



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.¹ 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.

¹ 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 partners¹

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.

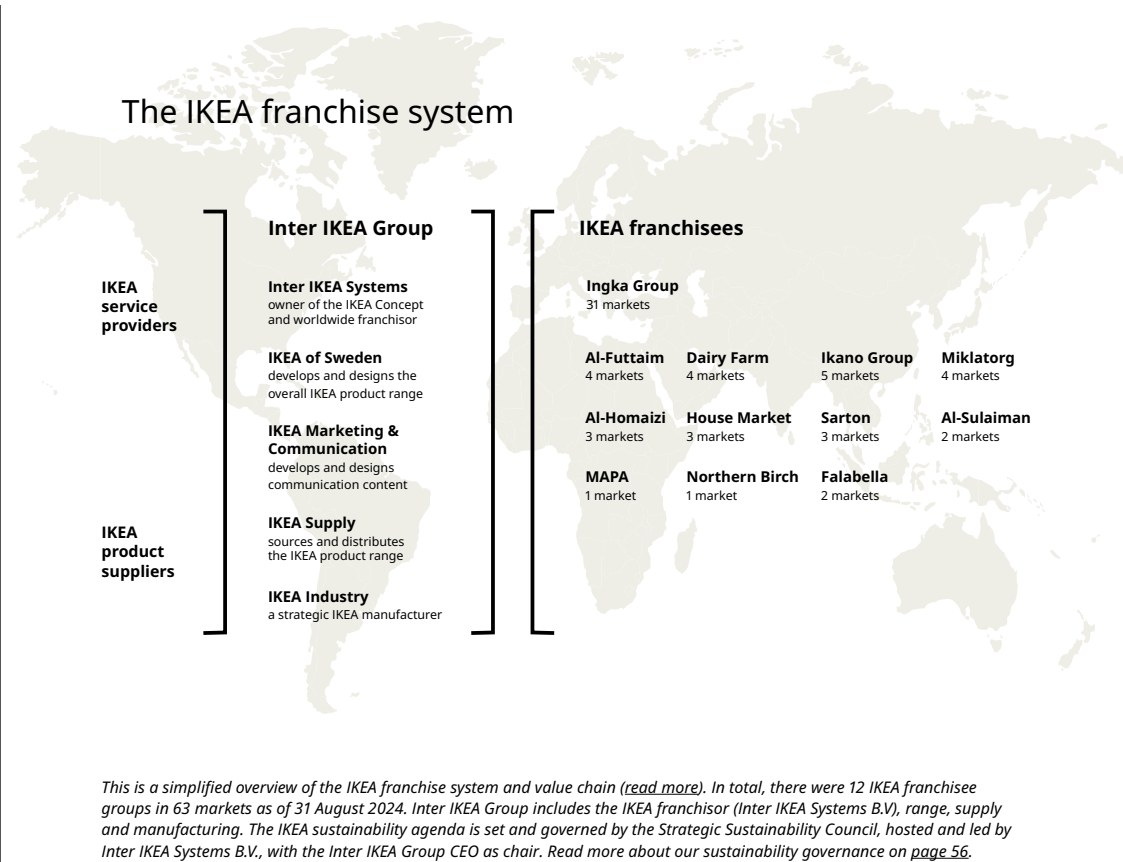


45.1 billion

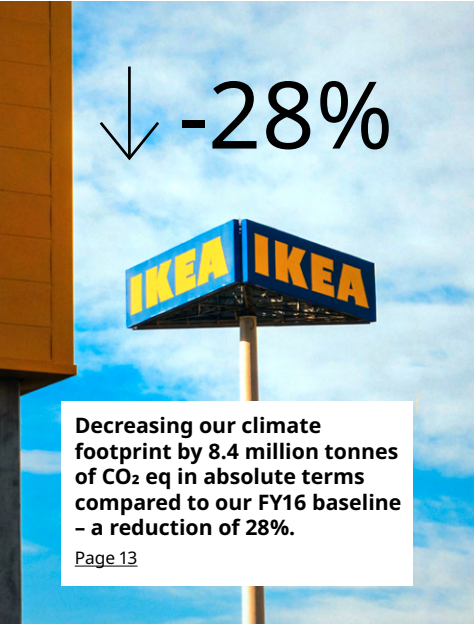
IKEA retail sales (in EUR)²

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.

¹ We work with approximately 1,500 suppliers for home furnishing, transport, logistics and distribution services, components, and food.
² Excluding sales taxes, including sales of IKEA products, food and services by IKEA franchisees.

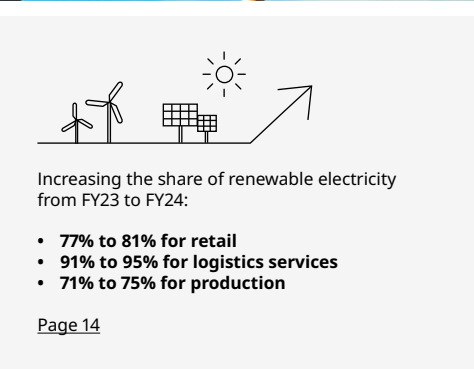


FY24 sustainability highlights



Decreasing our climate footprint by 8.4 million tonnes of CO₂ eq in absolute terms compared to our FY16 baseline – a reduction of 28%.

