



IKEA

Non-financial report IKEA Ibérica S.A.

Financial year 2019

Table of contents

1. REPORTING FRAMEWORK	3		
2. BUSINESS MODEL	5		
2.1 Geographical presence	7		
2.2 Objectives and strategies	8		
2.3 Risks	9		
3. POSITIVE IMPACT ON THE PLANET	11		
3.1 Combating climate change	13		
Energy efficiency	13		
Renewable energy	14		
Carbon footprint	14		
Refrigerants	17		
Mobility	17		
3.2 Circular economy	18		
Prevention and re-use	18		
Recycling	19		
Actions aimed at reducing food waste	19		
3.3 Sustainable use of resources	20		
Water usage	20		
Raw material consumption	20		
3.4 Protecting biodiversity	21		
Food	21		
4. PEOPLE AT IKEA	23		
4.1 Jobs	24		
Co-worker pay	31		
Gender pay gap	32		
Company director pay	32		
		Right to disconnect, co-workers with disabilities	33
		Organisation of working hours, absenteeism, work-life balance	34
		Health and safety, accidents in the workplace, social relations	35
		Training	36
		4.2 Equality, diversity and integration	37
		Workplace and sexual harassment	38
		5. GOOD GOVERNANCE	39
		5.1 Freedom of association and the right to negotiate collectively	40
		5.2 Elimination of discrimination and child or forced labour	40
		5.3 Fight against corruption, bribery and money laundering	41
		5.4 Donations policy for cooperating with third sector organisations	42
		6. POSITIVE IMPACT ON PEOPLE	43
		6.1 Impact in the community	44
		6.2 Global relations	48
		6.3 Socially responsible management by suppliers	51
		6.4 Customers	52
		6.5 Systems for handling and resolving claims and complaints	53
		7. FINANCIAL INFORMATION	54
		8. TABLE OF CONTENTS OF LAW 11/2018	56



Reporting framework

1. REPORTING FRAMEWORK

The scope of this report covers solely IKEA Ibérica in the financial year 2019.

In December 2018, Law 11/2018 modifying the Spanish Commercial Code entered into force. This text merges the Spanish Corporation Law (approved in Royal Legislative Decree 1/2010 of 2 July) and Law 22/2015 of 20 July on Account Auditing as regards non-financial and diversity information (hereafter: Law 11/2018). The latter supersedes Royal Decree-Law 18/2017 of 24 November which transposed into Spanish law Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial and diversity information.

According to Law 11/2018, certain companies (including IKEA Ibérica) are required to prepare a non-financial report (Spanish abbreviation: "EINF") to be included in the company management report or in a separate report corresponding to the same financial year and which includes the same content and complies with the prescribed requirements and also covers, among other issues:

- the information required to understand the evolution, results and situation of the Group and
- the impact of its activities as regards environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. It should include actions the company has adopted in order to ensure the equality of treatment and opportunities for men and women, non-discrimination and the inclusion of people with disabilities, as well as universal accessibility.

The data shown corresponds to financial / fiscal year 2019 (hereafter: FY19) which covers the dates **1 September 2018 to 31 August 2019**. In this context, IKEA Ibérica includes this Non-Financial Report as part of the Management Report. **The scope of this report only extends to IKEA Ibérica,**

based on the standards of the Global Compact, the international reporting framework mentioned in article 49.6.e of the Spanish Commercial Code introduced by the aforementioned Law 11/2018. In addition, it defines some GRI content selected in accordance with the GRI / Global Compact Principles equivalence document which are reflected in the Table of contents of Law 11/2018 in this Non-Financial Report.

This document has been reviewed independently by KPMG. The review can be found in the attached Review Report.

