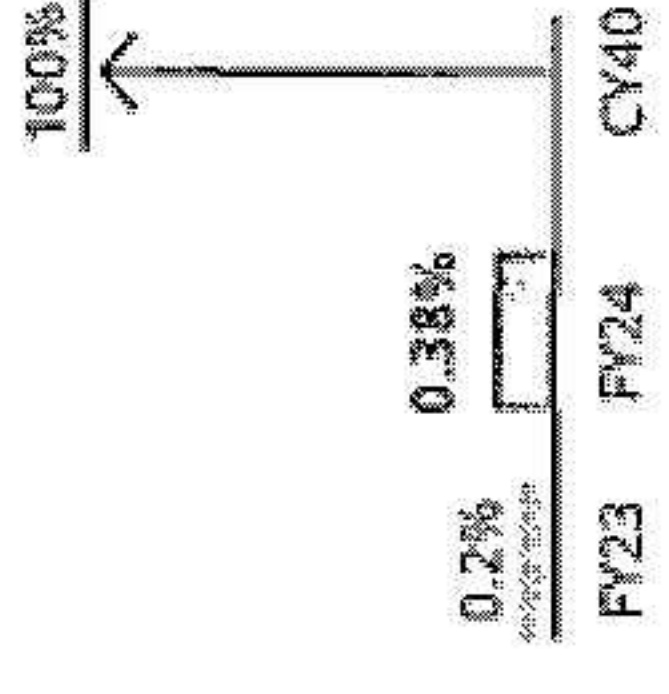
IKEA (Inter IKEA Holding B.V. and its controlled entities) finally commits to **reduce remaining absolute scope 3 GHG emissions** by 50% by FY30, from a FY16 base year.



| Goal CY40 | Progress FY24 |
|-----------|---------------|
|-----------|---------------|

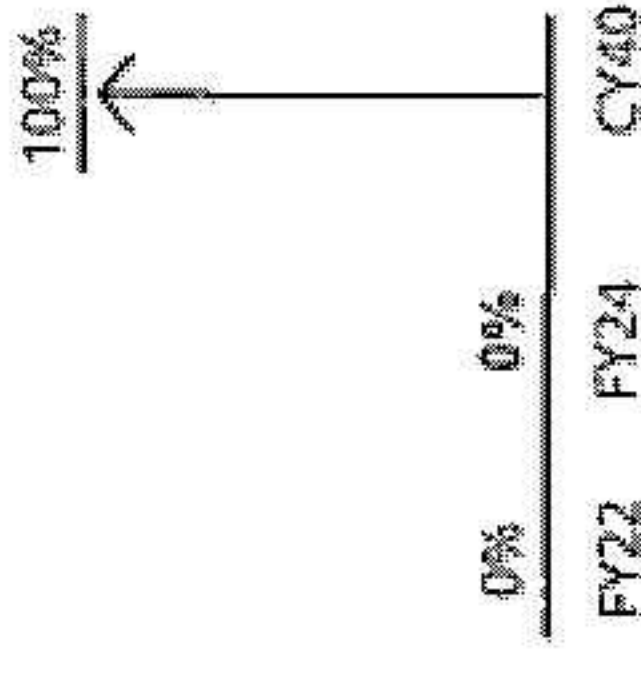
## EV100+ by The Climate Group: Only procuring zero-emission medium and heavy-duty vehicles (MHDVs).

Share of zero-emission medium and heavy-duty vehicles (MHDVs) (% tonne kilometre transported goods)



| Goal CY40 | Progress FY24 |
|-----------|---------------|
|-----------|---------------|

**Cargo Owners for Zero Emission Vessels (coZEV):** Only purchase zero-emission ocean transport services.



## Coolfood Pledge<sup>2</sup>

The figures below are a summary of the progress versus the IKEA commitment to the Coolfood Pledge. The goal is to, by FY30, aim for at least a 25% absolute reduction in food-related GHG emissions or a 38% relative reduction in food-related GHG emissions per calorie compared to FY16. While our progress against the Coolfood Pledge has been relatively slow, we remain optimistic that the actions outlined in our climate roadmap (page 31), will help us accelerate progress.