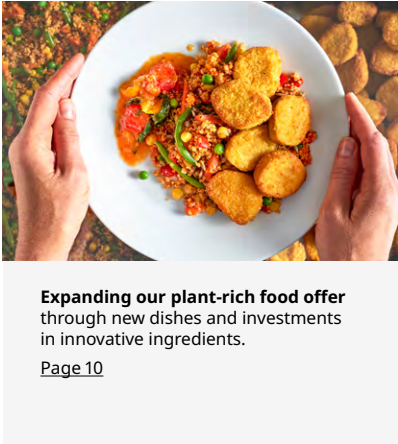
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Increasing the share of renewable electricity from FY23 to FY24:

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

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

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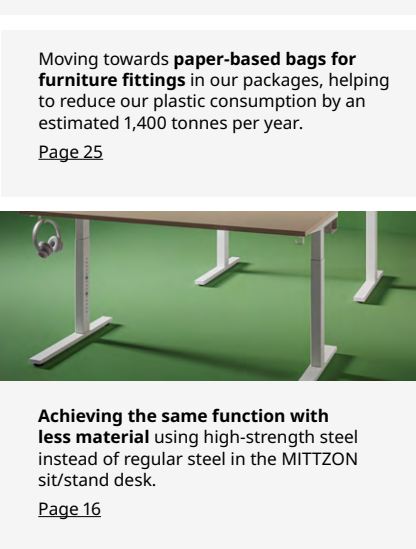
Driving innovative solutions for water efficiency at home through initiatives like the 50L Home Coalition pilot in Los Angeles and the Drop It project in Sweden.

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

[Page 22](#)



Moving towards **paper-based bags for furniture fittings** in our packages, helping to reduce our plastic consumption by an estimated 1,400 tonnes per year.

[Page 25](#)

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

[Page 16](#)

Demonstrating our support for swift implementation of the Global Biodiversity Framework (GBF) by endorsing the Business for Nature statement calling for renewed policy ambition on nature ahead of COP16.

[Page 31](#)



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

[Page 36](#)

Strengthening our responsible sourcing approach across the value chain with new IWAY requirements that address seafarers' rights, animal welfare, as well as social and environmental aspects in agriculture.

[Page 48](#), [page 41](#), [page 40](#)



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

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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.

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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



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

[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](#)

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 Services¹ 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 markets² 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.

¹ IKEA Energy Services is a business unit within the largest IKEA franchisee Ingka Group.

² 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-rich¹ 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-based² 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 healthier³ 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,⁴ 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 sales⁵ at IKEA Sweden.



→ 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.

¹ 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.

² 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.

³ 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".

⁴ 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.

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

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.¹ 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.

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

Our climate agenda



Where we are focusing our efforts:

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

[Page 14](#)

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

[Page 17](#)

Going beyond IKEA

[Page 18](#)

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.

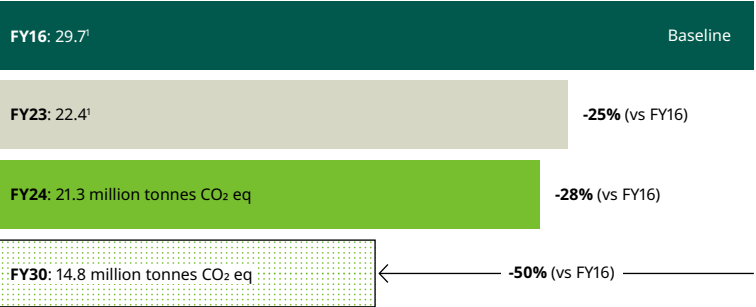
3. Going beyond IKEA

"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.

IKEA climate footprint

Performance vs. baseline FY16 (million tonnes CO₂ eq)