IKEA Ibérica has identified three requirements of the Law which **do not form part of its business activities**:

- **Consumption of raw materials.** The company's main activity is retail and does not manufacture the products it sells itself. Despite this, we have included relevant information on how Inter IKEA – which is responsible for the manufacturing process – makes use of raw materials.
- **Measures for preserving and restoring biodiversity.** As our business is retail, we generally operate in urban settings and not in protected areas. Once again, however, we do provide data from Inter IKEA, as we understand that the products we sell do have an impact in this area.
- **Measures for preventing, reducing or mitigating air, noise and light pollution.** IKEA Ibérica's business activities do not have a significant influence on the emission of SOx or VOC particles as they are not industrial. We do not have a significant impact on the levels of noise and light pollution in the areas we are located. In all cases, we always comply with all legislation at a local and national level.



2

Business model

2. BUSINESS MODEL

Our vision is to create a better everyday life for the many people.

All the companies making up the IKEA world share this same vision: to create a better everyday life for the many people. This is embodied in a business idea whose premise is to offer a wide range of products for decorating the home which are well designed, functional and available at prices most people can afford. We call this democratic design.

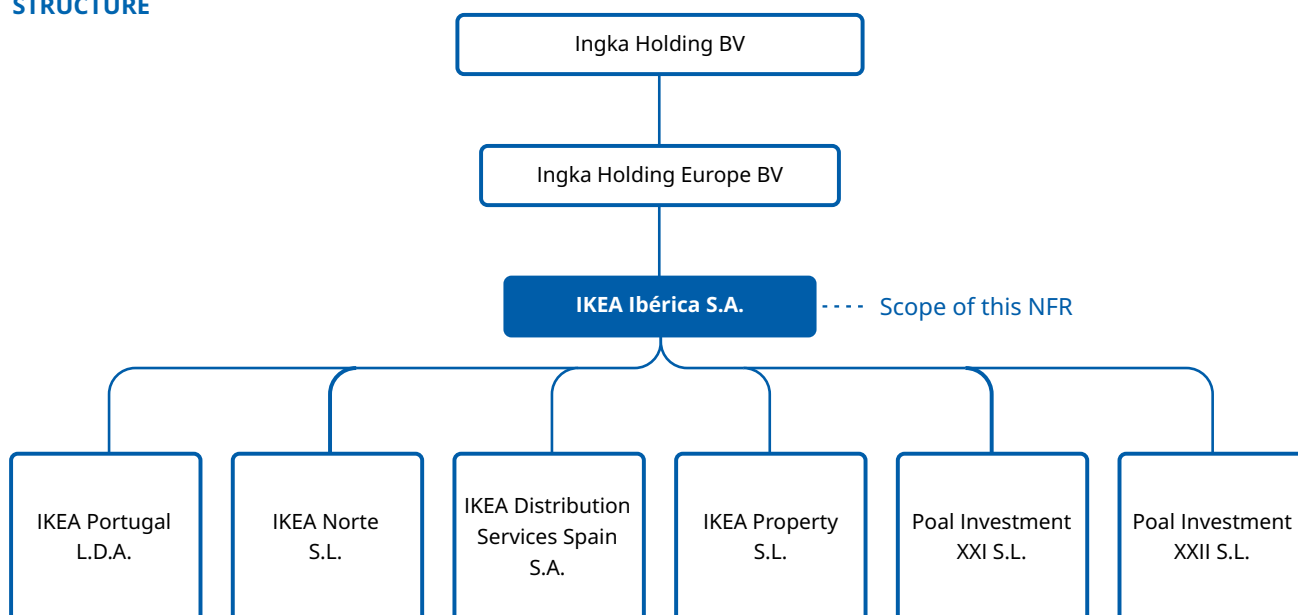
IKEA Ibérica belongs to the Ingka Group – formerly known as the IKEA Group – whose core business is IKEA Retail, the largest franchise in the “IKEA world” with 374 stores across 30 markets. It also operates in shopping centres: Ingka Centres, and has an investment arm called Ingka Investments. The name Ingka comes from the name of its founder, Ingvar Kamprad (the first three letters of his first name *Ing* followed by the first two letters of his surname *ka*).

The Group is also present in the following markets: Australia, Austria, Belgium, Canada, China, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Ireland, Italy, Japan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, South Korea, Sweden, Switzerland, United Kingdom and United States.

