

# Sustainability report

## IKEA 2023







# Table of contents

<b>4-5</b>		A word from our CEO
<b>6-9</b>		A part of the solution
<b>10-11</b>		The IKEA vision
<b>12-13</b>		The IKEA vision is our inspiration
<b>14-15</b>		People & Planet positive
<b>16-17</b>		IKEA Code of Conduct
<b>18-21</b>		How can IKEA have a positive impact?
<b>22-23</b>		IKEA's global achievements FY23
<b>24-33</b>		Three main focuses
<b>34-35</b>		People & Culture policy
<b>36-37</b>		IKEA 80 years old
<b>38-39</b>		Many, many people
<b>40-47</b>		About us / 47 Nationalities / Stik / Hobby groups
<b>48-49</b>		ESG report
<b>50-51</b>		Sustainable development goals of the UN
<b>52-53</b>		Sustainability timeline
<b>54-55</b>		Sorting & recycling rate
<b>56-59</b>		Waste management / Reducing food waste
<b>60-63</b>		Electric charging stations / As-is
<b>64-69</b>		Grants
<b>70-79</b>		Collaborations
<b>80-83</b>		Litter pluck day / Local environment / Sust. group
<b>84-85</b>		The Icelandic satisfaction scale
<b>86-89</b>		Brandr - best international brand in Iceland
<b>90-93</b>		Sustainability policy
<b>94-97</b>		Key statistics





# A word from our CEO

Sustainability is an integral part of IKEA operations worldwide and has been since IKEA was born in the south of Sweden 80 years ago, where efficiency and respect for the environment were greatly valued. Later on, a formal environmental policy was published along with associated goals. Being the largest furniture manufacturer in the world comes with great responsibility, but also gives us the opportunity to have a positive impact on everyday lives around the world. It is IKEA's ambition to make healthy and sustainable living affordable, attractive and accessible for the many people.

At IKEA in Iceland, we have consciously taken on this responsibility for years and are constantly looking for ways to do better. Sustainability at IKEA goes beyond the products and the business; it includes our relationship with customers, the role we play in the local community and in a wider context. In this report, you will get an insight into our actions and challenges, as well as our goals for the future.

*Stefán R. Dagsson, CEO of IKEA Iceland.*







# A part of the solution

Sustainability is one of the most important topics for the people on this planet, and the challenges are such that we need to think about the solutions from the perspective of the whole. The development has been fast in recent years and people are becoming more and more aware of their own responsibility and the responsibility of the companies they choose to do business with. When it comes to the environmental impact of companies, there are many things to think about, and companies like IKEA should show responsibility in the communities where they operate. Because of its scope, IKEA can have a big positive impact. We have already taken big steps towards sustainability, and together we can take even bigger steps, and thus increase the well-being of our planet and the people who inhabit it.









We want to be at the forefront of inspiring people to lead a healthy and more sustainable life in a fair society. That's why IKEA places more and more emphasis on sustainability. Everything from how we design products to how we produce them is being rethought, for example how we choose raw materials, transport, sell and then close the cycle so that nothing goes to waste.

**At IKEA, we work hard to be a part of the solution.**



# The IKEA vision

*The IKEA vision is “to create a better everyday life for the many people”, which is guided by our business idea “to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them”.*

Our vision influences everything we do. The products we develop, the ideas we share, the material we use. Yes, all of it. That is why it's so powerful and sensitive at the same time.

The vision is our compass that guides us all in the same direction. It keeps us grounded and focused in being approachable and diligent in doing what is best for the many people.

There are many reasons why we are proud of our vision. The main one, however, is that it supports us in our daily work. It's a useful tool and it's not just something we say.

The vision guides our co-workers in their jobs, all over the world.









# The IKEA vision is our inspiration

In order for IKEA to be able to achieve major and positive changes in the world, we have adopted a sustainability strategy both in Iceland and globally. The sustainability strategy is our motivation and guides us when making decisions and setting goals. The strategy is our road map and outlines a strong collective long-term plan. Like in everything we do, we follow our vision “to create a better everyday life for the many people”.





# People & Planet positive

As a large global company, we are aware of the impact we can have on the world without harming the planet's resources. We want to take advantage of our scope to encourage as many people as possible to make sustainable choices. IKEA's global sustainability strategy, People & Planet Positive, was first published in 2012 and set out targets that have largely been met, such as using only cotton from more sustainable sources, selling only LED lighting and using only paper and wood of certified origin. The strategy was updated in 2018 with new goals for 2030.