Progress against 25% absolute target (million tonnes CO<sub>2</sub> eq)

|      | Agriculture supply chain emissions | Carbon opportunity costs | Total | % change since baseline |
|------|------------------------------------|--------------------------|-------|-------------------------|
| FY16 | 1.01                               | 4.13                     | 5.14  | -                       |
| FY17 | 0.99                               | 4.03                     | 5.03  | -2%                     |
| FY18 | 1.04                               | 4.19                     | 5.23  | +2%                     |
| FY19 | 0.88                               | 3.41                     | 4.29  | -16%                    |
| FY20 | 0.72                               | 2.77                     | 3.49  | -32%                    |
| FY21 | 0.83                               | 3.40                     | 4.24  | -18%                    |
| FY22 | 1.09                               | 3.99                     | 5.08  | -1%                     |
| FY23 | 1.05                               | 3.95                     | 5.00  | -3%                     |
| FY30 |                                    |                          |       | -25%                    |

Progress against 38% relative target (kg CO<sub>2</sub> eq per 1,000 kcal)

|      | Agriculture supply chain emissions | Carbon opportunity costs | Total | % change since baseline |
|------|------------------------------------|--------------------------|-------|-------------------------|
| FY16 | 2.53                               | 10.32                    | 12.85 | -                       |
| FY17 | 2.46                               | 9.99                     | 12.45 | -3%                     |
| FY18 | 2.41                               | 9.73                     | 12.14 | -6%                     |
| FY19 | 2.10                               | 8.14                     | 10.24 | -20%                    |
| FY20 | 2.04                               | 7.84                     | 9.88  | -23%                    |
| FY21 | 2.31                               | 9.45                     | 11.77 | -8%                     |
| FY22 | 2.52                               | 9.14                     | 11.66 | -9%                     |
| FY23 | 2.49                               | 9.29                     | 11.77 | -8%                     |
| FY30 |                                    |                          |       | -38%                    |

<sup>1</sup> Scope includes scope 1 & 2 emissions for Inter IKEA Group owned operations for IKEA retail and other operations and production (IKEA Industry and IKEA Components).

<sup>2</sup> The figures presented here differ from those in the rest of the IKEA Climate Report FY24 because its calculation methodology introduces concepts such as the Carbon Opportunity Costs. As this is reported at the beginning of each calendar year, the IKEA Climate Report FY24 covers the progress up until the calendar year 2023.



# Climate footprint calculation methodology

## Overall

The following is a high-level summary of how the IKEA climate footprint is calculated. The scope covers the entire IKEA value chain. This includes the raw material extraction and processing for the materials or food ingredients used in the IKEA range, how they are produced at our direct suppliers or IKEA owned factories, and then transported to the IKEA stores and warehouses. It covers all IKEA stores, warehouses, offices and other operations, as well as co-worker commuting and business travel. All travel by IKEA customers to IKEA stores is included, as well as any home deliveries, ordered by customers, of products from IKEA stores to their homes. The product use at home is mainly the electricity consumption needed to power our lighting and appliance products, as well as the GHG emissions released when burning candles. Finally, the climate footprint from product end-of-life is included should a product not be recycled but instead incinerated or landfilled. Some agendas are still under development. Until these are integrated into other climate footprints, they are categorised as "Other" for the sake of transparency.

The climate footprint calculations are conducted in line with the GHG Protocol and its guidance documents.

The calculation models are annually reviewed to reflect the IKEA value chain, and its parts, as accurately as possible. Updates could be made due to increasing traceability and gaining access to more supplier-specific information – moving

away from qualified estimations – or that science and accounting standards are improved. Historical data is always revised to ensure that all disclosed performance reflects progress and not a change in accounting.

## Emission factors

For used emission factors, please see each separate entry.

We always strive to use the latest values for global warming potentials of reported GHG as defined by the Intergovernmental Panel on Climate Change (IPCC) in its Sixth Assessment Report (AR6). Due to a lag in updates in third-party emission factor databases and for the purposes of comparability, this can differ. As soon as these sources are updated with AR6 values, we will adapt to these and ensure that IKEA climate footprint calculations are conducted in line with the most recent IPCC reports.