Inter IKEA is the franchisor which manages the development of the brand and ensures its implementation across all markets, thereby creating a consistent image which unites all the retailers and

374
stores in 30 markets
make up the
Ingka Group.

FIGURE 1
STRUCTURE



co-workers.

Reaching this broad range of people is a huge challenge. **IKEA Ibérica started operations in Spain in 1996** with a format involving large stores in which customers could find everything they needed for their homes under one roof. Current social changes (consumer habits and digitalisation) have resulted in the need to try out new business formulas based on a customer-focused approach. As part of this, a **new test format with the name IKEA Diseña has been rolled out**. Eighteen are already up and running in Andalusia, Aragon, Asturias, Castile and León, the Valencian Community, Extremadura, Galicia and the Basque Country. A number of **Click & Collect Pick-up Points** – where customers can pick up their order from a local store or have it sent to them – have also been launched across the country. All with the intention of making things easier for the customer. These two different formats of IKEA Diseña and Click & Collect have meant an increase of up to **50 new locations** and expansion into provinces in which the company previously did not do business.

1966
year in which
IKEA Ibérica
launches in Spain.

2.1 GEOGRAPHICAL PRESENCE

IKEA Ibérica can be found across most of Spain and adapts to the realities of each region.

Right now, IKEA Ibérica has 17 stores located in A Coruña, Asturias, Zaragoza, Catalonia, Valencia, Murcia, Madrid, Valladolid, Seville, Málaga and Cádiz. It also has a Centro de Atención al Cliente (CSC) in Valladolid and another in Asturias.

17
stores
in Spain.

The company strives to adapt to the particularities of the region where it sets up, with the maximum respect for local characteristics and placing special emphasis on culture and language.

All the **procedures, policies and working methods** implemented at IKEA Ibérica are developed by the Ingka Group and are mandatory. These documents constitute very robust controls and are only adapted where specific local laws make adjustments necessary. Furthermore, our external environment sometimes means we need to develop new ways of working meaning it can be necessary to develop risk analyses and implement additional controls at a local level (but always based on and respecting the rules established by the Ingka Group).

2.2 OBJECTIVES AND STRATEGIES

Our aim is to generate a positive impact in the world offering accessible, affordable and sustainable products.

Our maxim of “creating for people” covers both the customer and all our co-workers and everyone working hand in hand with suppliers. **As we’re so much more than just home decoration**, it is our intention to generate a positive impact in the world starting in the communities that provide us with our raw materials and ending in the way in which our products make a more sustainable home life possible.

Although IKEA Ibérica shares the strategy of the Ingka Group (its parent company), our work adapts to the reality of the market. We are currently in the middle of the transformation process based on three key pillars:

- **“A more affordable IKEA” (affordability)**, which means making the buying process as simple as possible and transforming a visit to a store into an experience;
- **“Reaching a lot more people” (accessibility)**, i.e. continuing to offer prices that even the most stretched of pockets can afford; and finally
- **Having a positive impact on people, society and the planet (People & Planet Positive).**

Fully immersed in the restructuring of our business model via investment in omnichannel, multi-format expansion, this process has led us to open new points of contact, especially at a service level. For example, we have re-negotiated agreements with suppliers to make them more competitive and qualitative, we have also enhanced agreements with third parties such as our parcel delivery service in conjunction with SEUR or the sustainable messaging service between our city stores in Madrid with the Cleta co-operative.

Additionally, IKEA Ibérica is firmly committed to long-term sustainability, as long as this satisfies the current needs of each individual and is not to the detriment of the well-being of future generations.

We have set three main challenges within sustainability: climate change, unsustainable consumption and inequality. In response to these challenges, we are focusing on areas of work which establish **our commitment to the circular economy and the fight against climate change, inspire and encourage a healthy, sustainable lifestyle and promote a fair and inclusive society.** With our eyes set firmly on 2030 and the UN’s Sustainable Development Goals as our route map, we aspire to be a model for inspiration in acquiring more healthy habits and providing novel, affordable ideas which everyone can integrate into their home life.