# IKEA Code of Conduct

IWAY is the IKEA supplier code of conduct, and it defines what we expect from our suppliers in the IKEA value chain in terms of the environment, animal welfare and most importantly, good working conditions and job satisfaction. The standard consists of the IWAY General Section as well as additional IWAY Sections, and it's based on 10 IWAY Principles. Each principle is supported by the IWAY requirements that all IKEA suppliers, of which there are more than 9,500, must meet in order to be able to work with IKEA.

ICoConduct is a code of conduct designed to ensure that IKEA franchisees around the world have specific and consistent processes for effective measurement, reporting and response plans for events or something else that could have a negative impact on the business and the IKEA brand. All IKEA franchisees are obliged to report any potential hazards and implement specific crisis management in consultation with Inter IKEA Systems B.V. ICoConduct is divided into seven chapters and each one has a chapter owner within the company who conducts an annual review.







# How can IKEA have a positive impact?

IKEA's climate footprint is estimated to be 0.1% of global greenhouse gas emissions. Thus, IKEA has a great responsibility and must contribute to limiting global warming. The company's global scale provides a unique opportunity to lead by example in a positive change for the planet, people and society.

IKEA's global commitments are based on limiting the increase in global temperature to 1.5°C. The company has also committed to reducing greenhouse gas emissions by at least 15% in the whole value chain by 2030 (compared to 2016). This means that in total, with projected growth over the same period, the climate footprint of each product will be reduced by 70% on average.









We look critically at all aspects of the company, encourage discussions and enable customers and employees to participate. Everyone can set an example, and it's important to look at how we can reach as many people as possible.

An important part of our operation is to use the company's size, creativity, innovation and knowledge of life at home to drive positive change. When we talk about positive impact, it means that we always aim to have an impact beyond the company. We are committed to creating a better everyday life for the many people.



# IKEA's global achievements FY23

During challenging times, it's more important than ever to keep moving in the right direction. This year IKEA decreased the climate footprint on a global level by 22% compared to baseline FY16. IKEA is committed to halving our climate footprint by FY30 and reaching net zero by latest FY50, sooner if possible. We have also increased the use of renewable electricity in store operations and in production. Furthermore, the climate footprint from product use in people's homes has decreased by half compared to FY16, and the amount of plastic packaging has decreased by more than 40%. IKEA introduced the use of organic glue, and is working on a new technology that allows fiberboard to be recycled. For the first time, leftovers from clay production were used to create a new collection, SILVERSIDA. IKEA also continued its work to promote a fair and equal society.

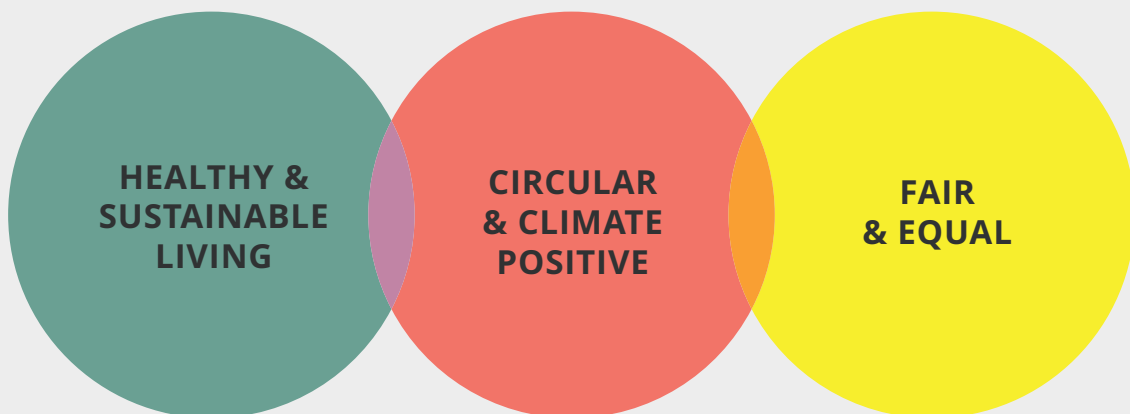






# Three main focuses

IKEA Iceland develops its own strategy and establishes objectives in addition to following the global IKEA sustainability strategy, People & Planet Positive. IKEA Iceland has always prioritised environmental matters, and social responsibility has become as crucial. We look for ways to do better and provide restraint, for example by measuring greenhouse gas emissions and monitoring results through Klappir's sustainability management system. The company's challenges in that area are of various kinds, including finding a good balance between financial growth on the one hand and positive social and environmental effects on the other. In the sustainability strategy, challenges and goals are divided into the following three categories:





# Healthy & sustainable living

IKEA global is committed to enabling hundreds of millions of people to live a better everyday life and inspiring them while respecting the planet's constraints. Our lifestyles have a big impact on the environment, our health, and well-being. Water, food, and air quality are major concerns in many parts of the world, and waste and pollution already have an impact on people's daily lives. As a home furnishing company, we place great emphasis on using more sustainable materials, processes and solutions, and as a restaurant and grocery store, we try our best to use healthy and nutritious ingredients. In addition, we encourage and support customers in adopting healthier lifestyles and becoming more environmentally conscious consumers by providing them with more sustainable products and services. We share information about the products to encourage them to choose more sustainable products. We also encourage other companies to take these concerns into account.







# Circular & climate positive

IKEA's global operations allow us to positively influence and even transform industries through efficient manufacturing, logistics and service. It also offers a better chance of finding solutions that help people reduce their environmental impact and encourage circular thinking and more sustainable consumption. We want to meet people's needs and wishes without it being at the expense of future generations.





# Fair & equal

We face many challenges in today's world, and we're convinced that IKEA can inspire and positively influence social development.

- ▶ By providing employees in the entire value chain with decent wages and good working conditions.
- ▶ Children and families have always been a focus for IKEA. We support gender equality as well as marginalised groups in society.
- ▶ IKEA vision and ambitions cover the entire value chain, and we set the same or higher standards for ourselves and our suppliers and business partners.
- ▶ IKEA Iceland has set its own code of conduct for co-workers.







*IKEA in Iceland employs a diverse workforce of 47 nationalities.*



At IKEA, we have clear policies and plans when it comes to our employees. For example, we have a contingency plan on gender-based and sexual harassment, bullying and violence, as well as an equality policy and People & Culture policy. Every year, IKEA Iceland gives grants to several projects that concern children and culture in a broad sense. In line with IKEA's goals of equality and togetherness, all employees wear co-worker clothing, helping to minimise class division within the organisation.



### **The role of the People and Culture department**

Creating a better everyday life for the many people starts with creating a better everyday life for our co-workers.



# The equal pay policy and the equality scale recognition

The goal of the IKEA equal pay policy is to ensure equal pay within the company through an equal pay system. IKEA Iceland commits to paying equal wages for comparable performance and work of equal value regardless of gender, race or other unsubstantiated criteria. The equal pay policy and its implementation is part of the company's equality plan. All managers of the company commit to implementing it, but the final responsibility lies with the human resources manager. The equal pay policy is prepared according to the equal pay standard ÍST 85 and follows the relevant laws, rules and collective agreements that are in effect at any given time.

IKEA received the FKA Equality Scale recognition in 2023. It is awarded to businesses that have managed to balance the gender ratio in the top-level management group. This year, 76 organisations were awarded: 59 businesses, 6 municipalities and 11 public entities. Equality is important to us at IKEA; not only gender equality but equality in any form. We are proud of the recognition, as it's a real privilege to enjoy as much diversity as we do in our workplace.







# IKEA for 80 years

This year marks 80 years since Ingvar Kamprad founded IKEA. He named the company after his initials along with the initials of the family town Elmtaryd and the municipality Agunnaryd. At that time, IKEA was not a furniture store, but Ingvar sold many other items, such as matches, pens and Christmas cards, despite his young age. After the war, the Swedish government built a lot of housing in Sweden and offered home furnishing loans. In addition, there were many small furniture factories in the Smålands. It was then that Ingvar began to think about furniture. The first furniture catalogue was published in 1948. At that time, Ingvar wrote down that IKEA would expand the range if customers showed reasonable interest, which they did.





# Many, many people

We always stand with the many people. But who are the many people?

In our eyes, the many people are for example our customers, colleagues and suppliers. We can make a difference for people with big dreams and limited budgets. It could be you, me or anyone who dreams of creating a better everyday life.

Our ultimate goal is to reach the many even more effectively. For that to become a reality, we need to become more open and accessible and create space for everyone, especially those we don't reach today, and let their voices be heard. We welcome the diversity of our markets and want to enable more people to influence IKEA and help us become better today than yesterday.

Better access requires new collaborators, fresh ideas and diligent work. It requires a concerted effort as we invite our customers and suppliers to join us in the search for the best ideas.