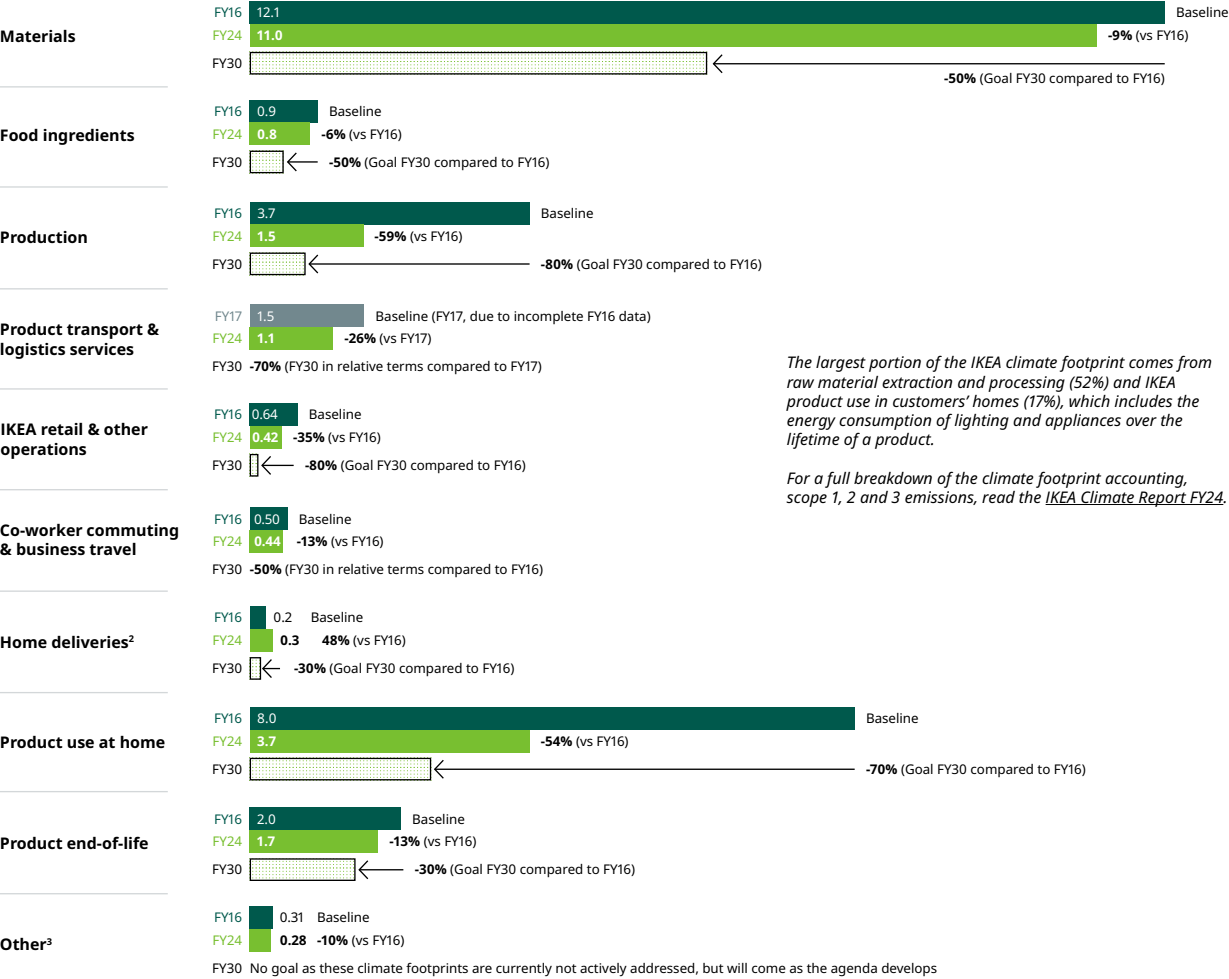
Goal FY30
Reduce by at least 50% in absolute terms compared to baseline FY16.

In FY24, the total IKEA climate footprint decreased by 1.1 million tonnes of CO₂ eq in absolute terms compared to FY23 – a reduction of 5%.

¹ Historical figures are revised only if data quality or calculation methodologies improve.
² 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.
³ Includes the climate footprints of capital goods, materials connected to retail equipment and co-worker clothing, and waste generated in IKEA operations.

Climate footprint at each stage of the IKEA value chain (million tonnes CO₂ eq)

FY16 FY24 Goal FY30 compared to baseline (FY16)



The largest portion of the IKEA climate footprint comes from raw material extraction and processing (52%) and IKEA product use in customers' homes (17%), which includes the energy consumption of lighting and appliances over the lifetime of a product.

For a full breakdown of the climate footprint accounting, scope 1, 2 and 3 emissions, read the [IKEA Climate Report FY24](#).

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 CO₂ 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.¹ Lower production volumes during the reporting period also contributed to the decrease in emissions during FY24.

¹ Includes home furnishing, components and media print suppliers but excludes food suppliers.