For GHG emissions from bioenergy, the global warming potential (GWP) of CO<sub>2</sub> is assumed to be zero, while the GWP of CH<sub>4</sub> and N<sub>2</sub>O are still included.

The following types of emission factors may be referenced in the report and are defined below:

- Well-to-Tank (WTT): WTT fuels account for the upstream scope 3 emissions associated with extraction, refining and transportation of the raw fuel sources to the site (or asset) prior to combustion.

- Tank-to-Wheel (TTW): TTW emissions cover all the energy used once transformed. These emissions occur during the combustion of fuels by vehicles.
- Well-to-Wheel (WTW): WTT + TTW together make up WTW GHG emissions.

## Materials

The climate footprint of materials is calculated as the cradle-to-gate<sup>1</sup> footprint from raw material extraction and all processing steps and transport up until the gate of our tier 1 suppliers where the IKEA products are manufactured, which are covered under "production". The amount of material is multiplied by an emission factor specific to its recycled content, renewable content, sourcing country (if available) and material company (if available), using ecoinvent and other life cycle assessment (LCA) databases. The emission factors are based on sector averages, which are then modelled based on the amount of traceability and primary data we have available for the supply chain of that material. As more traceability is gained or more primary data is obtained from our material suppliers, the emission factors are continually refined to make them more specific to the IKEA supply chain.

For material amounts, measured data exists for all wood and paper because systems are in place to measure and follow up on at least a yearly level. These represent about three-quarters of the material amounts. For the other material areas, we currently lack systems to follow up, and so we rely

on close collaboration with our direct suppliers to estimate the amounts to the best of our knowledge. As we improve our ability to measure more materials and have to estimate a smaller part of our material usage, the material footprint is subject to change.

However, historical data is always revised for comparability to ensure that any trend is due to improvements of the materials rather than the data quality.

The climate footprint is also subject to change as the emission factors in ecoinvent and other LCA databases are updated from one version to another.

## Food ingredients

The climate footprint for food ingredients is calculated in a similar way as materials – from cradle-to-gate to the factory manufacturing the food products. For food ingredient amounts, a system is in place to measure the ingredients per product for the global food range. A majority of the market-specific range is now also measured using the same system. Today, 20% of the total weight sold is estimated due to a lack of recipe-specific data. The climate footprint is also subject to change as the emission factors in ecoinvent and other LCA databases are updated from one version to another.

In FY24, we made the following updates to the methodology:

- The calculation logic was updated based on availability of the market-specific range, reducing



the share of estimated data. This update was conducted for years FY22-FY24. We will also look into revising also historical data but the granularity and sales data prior to FY19 cause issues that will take time to address.

Production

The climate footprint of production is the final step in the supply chain where IKEA home furnishing or food products, components or printed media are produced. It also includes the IKEA owned factories operated by IKEA Industry and packaging and distribution units operated by IKEA Components.

The footprint is measured as the scope 1 and scope 2 emissions of each tier 1 supplier or unit, as well as any connected fuel- and energy-related activities (scope 3, category 3). All units provide their primary data on the consumption of energy sources and refrigerants, as well as any renewable energy attributes for purchased energy (electricity and district heating and cooling). The GHG emissions associated with each energy source are calculated using a market-based approach, primarily relying on supplier-specific emission factors and residual mix factors as with other energy-related footprints. As a fallback, standard emission factors are utilised, including those provided by the GHG Protocol for fuel combustion, the UK Department for Energy Security and Net Zero (DESNZ) for upstream emissions from purchased fuels and refrigerants, and the International Energy Agency (IEA) for purchased electricity and heating.

Product transport and logistics services

The climate footprint of product transport is measured as any transport managed by IKEA Supply Chain Operations, IKEA Industry, IKEA Components and IKEA Marketing & Communication. In essence, this is all product transport from our direct supplier to any IKEA unit, as well as product transport between IKEA units. It is measured per shipment for each transport route and calculated in line with GLEC Framework by Global Logistic Emissions Council (GLEC) version 3.0. The emission methodology in this category is in alignment with GLEC Framework by Global Logistics Emissions Council (GLEC) version 3.0.