*To create a better everyday life for  
the many people.*







# About us

Today, IKEA Iceland employs over 480 people in a lively multinational workplace with employees from 47 different countries. Every day, our group of co-workers strives to attain the IKEA vision “To create a better everyday life for the many”.

Diversity is the key to success. At IKEA, we value diversity in all of its forms. We focus on creating a work environment where everyone feels welcome, respected, empowered and valued, no matter who they are or where they come from.

► **PLAY VIDEO**





## 47 NATIONALITIES



**ALBANIA - 2**



**USA - 1**



**BELGIUM - 1**



**UK - 4**



**BULGARIA - 2**



**EGYPT - 1**



**ETHIOPIA - 1**



**PHILIPPINES - 23**



**FRANCE - 1**



**FAROE ISLANDS - 1**



**GAMBIA - 1**



**GREECE - 1**



**CAPE VERDE - 1**



**GUINEA - 1**



**INDONESIA - 3**



**IRAQ - 1**



**IRAN - 3**



**ICELAND - 309**



**ITALY - 1**



**KENYA - 2**



**CROATIA - 1**



**LATVIA - 1**



**LITHUANIA - 9**



**MALAYSIA - 1**



**MALÍ - 1**



**MOLDOVA - 1**



**NEPAL - 9**



**PAKISTAN - 1**



**PORTUGAL - 4**



**POLAND - 27**



**RUMENIA - 12**



**RUSSIA - 3**



**SERBIA - 2**



**SLOVAKIA - 2**



**SOMALIA - 1**



**SPAIN - 1**



**SRI LANKA - 1**



**SWEDEN - 1**



**SYRIA - 3**



**CZECHIA - 1**



**TAILAND - 1**



**TURKEY - 3**



**HUNGARY - 3**



**UGANDA - 1**



**UKRAINE - 1**



**VENEZUELA - 15**



**VIETNAM - 26**

# STIK

We have an employee association called STIK. All co-workers 18 years and older are automatically registered in STIK but can request to leave the association any time.

STIK has organised a lot of events in the past fiscal year, such as laser tag, Christmas crafts, Santa's gifts, pub quiz, cinema, candybar, Småland games, Eurovision game, Easter bingo and family day.

STIK's events have been well attended and each event creates a good atmosphere within the workplace. We also have bigger events that STIK does not organise. Those are the Kick-off party, the annual party and the Christmas buffet.









# Hobby groups

Social interactions, friendships, and communication are essential factors when it comes to creating a pleasant work environment. There are usually lots of different interest groups and groups of friends in big workplaces. In IKEA, there are several hobby groups that meet regularly, such as a handicraft group, a football group, a fishing group, and a running group.





# ESG report

During the last fiscal year, we started working on our ESG report according to a new European Union directive that will come into effect next year. ESG stands for environmental aspects, social aspects and governance. The European Commission adopted a legislative proposal in 2021 for a Corporate Sustainability Reporting Directive (CSRD). The report is written according to ESRS standards published by EFRAG (European Financial Reporting Advisory Group).

Large or listed companies are required to provide such sustainability information. The ESRS requirements are detailed and require companies to align operations and policies with the government's sustainability journey and climate goals.

IKEA Iceland is not a listed company and therefore not in the first group that must submit such a report, but we have made the sensible decision to start this work now in order to be better prepared when it's our turn.







# Sustainable development goals

Most of the global challenges and demands for action are described in the United Nations Sustainable Development Goals. The Sustainable Development Goals were published in 2015 and provide an inspiring framework for collective action. They guide us when we do business, set our goals and work with our value chain. There is a connection between IKEA activities and all the SDGs, and at IKEA, we'll use them as a guide for positive change.





# Sustainability timeline

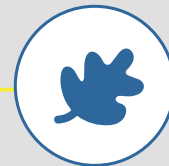


**2013** Transportation grant for employees

Equal pay certification

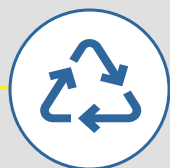


**2023** ESG reporting started



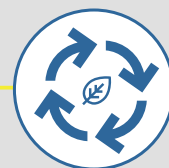
**2022** Artificial intelligence to track food waste

Collaboration with Plastplan



**2025** 90% sorting rate

Emissions reduced in total by 20% compared to FY16



**2030** Carbon neutrality

Greenhouse gas emissions from home deliveries reduced in total by 50% based on FY16