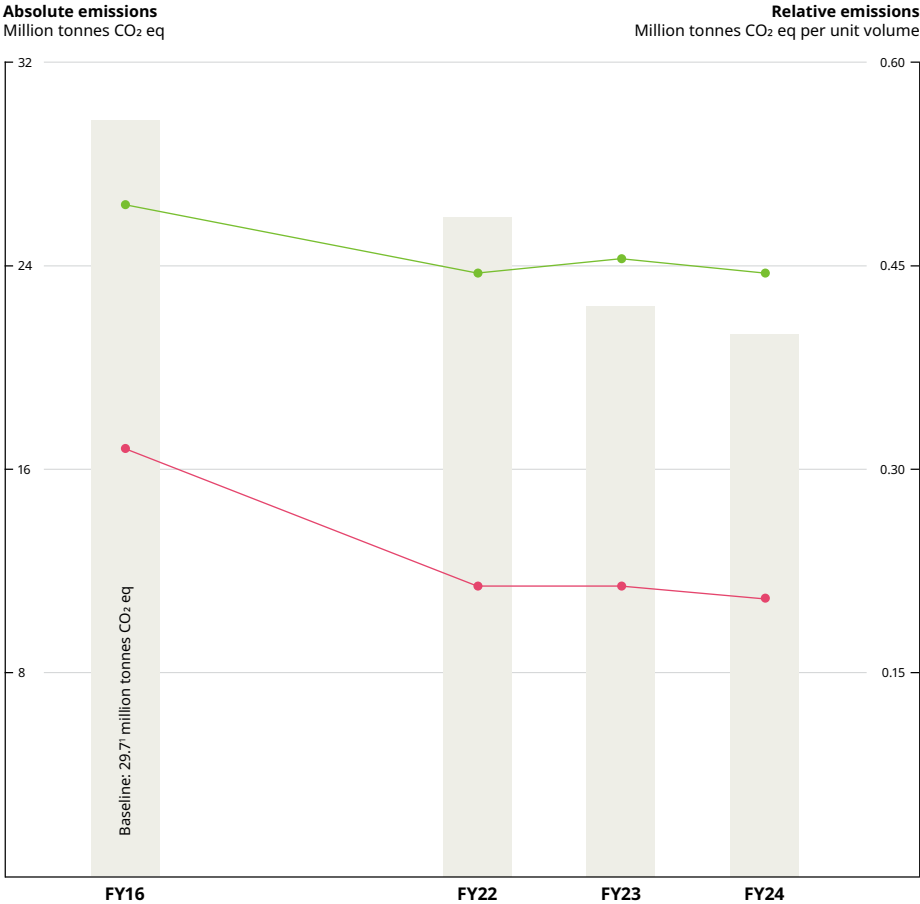
Product transport emissions improved in FY24 despite higher shipping volumes. While transport activity increased by 9% (in tonne-kilometres), we reduced absolute emissions by 0.2% and relative emissions by 9% compared to FY23.

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 CO₂ 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 (m³) 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 m³ 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 m³ 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 m³ sold. This is an estimated 34% reduction compared to our FY16 baseline.

¹ 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 CO₂ 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,

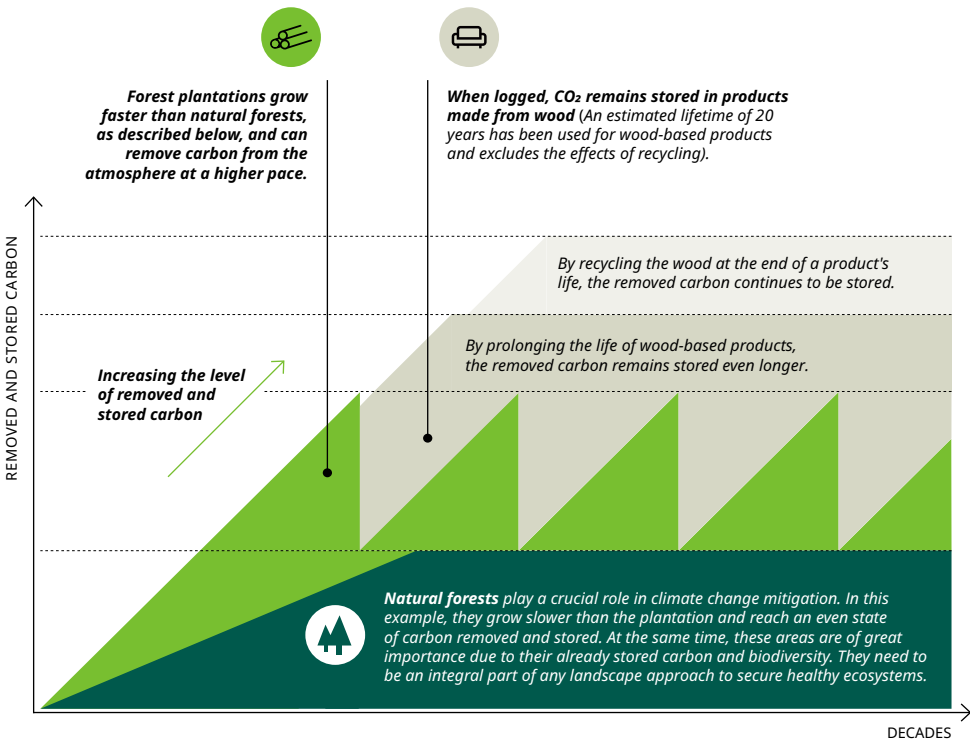


together with a smallholder cooperative, has been working in Hue, Central Vietnam, implementing and promoting responsible acacia forest management on 1,100 hectares.

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 practices¹ 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.

¹ 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 (CO₂) 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**¹ 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 CO₂ 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).²

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.

¹ 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.

² 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.

Circularity and secondary raw materials



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.