2030

is the key date for
IKEA meeting the
challenges in terms of
sustainability.

2.3 RISKS

With 75 years of history (22 of those in Spain), we are leaders in the distribution of furniture and articles for decorating the home.

Changes in the way people buy and their lifestyles have made it essential that the company provides an immediate response in complying with our customers' shifting expectations. However, such whirlwind corporate adaptability has brought about risks which had never affected the sector before. One of these is anything related to **cyber security**. Whereas it is true that these new technologies simplify access to information and can improve service, at the same time they imply brand-new threats which could have a huge impact on our assets.

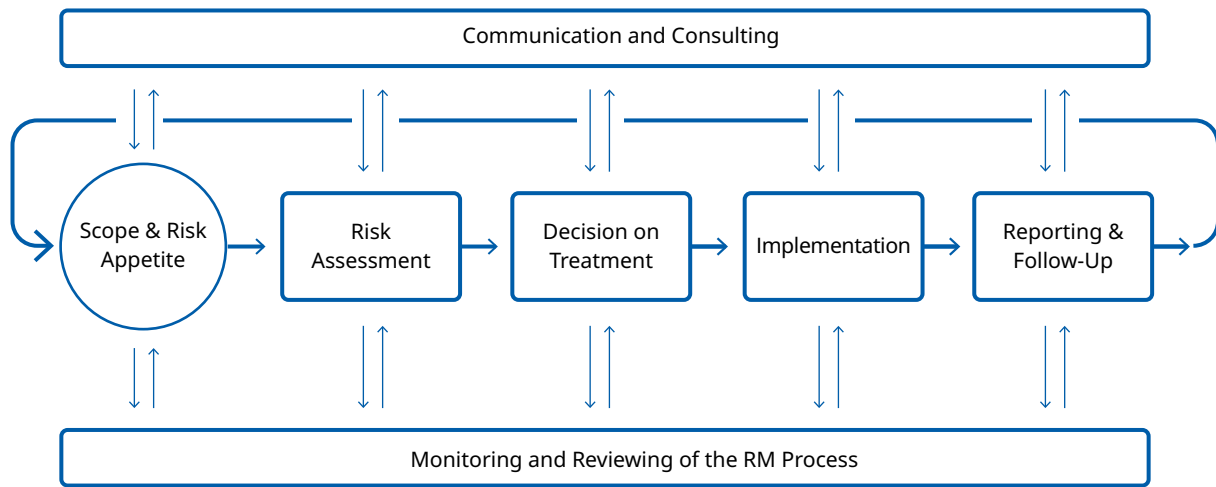
Furthermore, this digital shift requires restructuring of internal processes, the implementation of different controls and the conscious acceptance of the fact that a new focus will be required in order to deal with business risks. The current compliance structure offers support to all the different areas in the company, working across the board to proactively identify risks and establish necessary action plans in a transparent, responsible and efficient manner which will prevent any risk for the company or the company's objectives. Our risk management system is based on the ISO 3100:2009 standard.

The main categories of risk we face here at IKEA are:

- business operations;
- security;
- occupational health & safety;
- sustainability;
- ethics in business;
- anti-corruption and bribery;
- product safety and quality;
- information security and data protection and
- the digital environment.

75
years of history
back IKEA.

FIGURE 2
RISKS, ASSESSMENT, TREATMENT, IMPLEMENTATION, REPORTING



Despite these enormous shifting trends, behind us we have **75 years of experience - and 22 in Spain - which have consolidated our lead in the distribution of furniture and articles for decorating the home.** We are generally consistent in the language we use; we have a wealth of experience in “life in the home”.