**2014** Charging stations  
for electric cars

New job position  
at IKEA Iceland:  
Sustainability  
specialist



**2016** Membership  
in Festa



**2020** Sale of single-use  
plastic products  
stopped

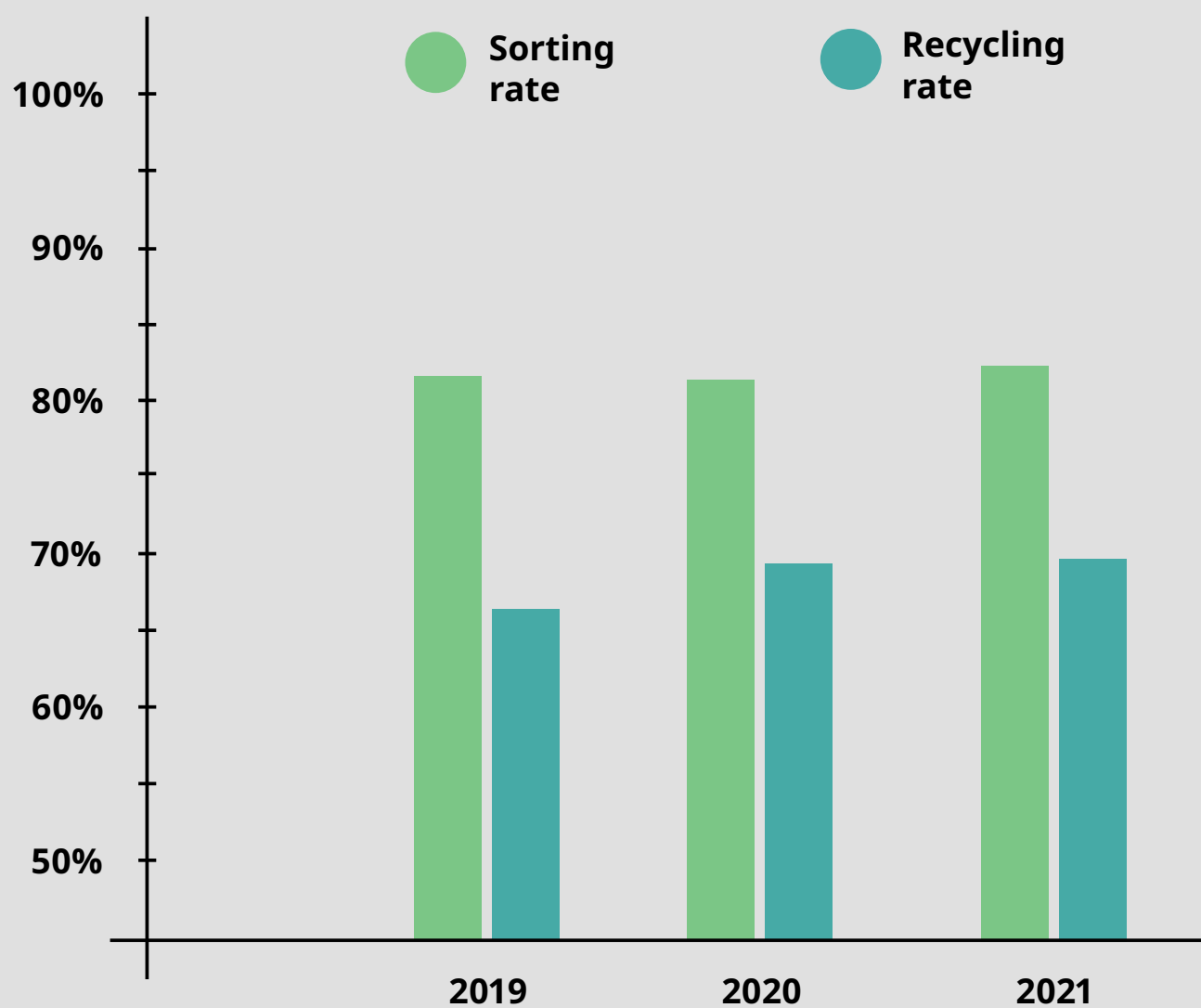


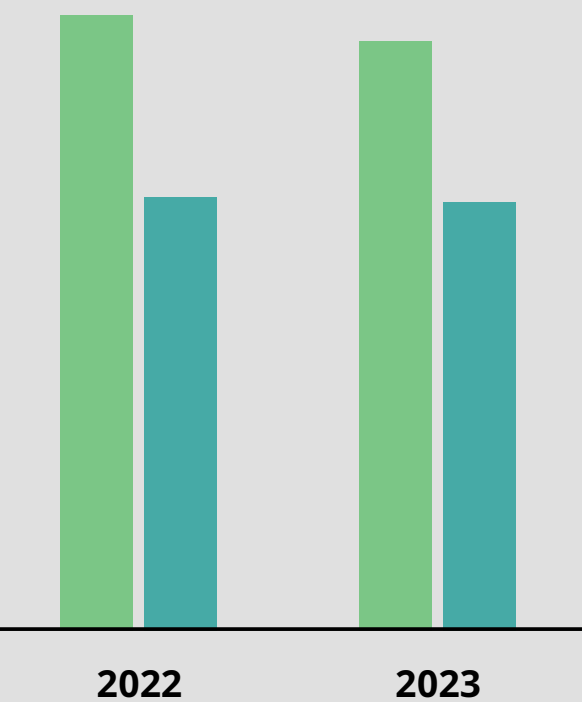
**2018** Carbon accounting  
through Klappir

The creation of a sustain-  
ability report began



# Sorting & recycling rate





Our waste sorting goals are to reach a sorting rate of 90% and a recycling rate of 75% by the end of the operating year 2025.



# Waste management training

Waste management is very important, and we do our best to constantly improve. When we noticed that the sorting ratio was declining last year, we reacted by strengthening information material on Workplace and at waste sorting stations, where employees can find out how to sort waste when in doubt. In addition, we have held regular waste management courses which are available to all co-workers. When the new building will be fully operational during 2024, we will have new and improved waste sorting facilities, all under a roof.









# Reducing food waste

One of our goals is to reduce food waste in the restaurant, which we do with equipment that uses artificial intelligence to detect organic waste. The device takes a picture, weighs and requests information about what is discarded. For example, the system shows us how much we throw away, how many meals we throw away, the total value and carbon footprint of what is thrown away. That way we get a good overview and information on where to make improvements.





# Electric charging stations

IKEA Iceland has decided to be at the forefront of companies and shopping centres in Iceland in offering customers charging stations for electric cars. Since the first charging station was installed outside the store in the summer of 2014, the number has increased rapidly and there are now 60 charging stations. Charging has always been free of charge for customers and co-workers.

Two charging bays are wider for the disabled, and they were the first charging bays in the country that were specifically meant for this group of customers. Our goal with this wide offering of charging stations, is to inspire people to switch to this eco-friendlier form of transportation and to inspire businesses and organisations to provide more charging stations.