Where we are focusing our efforts:

Designing all IKEA products with circular capabilities

[Page 21](#)

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

[Page 26](#)

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](#)

Aiming to send zero waste from IKEA operations to landfill

[Page 27](#)

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

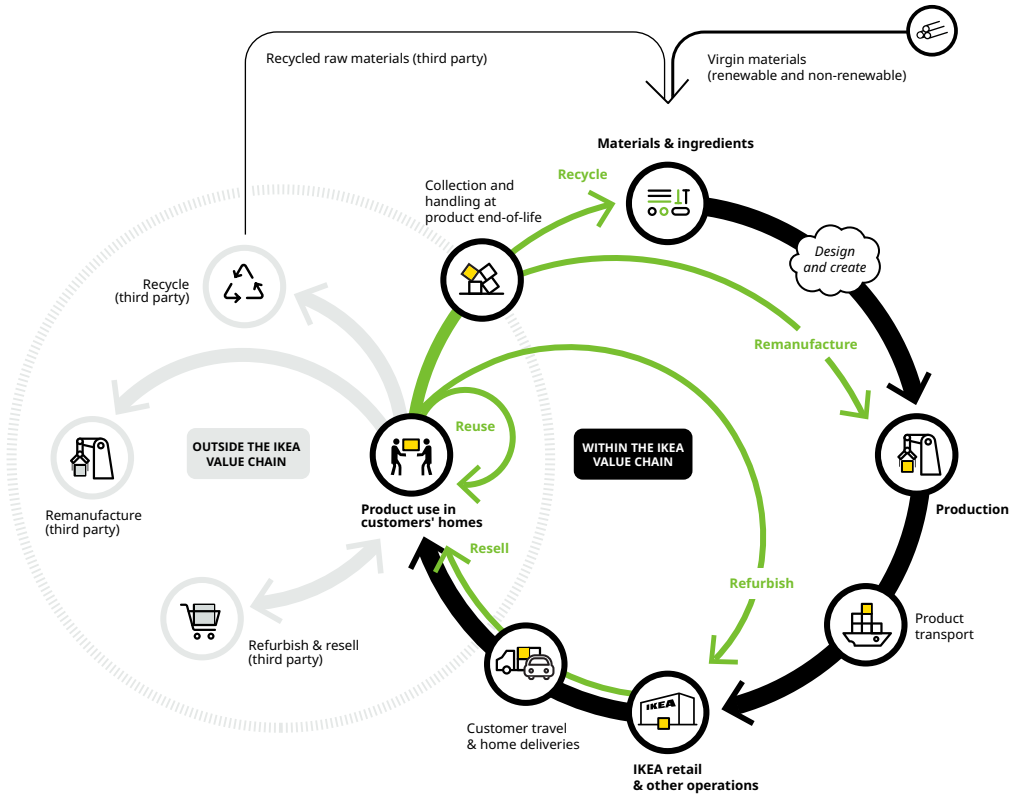
For the IKEA business, being circular means designing our products with circular capabilities,¹ moving away from the use of virgin, non-renewable materials, reducing waste throughout the IKEA value chain and developing services and solutions that enable customers' participation in the circular economy.

Democratic Design² 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.

¹ 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.

² 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,¹ 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.

¹ 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 frame¹ 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.



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.

¹ PAX comes with different features in North America.

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

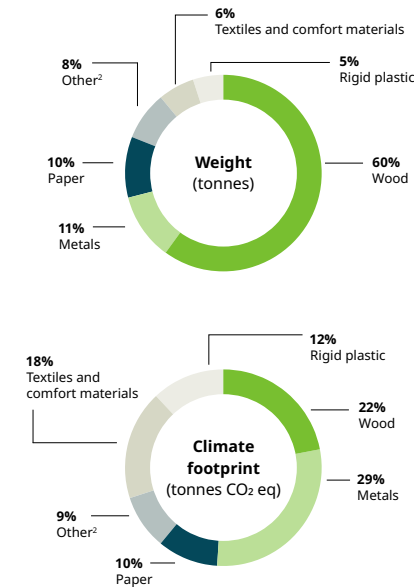
To drive our material agenda, we have defined "material directions" for our most commonly used materials. Material directions set strategic goals to increase the recycled share and reduce the CO₂ footprint for each material type by FY30. They guide our organisational decisions around business development, 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 CO₂ 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 SKÅDIS 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 MITZON sit/stand desk (page 16) and achieving a minimum of 70% recycled aluminium content in products such as PAX fronts and LINDBYN 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 CO₂ 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).¹ 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).

¹ 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%² 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.

² 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:

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

We want to inspire and encourage people to take part in the circular economy. We support our customers to acquire, care for, and pass on their products in circular ways through the IKEA Circular Customer Offer, with a focus on developing circular services (repair, removal, buy-back), care and repair products, secondhand products (in an omnichannel environment), and after-sales parts.

FY24 KEY ACTIVITIES



→ Increasing the availability of spare parts to prolong the life of products

In FY24, we distributed 24.6 million assembly parts (23.2 million in FY23). This year, we're also able to report for the first time that 2.2 million customers ordered small spare parts, online and in-store, free of charge, and 190,884 pieces of larger furniture spare parts, like sofa cushions, wardrobe fronts and bed slats were also distributed.

→ Buyback services at IKEA retail franchisee, Ingka Group

With the Buyback and Resell service that operates in all Ingka markets, customers can prolong the lifespan of IKEA products by passing them on and receive an IKEA voucher. Using the online buyback estimation tool, customers can find out if products are eligible for return and the value of the IKEA refund voucher. The secondhand items are then resold in As-Is areas or online, giving furniture a second chance at an affordable price.