IKEA retail and other operations

The climate footprint of IKEA retail and other operations covers all IKEA operations (stores, warehouses, offices, etc.) by Inter IKEA Group and the IKEA retail business of each of the IKEA franchisees. It does not include IKEA owned factories operated by IKEA Industry and packaging and distribution units operated by IKEA Components, since these are reported in production.

The footprint is measured as the scope 1 and scope 2 emissions of each unit, as well as any connected fuel- and energy-related activities (scope 3, category 3). All units provide their primary data on the consumption of energy sources and refrigerants, as well as any renewable energy attributes for purchased energy (electricity and district heating or cooling).

Co-worker commuting and business travel

The climate footprint from co-worker commuting is based on the commuting schedule, number of working days and number of employees for Inter IKEA Group, the IKEA franchisee Ingka Group and other IKEA businesses. For business travel, the climate footprint is calculated by our travel agencies and their travel booking systems, which have integrated climate footprint calculations. All climate footprints are calculated using emission factors provided by DESNZ and encompass various modes of travel, including air, rail, public transport, rental cars, private vehicles, taxis and hotel accommodations. Both footprints cover WTW emission factors.

Customer travel and home deliveries

The climate footprint of customer travel is measured at the IKEA store level, based on the number of customers (transactions) and combined with a survey through Brand Capital. The survey provides the average time travelled by customers to the store per mode of transport. The average travel time at the city level per mode of transport is converted into distance. Emission factors for each mode of transport are obtained from DESNZ. WTW emission factors have been applied to the climate model for both the customer travel and home deliveries footprints.

A hybrid-based approach using fuel and/or distance, based on data availability, has been used to arrive at last-mile emissions. Data for certain IKEA franchisees has been estimated where unavailable.

Product use at home

The climate footprint of product use at home is based on the energy consumption for the home use of IKEA lighting, home appliances and home electronics as well as the burning of candles. Smart home products from IKEA are currently excluded from the footprint. The energy consumption is measured in line with the GHG Protocol as the energy consumption throughout the product's lifetime. Since, in principle, all energy consumption is electricity consumption, the climate footprint is calculated by multiplying the energy consumption with that of the national electricity grid for the specific country in which the product was sold. For candles, the climate footprint is calculated by multiplying the amount of wax (in terms of weight) by the specific emission factor for combustion for the specific wax (emission factors provided by the GHG Protocol).

To calculate the share of renewable electricity, a location-based approach is used since we cannot track the specific electricity contract of each customer.

In FY24, the following changes were made.

- Inclusion of additional upstream emissions: Previously only the emissions from the power plant per se were included. Now, we have a truer emission factor by including emissions connected to transmission and distribution and any upstream emissions of used fuels.

This has been revised for historical FYs as well and accounted for a quite significant increase in our baseline emissions.



We're now investigating methodologies to also account for use-phase emissions for some home smart products – e.g., batteries, speakers, air purifiers, etc. – currently not accounted for.

Product end-of-life

The climate footprint for product end-of-life is calculated in a similar way to that of materials. The big difference is the scope, which is the grave (end-of-life) footprint, not the cradle-to-gate we use for materials. The weight of material in products sold is multiplied by an end-of-life emission factor specific to that material and the country's average waste handling in each IKEA market.

Currently, no consideration in the model is taken for how the product has been designed for recycling or the specific waste-handling infrastructure at the IKEA store level.

The climate footprint is subject to change as the accuracy of the amount of materials increases and the emission factors inecoinvent and other LCA databases are updated from one version to another.

In FY24, an additional logic was implemented in the model to ensure that some material categories could not fall under certain waste categories, i.e., metals and appliances not ending up in composting. Previously there was a general percentage of all material categories that could end up in composting: now, they are diverted to landfill instead if deemed unfeasible.

Other

In addition to the climate footprints above, there are areas currently not as actively addressed. Until the agendas of these mature and they are integrated into the other climate footprints, they are kept under the category "Other". This includes capital goods, waste generated in operations, and material for retail equipment and co-worker clothing. For transparency purposes, these footprints are calculated and disclosed.