Positive impact on the planet

3. POSITIVE IMPACT ON THE PLANET

Here at IKEA Ibérica, we believe that sustainability should be integrated into the business model and – as a result – is the responsibility of each and every one of our co-workers. This belief is what brought about **People & Planet Positive, the global sustainability strategy of the whole Ingka Group.**

In addition to complying with any standards that apply to our business activities, we actively contribute to fighting against climate change and transforming our operations to make them more circular. To do this, we work with **a system for reporting (Sustain) and calculating our carbon footprint.** We do this by regularly measuring environmental indicators such as energy consumption, water consumption and waste generation. With the help of these measurements, we can obtain data which goes beyond our own operations and also includes the other links included in our value chain.

We do not have environmental certification. **Environmental management and commitment are integrated into our very business model:** the responsibility of working towards a low-carbon future.

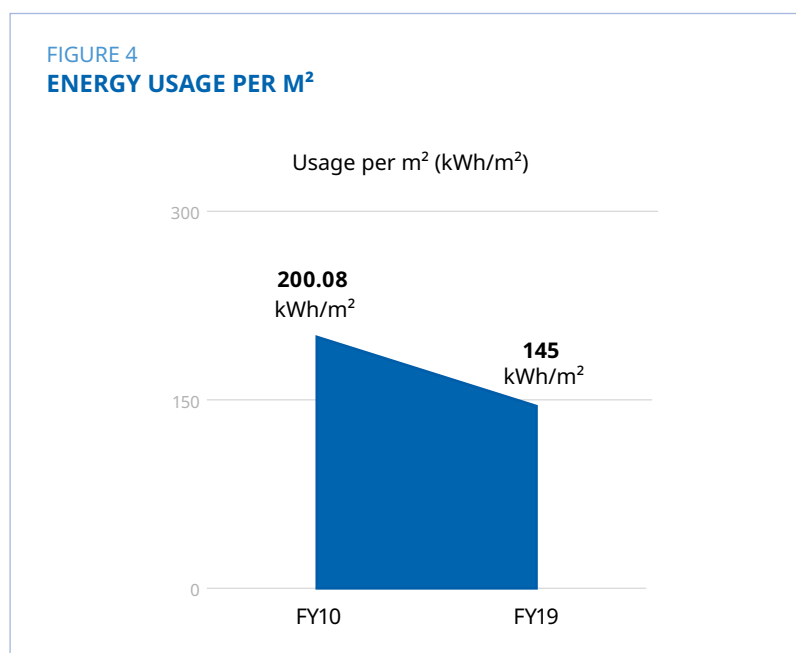
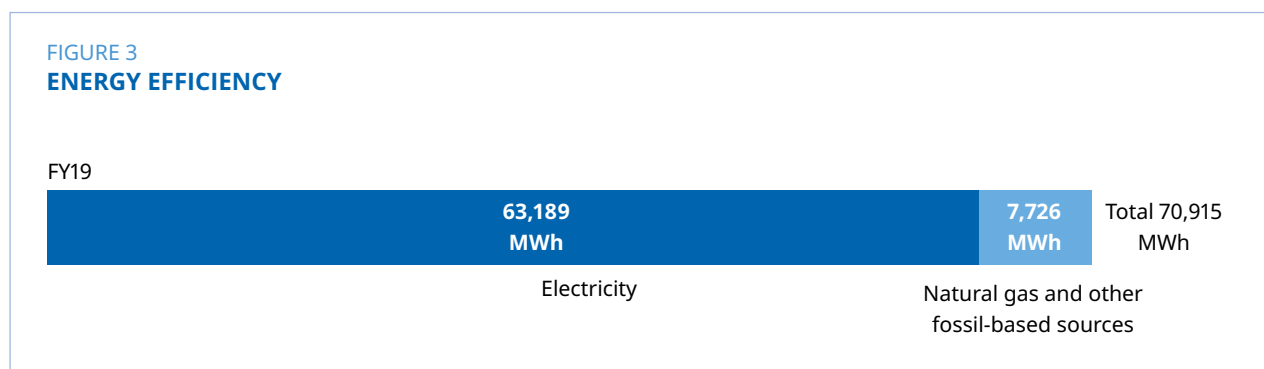
We understand that sustainability is a **cross-sectional responsibility which involves all our co-workers**, which is why we have a civil liability policy for accidental contamination for a total of €1.2 million. Directly involved in the management of our sustainability programme are the departments of Maintenance, Legal, Compliance and Sustainability, as well as our Purchasing department which also passes on and verifies our environmental requirements to our suppliers via our Code of Conduct for Suppliers.