# AS-IS

In As-is, we sell products that we cannot sell in-store; for example discontinued items, slightly used items and ex-showroom displays. The products may have been returned, used as samples or have minor defects. Customers can buy these products at a lower price, allowing them to reuse them and increase circularity.





# Transportation grant

IKEA offers all employees a grant for using eco-friendly and healthy ways of travelling to and from work. The grant has been offered since 2013.









# Health grant

IKEA co-workers can apply for an annual grant of up to ISK 25,000. The grant can be used for: Physical fitness and preventive and health promotion services, e.g. access to a gym, swimming pools, ski areas or membership fees in sport clubs, physiotherapy, physical therapy, psychology, meditation or other regular physical activities.



# **IKEA educational grant**

Co-workers interested in further developing personally and professionally, and taking charge of their own future, can apply for an educational grant after working full time for at least 18 months in the company.







# Children's accident prevention center

Most accidents happen in or around the home, and often they can be prevented. The furniture and furnishings you choose – and how they are used – play a big role in your family's safety. Children's safety is one of our key priorities, which is why we support the Children's Accident Prevention Centre.

Herdís Storgaard is dedicated to ensuring children's safety and offers all parents safety courses, free of charge. Herdís has also collaborated with IKEA globally. She also worked on projects for IKEA globally and is responsible for the training "Human behaviour and product safety," and is a member of the Children's IKEA Advisory Panel.





# **Textiles to support the Icelandic Church Aid**

All leftover textiles from IKEA's production are collected and recycled. A part of the textiles goes to the Icelandic Church Aid, where it's used in their sewing room.







# **Laufið digital sustainability platform**

IKEA Iceland collaborated with Laufið, the first sustainability information provider in Iceland, during the business year. Through Laufið, customers can evaluate businesses based on their climate actions, and monitor the green steps they're taking.

We worked systematically to register the leaves and green steps we've completed, and the system inspired us to set new goals.