In FY24, Buyback was operating in 28 markets and the service grew by 15%, with over 260,000 customers bringing in 495,000 pieces of furniture. During the Buyback Friday campaign alone – an alternative to Black Friday sales – almost 55,000 IKEA products were returned to stores for resale.



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 fractions¹ are sent for energy recovery² 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.

¹ Fractions are groupings of waste materials according to their properties. Each waste group or classification is called a fraction.

² 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.



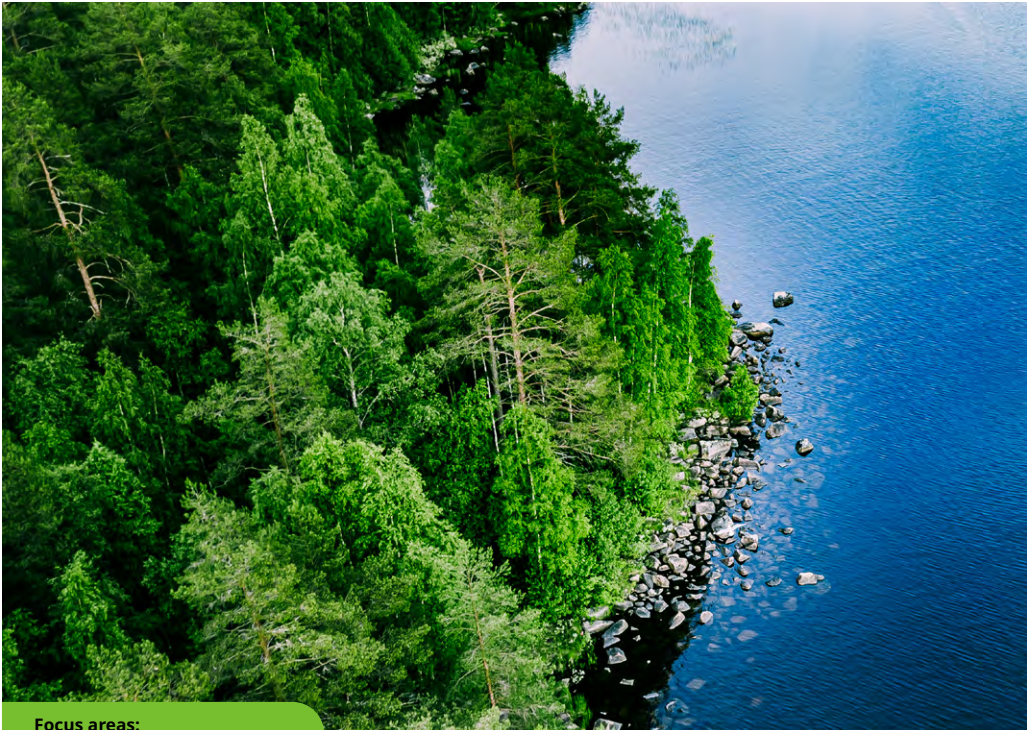
→
 Using recycled uniforms to make new products

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.



Focus areas:

Biodiversity	Page 30	Agriculture	Page 39
Water	Page 32	Inorganics	Page 42
Wood (forestry)	Page 34	Chemicals	Page 43

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,¹ renewable or recycled materials in our products and reduce our pressures on nature by regenerating resources,² protecting ecosystems and improving biodiversity. This also means working to identify, prevent and mitigate potential negative impacts on people linked to our business activities.

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

² "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.¹ 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.



¹ 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 16th 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 Buyuk 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,¹ 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 security² 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.³ 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 products³ 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 production³ 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,³ 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.

¹ UN Water, "What is Water Security?", 2013

² 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

³ 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 m³, a 60% reduction of water use

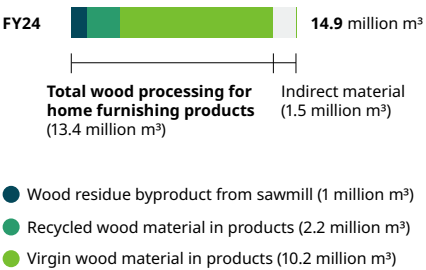
To support farmers, in FY24 training videos on better soil and water management in cotton production were launched. A Regenerative Scorecard, a tool developed by WWF-Türkiye to help farmers and agriculturalists implement, monitor, and evaluate regenerative practices, was updated to benchmark different 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.¹ 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.

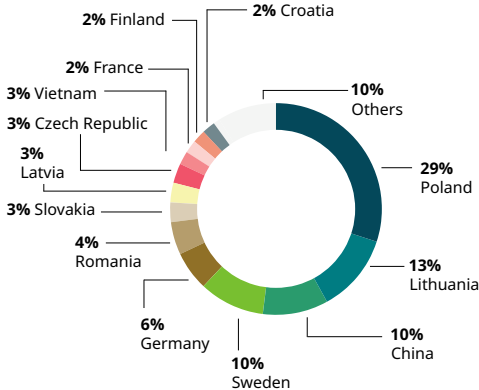
The IKEA business is committed to ensuring that all wood used in IKEA products is sourced from responsibly managed forests and does not contribute to deforestation. Our established forestry due diligence processes and systems, together with FSC certification, are two ways we accomplish this.