Air pollution inventory: emissions across the IKEA value chain

| Air pollutants (tonnes)                 |                                                 | FY16   | FY17   | FY18   | FY19   | FY20  | FY21   | FY22   | FY23   | FY24   |
|-----------------------------------------|-------------------------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|
| Materials                               |                                                 | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
| Food ingredients                        |                                                 | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
| Production                              | PM2.5                                           | 1,877  | 1,743  | 1,897  | 2,038  | 1,752 | 1,479  | 1,541  | 1,327  | 1,114  |
|                                         | NH <sub>3</sub> (Ammonia)                       | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
|                                         | SO <sub>2</sub> (Sulphur dioxide)               | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
|                                         | NOx (Nitrogen oxides)                           | 4,064  | 4,000  | 4,138  | 4,056  | 3,691 | 3,171  | 3,346  | 3,070  | 1,607  |
|                                         | NM VOC (Non-methane volatile organic compounds) | 3,490  | 3,132  | 3,429  | 3,939  | 3,421 | 2,949  | 3,091  | 2,600  | 2,351  |
| Product transport & logistics services  | PM2.5                                           | 626    | 622    | 631    | 596    | 549   | 636    | 710    | 564    | 575    |
|                                         | NH <sub>3</sub> (Ammonia)                       | 37     | 37     | 31     | 30     | 30    | 32     | 40     | 32     | 30     |
|                                         | SO <sub>2</sub> (Sulphur dioxide)               | 2,523  | 2,543  | 2,668  | 2,510  | 1,580 | 1,410  | 1,501  | 1,078  | 1,076  |
|                                         | NOx (Nitrogen oxides)                           | 11,349 | 11,437 | 11,007 | 10,418 | 9,427 | 11,043 | 12,348 | 10,034 | 11,349 |
|                                         | NM VOC (Non-methane volatile organic compounds) | 321    | 323    | 269    | 253    | 234   | 271    | 332    | 266    | 297    |
| IKEA retail and other operations        | PM2.5                                           | 43     | 44     | 46     | 46     | 42    | 43     | 47     | 46     | 47     |
|                                         | NH <sub>3</sub> (Ammonia)                       | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
|                                         | SO <sub>2</sub> (Sulphur dioxide)               | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
|                                         | NOx (Nitrogen oxides)                           | 553    | 561    | 589    | 568    | 529   | 528    | 532    | 488    | 489    |
|                                         | NM VOC (Non-methane volatile organic compounds) | 9      | 9      | 10     | 10     | 9     | 9      | 11     | 10     | 8      |
| Co-worker commuting and business travel |                                                 | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
| Home deliveries                         | PM2.5                                           | 174    | 204    | 235    | 298    | 249   | 301    | 304    | 302    | 228    |
|                                         | NH <sub>3</sub> (Ammonia)                       | 2      | 2      | 2      | 3      | 2     | 3      | 3      | 3      | 2      |
|                                         | SO <sub>2</sub> (Sulphur dioxide)               | 0      | 0      | 0      | 0      | 0     | 0      | 1      | 2      | 11     |
|                                         | NOx (Nitrogen oxides)                           | 2,456  | 2,875  | 3,319  | 4,201  | 3,516 | 4,245  | 4,293  | 4,257  | 3,203  |
|                                         | NM VOC (Non-methane volatile organic compounds) | 559    | 655    | 756    | 956    | 801   | 966    | 977    | 969    | 728    |
| Product use at home                     | PM2.5                                           | 473    | 472    | 480    | 458    | 427   | 418    | 375    | 384    | 342    |
|                                         | NH <sub>3</sub> (Ammonia)                       | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
|                                         | SO <sub>2</sub> (Sulphur dioxide)               | N/A    | N/A    | N/A    | N/A    | N/A   | N/A    | N/A    | N/A    | N/A    |
|                                         | NOx (Nitrogen oxides)                           | 4,346  | 4,083  | 4,042  | 3,668  | 3,289 | 3,178  | 2,584  | 2,296  | 2,125  |
|                                         | NM VOC (Non-methane volatile organic compounds) | 64     | 61     | 62     | 60     | 56    | 55     | 49     | 47     | 43     |
| Product end-of-life                     | PM2.5                                           | 721    | 685    | 763    | 851    | 784   | 888    | 809    | 1,470  | 1,395  |
|                                         | NH <sub>3</sub> (Ammonia)                       | 519    | 535    | 562    | 611    | 593   | 649    | 601    | 1,405  | 1,346  |
|                                         | SO <sub>2</sub> (Sulphur dioxide)               | 205    | 214    | 221    | 202    | 193   | 209    | 189    | 364    | 349    |
|                                         | NOx (Nitrogen oxides)                           | 2,601  | 2,713  | 2,791  | 2,572  | 2,457 | 2,651  | 2,401  | 4,630  | 4,436  |
|                                         | NM VOC (Non-methane volatile organic compounds) | 3,881  | 3,658  | 4,199  | 4,724  | 4,372 | 4,967  | 4,520  | 8,064  | 7,621  |



