

Short summary of:

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



INGKA™

## About our reporting

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

### Our four movements

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

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

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

### Our reporting channels

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

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

### Reporting scope

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

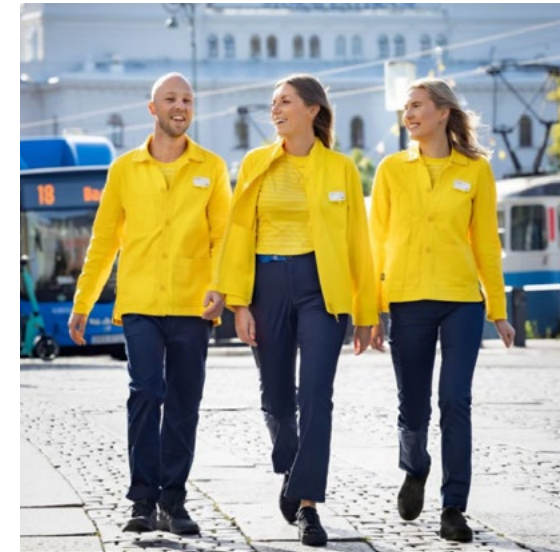
It does not cover the activities of the Inter IKEA Group which includes the companies that develop and supply the IKEA product and food ranges, certain manufacturing and Inter IKEA Systems B.V. – the worldwide IKEA franchisor.


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


### External assurance

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

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



 [Ingka Group reporting website](#)

 [IKEA Sustainability Report FY22](#)

**EUR 42 billion**

total revenue

**177,192**

co-workers

**3.8 billion**

visits to IKEA.com

**482**

IKEA stores, shops and planning studios in 31 countries

**44**

Ingka Centres meeting places in 14 countries

[Read more about Ingka Group](#)

[Read more about IKEA Retail](#)

[Read more about Ingka Centres](#)

[Read more about Ingka Investments](#)

# About Ingka Group

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

## One brand, many companies

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

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

## IKEA Retail

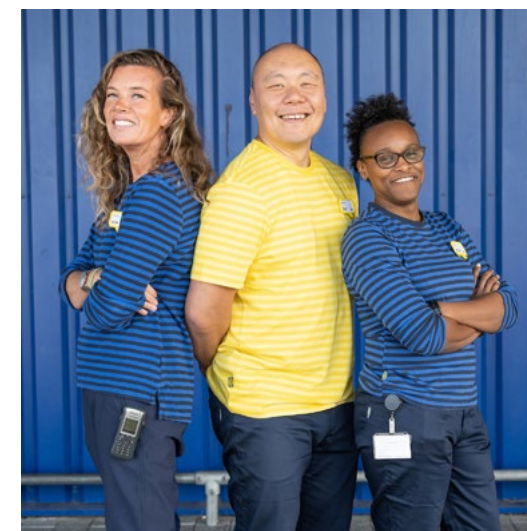
IKEA Retail is our core business that operates 379 IKEA stores including city stores, as well as 103 IKEA shops and IKEA planning studios in 31 countries. IKEA Retail operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor. In FY22, we welcomed more than 680 million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

## Ingka Centres

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

## Ingka Investments

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



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

# Our purpose is stronger than ever

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

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

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

## Better homes

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

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

## Better lives

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

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

## Better planet

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



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

## Better company

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

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

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

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

Most things remain to be done. Glorious future!

Jesper Brodin, President and CEO, Ingka Group\*

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

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

# Building better into everything we do

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



**Better homes**

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

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

[Better homes](#)

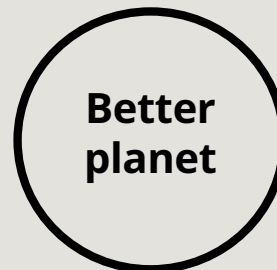


**Better lives**

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

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

[Better lives](#)



**Better planet**

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

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

[Better planet](#)



**Better company**

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

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

[Better company](#)