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



¹ 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 reforestation degraded landscapes to enhance biodiversity and carbon sequestration,¹ 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.

¹ Carbon sequestration refers to the process of capturing and storing atmospheric carbon dioxide (CO₂) to mitigate the effects of climate change. It involves removing CO₂ 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](#).



→ **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.

→ **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 (NFGA), the project addresses technical, governance, and policy aspects of forest management with the aim of fostering responsible practices nationwide.

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

In the Greater Mekong Subregion,¹ 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.



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.

¹ 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.

➔ **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 finance² for protecting and responsibly managing forests.

² 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

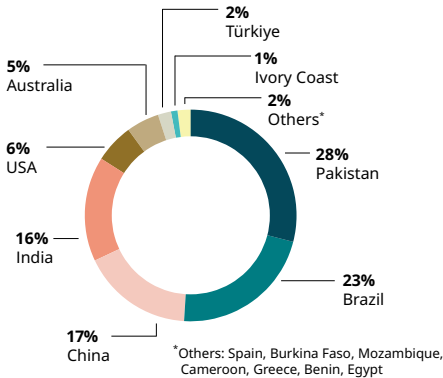
Cotton

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,¹ 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 cotton²
Fresh/virgin cotton



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

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

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.¹

Cocoa

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

¹ This percentage refers only to IKEA Branded products which include food ingredients supplied by IKEA Food Supply AG, 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.¹

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.

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

Chicken

FY24, 100% of the chicken supply² 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 eggs¹ 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 supply² 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.

² 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 volume¹ 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.



Sheep

For many years we have prioritised responsible wool sourcing using the Responsible Wool Standard (RWS).³ 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.

³ 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](#)

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 sourced¹ 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.

FY24 KEY ACTIVITIES



Photo provided by Pact

→ 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 (TiO₂), 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.

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

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 form 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 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



→ 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.

→ 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.

➔ **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 organisation¹ became a member of the [Fair Circularity Initiative](#), an initiative of BSR, to implement and secure Fair Circularity Principles² 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.

¹ IKEA Supply AG

² Fair Circularity Initiative, "[Fair Circularity Principles](#)"

Where we are focusing our efforts:

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

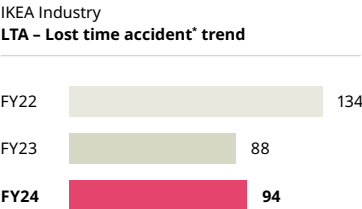
- Providing living wages and income in IKEA operations and supporting the same among our business partners and in the wider sectors of which we are a part.
- Providing and supporting safe and healthy work, labour rights and social protection, and striving towards securing stable and predictable work 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

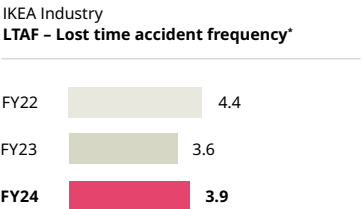


→ Lost time accidents at IKEA Industry

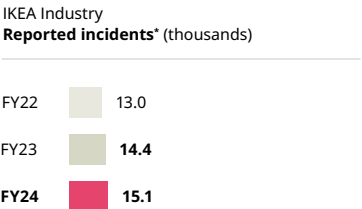
In FY24, we observed a small increase in reported lost time accidents (LTA) and their frequency (LTAF). While there's no single explanation for this increase, it highlights the need for continued focus and improvement in safety practices to ensure co-workers are safe at work. Our efforts include further 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

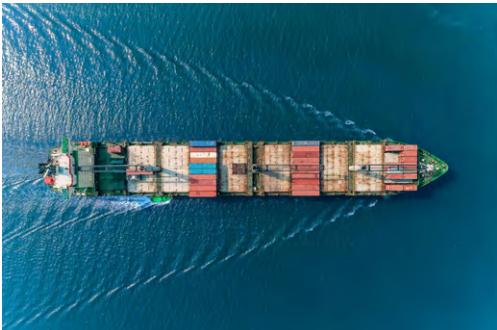
We continue our journey to integrate our Responsible Wage Practices (RWP) programme¹ across the IKEA business, with a focus on dialogue, competence, equality, pay principles and living wages. Given the shifting labour and economic landscape, as well as the complexity of determining living wages, the 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](#).

¹ 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 Index¹ 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.

¹ 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 workers¹ 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.



➔ **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,² 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.

➔ **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.³

➔ **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.

¹ 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.

² A partnership between IOM and IKEA Supply AG.

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

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.

→
 An Inclusive IKEA

We currently have two KPIs for the whole franchise system connected to "An Inclusive IKEA": one on gender balance and the other, our inclusion index score. To measure our progress and meet growing reporting requirements, we are in the process of developing additional KPIs, for example on age, citizenship and disability inclusion.