3.1 COMBATING CLIMATE CHANGE

We are reducing our carbon emissions and actively combating climate change.

Energy efficiency

Throughout FY19, we consumed a **total of 70,915 MWh**.



The Ingka Group has a **global objective of reducing its energy use by 40% by 2030** (compared to 2010 in relative terms). So far, IKEA Ibérica has already managed to achieve a reduction of 28%.

To do this, we have approached the issue from different angles: one of the changes which are shown the greatest improvement is **changing conventional lighting over to LED technology**. Although there are still some zones still requiring renovation, these only make up a very small percentage of the total area. We have also installed solar tubes in meeting rooms which do not open out onto the outside of the building.

28%
less energy
(40% predicted for 2030).

Another action which has had a very positive effect on the saving of energy has been **adjusting the hours of operation and configuration of air conditioning systems**, naturally all the time ensuring the comfort of our customers and co-workers. All this has resulted in an improvement to the building management systems (BMS) (computer-based systems that control and monitor the building).

In the case of air conditioning systems, when investigating the best replacement devices **we always look for the most efficient models and seek out innovative options**. In addition, as part of energy audits, we also **included demographic analyses** to pinpoint and repair thermal bridges resulting from energy losses. Some solutions have been as simple as insulating certain areas better or installing high-speed or rotating doors.

Our drive to find new ways of making savings is constant. To name one example, by adjusting the hours of operation of our catering equipment, we have been able to avoid unnecessary power use. We have also re-diverted power into heating up water by regulating the speed of extractor fans and using the heat generated by cold stores and drinks chilling fridges.

Renewable energy

At a global level, the Ingka Group is a founding member of the RE100 initiative whose **aim is to produce as much renewable energy as the world consumes in 2020**.

Here at IKEA Ibérica, we have facilities producing different forms of **renewable energy** such as solar PV, solar thermal and geothermal. The total power they produced during FY19 amounted to 6,374 MWh, equivalent to **approximately 9% of our total overall consumption**.

All the **power consumed in the stores owned by us** is certified by the National Commission on Markets and Competition (CNMC in Spanish), which vouches for the **renewable origin** of this energy and make up some 88% of our overall energy consumption. Globally, the Ingka Group has set itself the objective that **in 2030, all air conditioning systems will run on energy from renewable sources**. Currently five of our units already comply with this, and the rest already have a renewal plan for equipment in place for the coming years.

Carbon footprint

At a global level, the Ingka Group has set itself **the following objectives for the reduction of emissions by the year 2030** which have been approved by the Science Based Targets initiative:

- reduce absolute greenhouse gas emissions by 80% by financial year 2030 compared to financial year 2016.
- reduce greenhouse gas emissions from customer and co-worker travel and customer deliveries by 50% in relative terms compared to financial year 2016.

9%

renewable energy
produced by
IKEA Ibérica.

88%

of all energy
consumed in stores
is from renewable
sources.