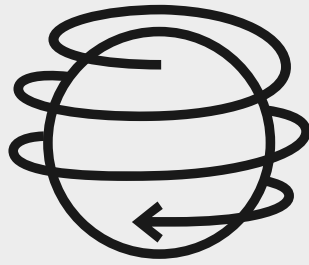
# Carbon accounting

At IKEA, we track our sustainability KPIs through Klappir's sustainability platform. The platform allows us to register and keep track of all our emissions. We get a better overview, where we can see waste management KPIs rate, fuel use, water and electricity use and more. Klappir facilitates sustainability accounting and reporting in accordance with international standards.









# **IKEA X PLASTPLAN**

IKEA Iceland collaborated with Plastplan, a startup company that makes new objects out of recycled plastic. Every month, Plastplan's employees collect plastic waste from IKEA, which, after concept work, design and testing, become new objects for employees or customers. The collaboration has resulted in various things, but the latest, the Dala horse, is one of Sweden's symbols. We give it to employees who complete specific trainings, as is the tradition in the IKEA world.



# Litter pluck day

The litter plucking day was held on May 5th. Co-workers came together to pluck litter around the store and in the area. After the event we fired up the BBQ and had a very nice and unconventional day for all who participated. The goal is to make this an annual event.







# Local environment

The litter pluck day is not the only day of the year that we take care of our surroundings. The facilities management department makes sure that the area is clean and nice during the winter, and during summer we have a fresh group of teenagers who make sure that the whole Kaupún-area is tidy and attractive.



# Sustainability group

The sustainability group was active during the year, consisting of employees who are sustainability enthusiasts. In monthly meetings, the group covered various sustainability topics within the company and they served as a venue to discuss ideas and events.





Hej!











# The Icelandic satisfaction scale

The Icelandic satisfaction scale is a measurement of customer satisfaction, which is measured regularly throughout the year, as well as other factors that affect it, such as image, quality perception and customer loyalty. IKEA has been significantly highest in the furniture store category from the beginning, and this year we got 76.6 points! IKEA was also highest of all retailers and received the third highest score of all companies measured!