# Air pollution footprint calculation methodology

## Overall

We're aware that key parts of the value chain are missing in our air pollutant emissions inventory – especially materials and food ingredients – but our aim is to be transparent about the impact we can confidently disclose today to raise awareness about the importance of disclosing and addressing air pollution. Each entry within this section will specify the scope and methodology used in the FY23 calculation. As we learn, and as the guidance further improves, the air pollution inventory will likewise improve.

The air pollution footprint calculations are conducted in line with "A Practical Guide for Business: Air Pollutant Emission Assessment" by Climate and Clean Air Coalition and Stockholm Environment Institute (hereafter referred to as "the Guide"), which Inter IKEA Group played a part in developing.

The calculation models are reviewed annually to reflect the IKEA value chain and its parts as accurately as possible. Updates could be made due to increasing traceability and gaining access to more supplier-specific information – moving away from qualified estimations – or that science and accounting standards are improved. At all times, all historical data is revised to ensure that all disclosed performance reflects progress and not a change in accounting.

There is currently no guidance on how to calculate the air pollution footprint using a market-based approach for renewable energy consumption. Therefore, the air pollution inventory is calculated based on a location-based method, mainly relying on grid-average data.

We aim to disclose the impact on both climate and clean air in the actions we take in our climate agenda, where feasible.

While the creation of this inventory is a very important first step, there were also three key limitations and challenges that we faced during this first year:

1. The Guide covers six key emitting sources that can contribute to air pollutant emissions across a company's value chain. These include electricity consumption, stationary fuel combustion, transport, industrial processes, agriculture and waste. Due to time and data constraints, the IKEA inventory currently covers four out of these six key emitting sources (e.g., all sources apart from agriculture and industrial processes).
2. Emission factors were not available in the European Monitoring and Evaluation Programme (EMEP)/European Environment Agency (EEA) Guidelines for some key activities that are part of the IKEA value chain, specifically for the processing of raw materials into materials. This means that not all air pollutant emissions could be covered under industrial processes of materials.
3. For transport, a simplified model was used to quantify emissions, which can introduce uncertainty in the air pollutant emissions occurring from this specific source.

As outlined in the best practices within the guidance for inventory compiling, these limitations and challenges have been mapped and clearly identified by the team that has been working to quantify air pollutant emissions across the IKEA value chain, and

we will be working to improve and further refine the existing inventory.

## Emission factors

All emission factors used are provided by the Guide. The Guide's emission factors come from EMEP/EEA's air pollutant emission inventory guidebook 2019.

In addition to the emission factors provided by the Guide and EMEP/EEA, a few additional adjustments have been made to create the air pollution reference data used for the inventory:

- Electricity consumption: The inventory has been based on tier 1 emission factors on different types of fuel used to generate electricity provided in the Guide. To create country-specific emission factors for each air pollutant, fuel mix data for electricity output from the International Energy Agency (IEA) relates to respective tier 1 emission factors to calculate a weighted average.
- Stationary fuel combustion: Air pollutants for this scope have been based on the tier 1 default emission factors for stationary fuel combustion provided in the Guide. No additional adjustments have been made, but only mapped to the respective fuels in activity data.
- Waste: Default emission factors for different tier 1 waste treatment methods from the Guide have been used for the inventory. These waste treatment methods have been mapped to the treatment method share per country from "OECD: Environment/Waste/Municipal Waste – Generation and Treatment" to calculate country-specific emission factors.

## Materials

Air pollution from materials is currently not included in our disclosure due to limitations in data available to measure the footprint sufficiently and accurately, and not all industrial processes found in cradle-to-gate LCAs of materials used in the IKEA range are today covered by the emission factors provided by the Guide.