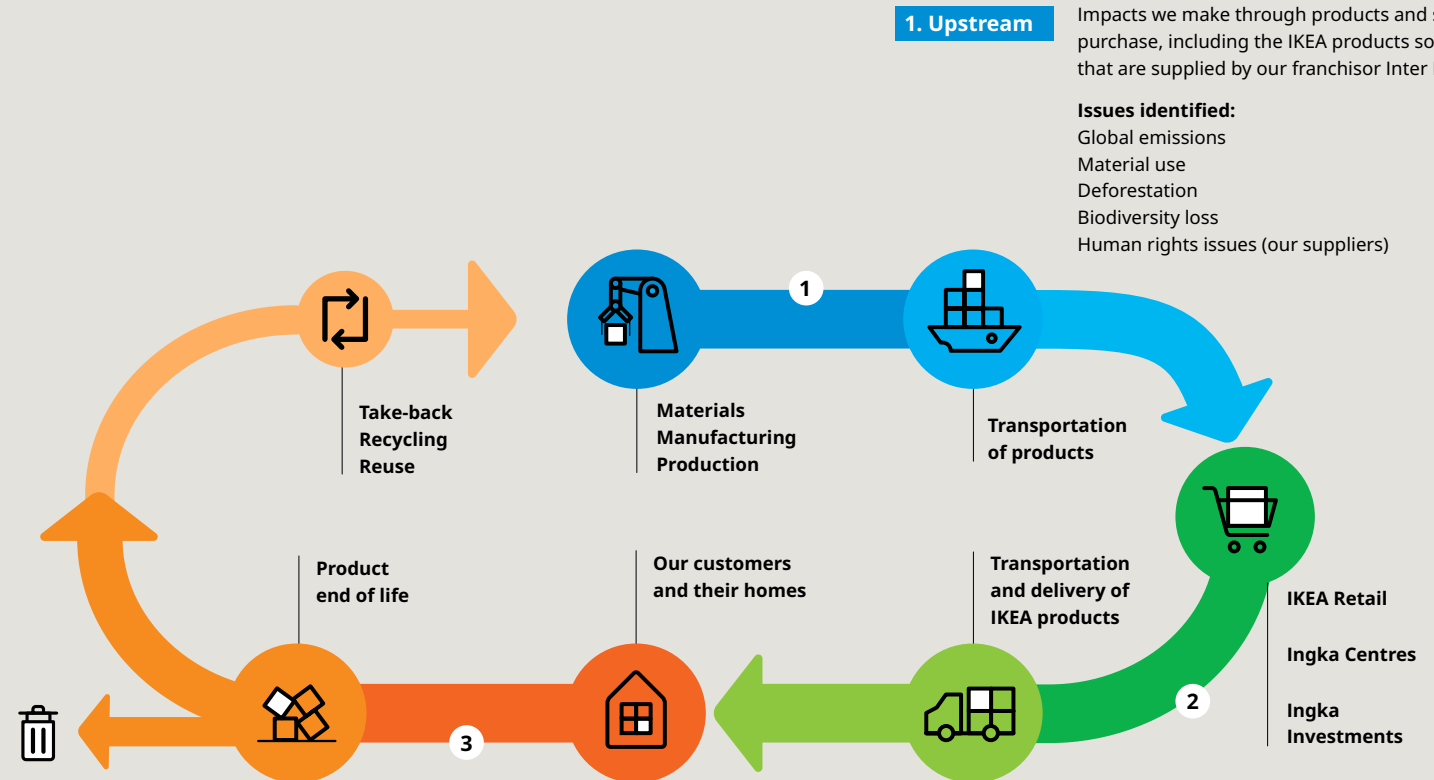


# Our business impact on people and planet

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

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

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



## 1. Upstream

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

### Issues identified:

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

## 3. Downstream

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

### Issues identified:

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

## 2. Our own operations

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

### Issues identified:

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

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

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

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

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

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

● Very high impact ● High impact ● Medium impact

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

See the full results and methodology of our materiality assessment

## Young Leaders' Opinion letter

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



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

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

### About the Young Leaders

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

### Our work thus far

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

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

### Conclusion

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

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

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

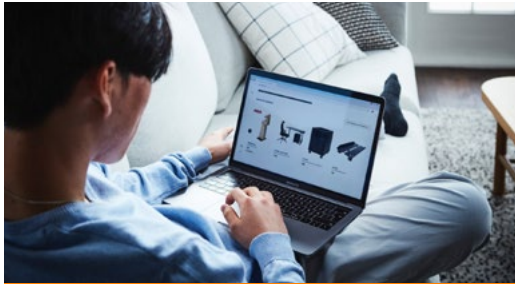
On behalf of the Ingka Group Young Leaders Forum