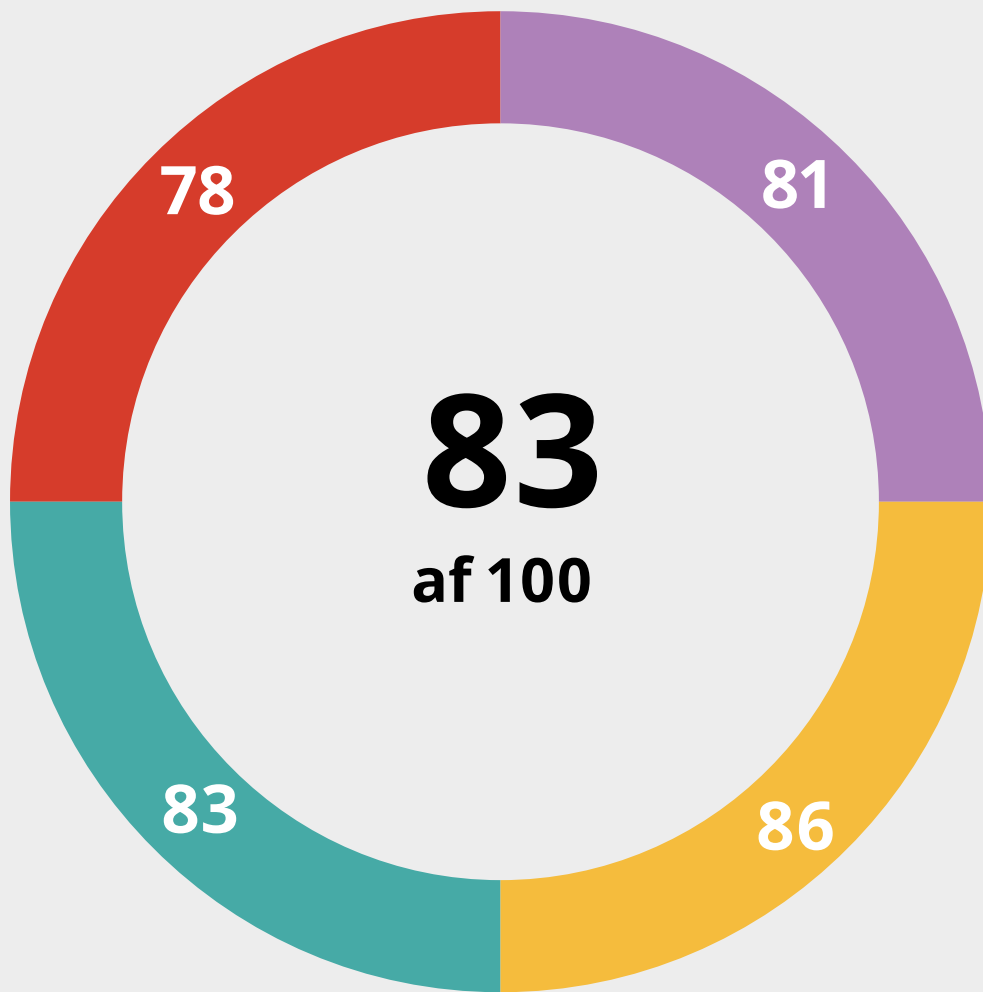




# brandr–best international brand in Iceland

IKEA was chosen the best international brand in Iceland in 2023. The brand consultancy company brandr presents the award, and winners are selected by a selection committee. Our average score was 83, which is around 17% above the average of all companies in the private sector, which was 71. Recommendation, trust and loyalty indexes were all above average, and we are very proud of these results. The following categories were measured: differentiation, market share, image and social responsibilities and sustainability.





▲ Differentiation ▲ Market share ▲ Image ▲ SR&S



▲ Furniture stores ▼ The whole country ▲ Lowest score ▼ Highest score



A word cloud with the word 'furniture' as the largest and most central element in a dark green color. Other prominent words include 'sweden' in yellow, 'Low price' in dark green, 'good price' in blue, 'Variety' in yellow, 'home' in blue, 'meatballs' in blue, 'Affordable' in dark green, 'cost-efficient' in yellow, 'good products' in yellow, 'beautiful design' in blue, 'the food' in blue, 'fun' in dark green, and 'quality' in blue. The words are arranged in a circular pattern around the central 'furniture' word.

Low price  
good price Variety  
fun quality sweden home  
meatballs  
furniture  
the food beautiful design  
Affordable  
cost-efficient  
good products



# Words that come to mind when people think about IKEA

According to brandr index, the most common words that came to mind were: Furniture, Sweden, Good price, Low Price, Cost-efficient, Variety, Food, Good design and more.



# Sustainability policy

- ▶ Evaluate suppliers in the value chain based on sustainability priorities
- ▶ Reach a sorting rate of 90% and a recycling rate of 75% by the end of FY25
- ▶ Change packaging to cardboard where possible
- ▶ Reduce single-use plastic where possible
- ▶ Reduce total emissions by 20% by FY25 compared to FY16
- ▶ Reduce absolute GHG emissions from remittances by 50% by FY30 compared to FY16







- ▶ Improve waste management and waste management training for employees
- ▶ Always offer a vegan option in the restaurant for customers and co-workers
- ▶ Make sure that fuel consumption does not increase, and find ways to reduce the use of fossil fuels
- ▶ Strengthen circularity thinking, fx. by collaborating with start-ups and educating co-workers and customers about the circular economy
- ▶ Achieve carbon neutrality by FY30
- ▶ Create incentives for employees to use more environmentally friendly means of transport to and from work

# Key statistics

- ▶ Total emissions from scope 1, 2 and 3 decreased by 25%, from 2,306 tCO<sub>2</sub>e in 2022 down to 1,730 tCO<sub>2</sub>e the previous year. This decrease is considerably larger than expected, but due to new and more precise ways of measuring distancing and more accurate calculations, that could be the case. Numbers are being revised to find out exactly where the decrease originates.
- ▶ Total emissions from employee transport to and from work was 172 tCO<sub>2</sub>e
- ▶ The extension of the store is in construction. There, we will have greatly improved waste management facilities which we believe will improve our waste management even more. Also, all operations will be under one roof, so customers will not have to pick up products from more than one warehouse, which will decrease our transport of goods between buildings.









- ▶ Waste management goals have been revised and the current goal is to reach a 90% sorting ratio and 75% recycling ratio by the end of 2025.
- ▶ All imported products now come on cardboard pallets. They are lighter, use 30% less material and are 20% stronger than wood, and they are also more convenient to recycle.
- ▶ The total amount of waste increased by 11%. It was 1,006,836 kg in 2023, while the previous year it was 903,796 kg. At the same time, the amount of recycled waste increased by 9%.
- ▶ Sorting rate has decreased to 80,8% this year, compared to 82.7% the previous year. The recycling rate was stable; it went from 71,8% to 71,5% this year.