As data availability within IKEA increases and the completeness of industrial processes in the air pollution guidance increases, it will also enable us to disclose the air pollution footprint from materials.

## Food ingredients

Air pollution from food ingredients is currently not included due to limitations in data available to measure the footprint sufficiently and accurately.

## Production

The air pollution footprint of production is the final step in the supply chain where the IKEA home furnishing or food products, components or printed media are produced. It also includes the IKEA owned factories operated by IKEA Industry and packaging and distribution units operated by IKEA Components.

The footprint is based on any on-site generation of energy and any purchase of energy (e.g., electricity, heating, etc.) corresponding to the scope 1 and scope 2 emissions in the GHG Protocol of each tier 1 supplier or unit. All units provide their primary data on the consumption of energy sources, as well as any renewable energy attributes for bought energy (electricity and district heating or cooling).



The related air pollution for each energy source is calculated using emission factors provided by the Guide.

**Product transport and logistics services**

The air pollution footprint of product transport is measured as any transport managed by IKEA Supply Chain Operations, IKEA Industry, IKEA Components and IKEA Marketing & Communication. In essence, these are all product transports from our direct supplier to any IKEA unit, as well as product transports between IKEA units.

It is measured per shipment for each transport route and calculated by using the EMEP/EEA's air pollutant emission inventory guidebook 2019.

The air pollution for logistics services is based on any on-site generation of energy and any purchase of energy (e.g., electricity, heating, etc.) corresponding to the scope 1 and scope 2 emissions in the GHG Protocol. It does not currently include stationary fuel combustion. The scope includes distribution units owned by Inter IKEA Group and those operated by IKEA Franchisee Ingka Group.

**IKEA retail and other operations**

The air pollution footprint of IKEA retail and other operations covers all IKEA operations (stores, warehouses, offices, etc.) by Inter IKEA Group and the IKEA retail business of each of the IKEA franchisees. It does not include IKEA owned factories operated by IKEA Industry and packaging and distribution units operated by IKEA Components, since these are reported in production.

The footprint is based on any on-site generation of energy and any purchase of energy (e.g., electricity, heating, etc.) corresponding to the scope 1 and scope 2 emissions in the GHG Protocol of each tier 1 supplier or unit. All units provide their primary data on the consumption of energy sources, as well as any renewable energy attributes for bought energy (electricity and district heating or cooling). The related air pollution for each energy source is calculated using emission factors provided by the Guide.

Air pollution from stationary fuel combustion is currently not included in our disclosure. While we have activity data for the scope of operations connected to this footprint, work remains to be done to connect the applicable air pollutant emission factors.

**Co-worker commuting and business travel**

Air pollution has not been calculated for co-worker commuting, as an accurate model has yet to be developed.

**Customer travel and home deliveries**

For emissions from home delivery, the air pollutant factor for trucks less than 7.5 tonnes from EEA is considered representative of the trucks the IKEA business uses. In case the Euro class types are unknown, the average is considered. Air pollutants factors for FY16–24 are based on EMEP/EEA's guidebook. The distance per fuel type is multiplied by the respective fuel type per emission factor.

**Product use at home**

The air pollution footprint of product use at home is based on the energy consumption at home for lighting, home appliances, and home electronics. The burning of candles is currently excluded. Smart home products from IKEA are currently excluded from the footprint.

The energy consumption is measured in line with the GHG Protocol as the energy consumption through the product's lifetime. Since, in principle, all energy consumption is electricity consumption, the air pollution footprint is calculated by multiplying the energy consumption with a country-specific emission factor. This is calculated using energy mixes provided by the IEA (purchased electricity) and energy source-specific emission factors for the generation of electricity provided by the Guide.

**Product end-of-life**

The air pollution footprint for product end-of-life is calculated in a similar way to that of materials. The big difference is the scope, which is the grave (end-of-life) footprint, not the cradle-to-gate we use for materials. The weight of material in products sold is multiplied by an end-of-life emission factor specific to that material and the country's average waste handling in each IKEA market. Currently, no consideration in the model is taken to how the product has been designed for recycling or the specific waste-handling infrastructure at the IKEA store level.