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

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



# Our performance at a glance




BETTER HOMES

## 3.8 billion

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

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



BETTER HOMES 

## 32.5 million

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

(32.0 million in FY21)




BETTER LIVES 

## 1,765

refugees supported to get into employment since FY20

Target: 2,500 by end of 2022



BETTER LIVES 

## EUR 15.2 million

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



BETTER LIVES 

## 50♀/50♂

gender balance in our management positions (all leaders)

Target: 50/50



BETTER HOMES

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



BETTER LIVES 

## 80.2%

of co-workers believe we live our values

Target: 80%



BETTER LIVES 

## 81.2%

of co-workers feel included

Target: 80%

BETTER PLANET

**75.7%**  
operational waste recycled

Target: 100% by 2030




BETTER PLANET

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



BETTER PLANET

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

BETTER PLANET

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

Target: 50% by the end of 2021



BETTER COMPANY

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

BETTER COMPANY

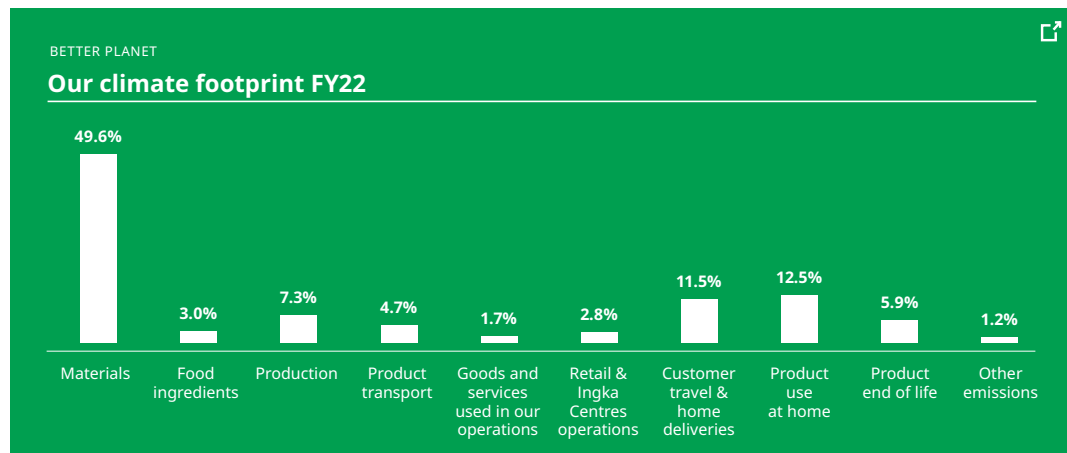
**EUR 42.0 billion**  
Ingka Group revenue  
(EUR 39.8 billion in FY21)

BETTER COMPANY

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

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

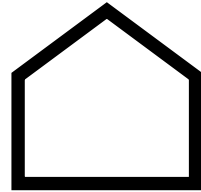
Target: EUR 6.5 billion by 2030

BETTER COMPANY

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

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



# Better homes summary

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

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

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

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

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

## Challenges we are addressing

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

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



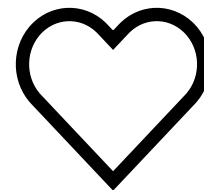
Do you have a great idea on how we can meet our challenges? Send us your thoughts!

## What we are proud of

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

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





# Better lives summary

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

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

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


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

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

## Challenges we are addressing

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

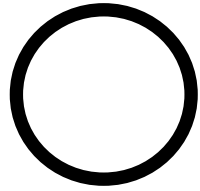
We did not meet our neighbourhood target to support at least 2,500 refugees by the end of FY22, but we expect to do so during FY23. Unforeseen global events including the Covid-19 pandemic and war in Ukraine resulted in store closures which impacted our operations and ability to roll out and scale up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