Gender balance

FY24 data shows that for all IKEA co-workers: 51.4% women, with 48% of managers women. At Ingka Group (the largest franchisee), 54% of all co-workers identify as women, and 50% of managers identify as women. Five out of 12 franchisees have 50% or more women in the total workforce, and four out of 12 have 50% or more women in managerial positions. Seven out of 12 franchisees have increased their percentage of women across the workforce over FY24. We continue work to expand our view on how to measure gender diversity.¹

Mandatory reporting of gender balance in the Netherlands

In alignment with our ED&I strategic direction and in response to Dutch legislation regarding gender diversity for corporate boards, Inter IKEA Holding B.V. and Inter IKEA Systems B.V. have set a minimum target of at least 40% for the least represented gender (male or female) in their respective Management Boards and

Supervisory Boards by the end of 2030. Inter IKEA Group aims to have equal representation (50%) of females and males in management teams by the end of 2030. FY24 representation figures are highlighted in the graphic on the right. We recognise that we need to focus our efforts to accelerate progress. An action plan has been prepared to reach the goals and develop a gender-balanced, long-term succession pipeline. Read more about our diversity data in the [Inter IKEA Holding B.V. Annual Report for FY24](#).

Inclusion index

The inclusion index follows up on the objective from the IKEA People Strategy to create a "work environment where people feel appreciated, have a sense of belonging and can be themselves", measuring IKEA co-workers' perception of inclusion in the workplace. We track the trend year-on-year to see if we're taking the right measures to improve co-worker experience. Our methodology includes sourcing and mapping equality and inclusion results from different co-worker surveys across the IKEA franchise system and aggregating results. After starting this work in FY23, our FY24 index was 79.2 (with Mercer providing an external benchmark of 72).

Co-worker gender diversity in FY24
 Women Men

IKEA franchisees	% Co-workers	% Managers
Ingka Group	54 46	50 50
Al-Futtaim	31 69	25 75
Dairy Farm	49 51	42 58
Ikano Group	48 52	50 50
Miklatorg	60 40	59 41
Al-Homaizi ²	23 77	29 71
House Market	61 39	50 50
Sarton	51 49	47 53
Al-Sulaiman	25 75	25 75
MAPA	46 54	39 61
Northern Birch	45 55	49 51
Falabella	54 46	44 56

Inter IKEA Group	% Co-workers	% Managers	% Management team	% Supervisory board
Inter IKEA Holding			56 44	33 67
Retail Concept ³	53 47	46 54	60 40	
Range	52 47 ⁴	48 52	55 45	
Supply	43 57	35 65	55 45	



¹ Gender diversity refers to women, men, persons of non-binary gender identities, and persons with different gender expressions.

² Figures for Al-Homaizi include in-sourced support functions.

³ Including IKEA Almhult and Inter IKEA Group functions.

⁴ Undeclared responses make up the difference. We continue work to expand our view on how to measure gender diversity.

➔ **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 activities¹ 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.](#)

¹ 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.

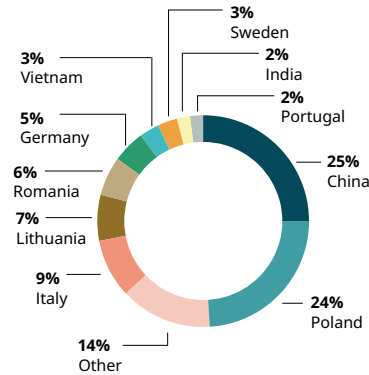
IWAY verification activities performed at Inter IKEA Group suppliers in FY24

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 furnishings 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 IWAY¹

IKEA supplier type²	Number of production and service units³ 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)⁴	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 productions⁵	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	71⁶	63.1⁷

¹ 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.

² The table does not include local suppliers to IKEA franchisees.

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

⁴ Air freight is not used for standard product transport.

⁵ This figure doesn't include digital suppliers.

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

⁷ 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
 1. No poverty	Fair & equal
 2. Zero hunger	Healthy & sustainable living
 3. Good health & well-being	Healthy & sustainable living
 4. Quality education	Fair & equal
 5. Gender equality	Fair & equal
 6. Clean water & sanitation	Nature and resource use
 7. Affordable & clean energy	Healthy & sustainable living Our climate agenda
 8. Decent work & economic growth	Fair & equal IWAY
 9. Industry, innovation and infrastructure	Our climate agenda Circularity and secondary raw materials

Sustainable Development Goals	Influence through our strategy
 10. Reduced inequalities	Fair & equal IWAY
 11. Sustainable cities & communities	Healthy & sustainable living IWAY Circularity and secondary raw materials
 12. Responsible consumption & production	Healthy & sustainable living Our climate agenda Circularity and secondary raw materials Nature and resource use IWAY
 13. Climate action	Our climate agenda IWAY
 14. Life below water	Nature and resource use
 15. Life on land	Nature and resource use
 16. Peace, justice and strong institutions	Fair & equal
 17. Partnerships for the goals	Healthy & sustainable living Our climate agenda Circularity and secondary raw materials Nature and resource use IWAY