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

## What we are proud of

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

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



# Better planet summary

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

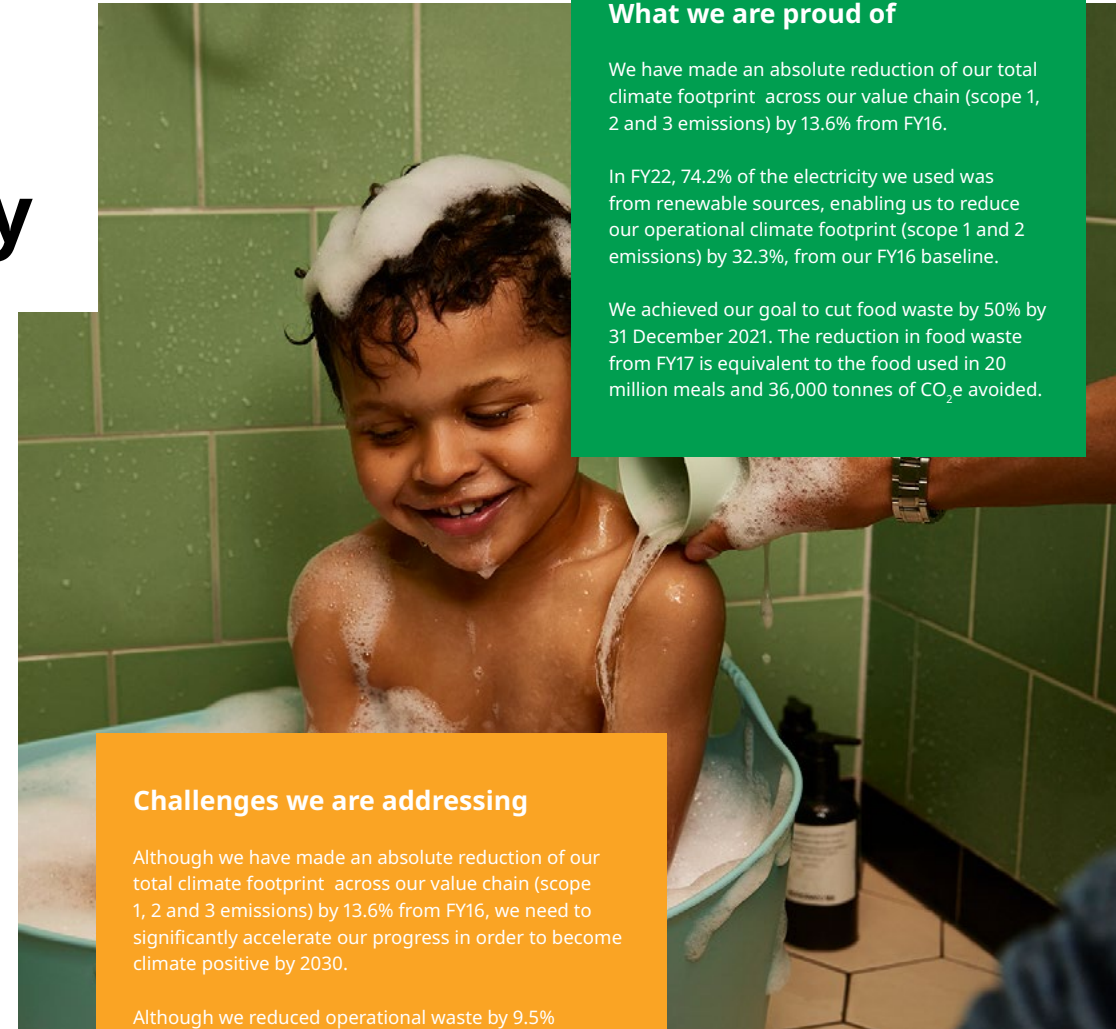
We set science based targets in 2018 to reduce emissions across our value chain in line with a 1.5°C pathway. We aim to update our targets in FY23 in alignment with the new Net Zero standard and submit them to the Science Based Targets initiative (SBTi) for validation.

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

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

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

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



## What we are proud of

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


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

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

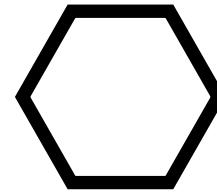
## Challenges we are addressing

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

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

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

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



# Better company summary


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

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

## Challenges we are addressing

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

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

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

We structure our business to ensure financial resilience and we reinvest profit to help us keep growing and improving. We think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet. This includes investments made through Ingka Investments, our investment arm, to strengthen our long-term growth and business development, secure our financial resilience and make responsible investments in people and businesses.

Our governance is designed to ensure that Ingka Group remains a well-managed, successful, purpose-led company, and that we deliver on our strategic ambitions and goals, including our sustainability strategy.

## What we are proud of

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

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

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



INGKA™