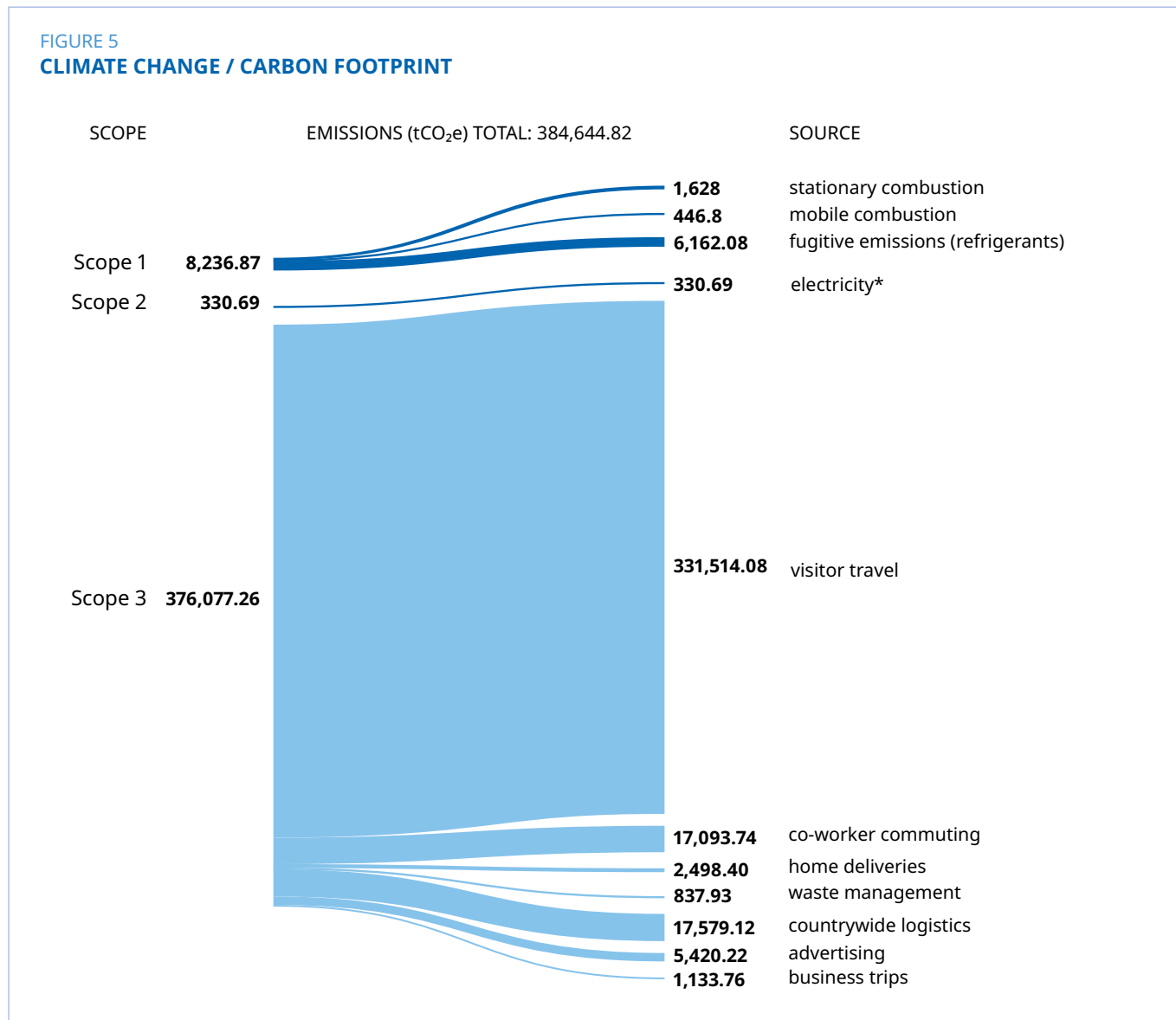
80%

reduction
in total emissions by
2030 in IKEA Ibérica's
operations.

Furthermore, Inter IKEA commits to reducing emissions relating to the entire value chain by at least 15% in absolute terms for the same period; this corresponds to an average reduction of 70% in the carbon footprint of each IKEA product.

In FY19, our emissions were **235.81 kg CO₂/m³ of product sold**.

235.81
kilogrammes
of CO₂/m³ of
product sold.



*Due to limited time, some data for the last month of the financial year have been estimated based on figures for FY18.

Calculation method

Scope 1		Scope 2
<p>Stationary and mobile combustion</p> <p>The emissions calculated refer to the company as a whole. The amount of fuel consumed for each of the sources was estimated and then multiplied by the corresponding emission factor (EF).⁽¹⁾</p>	<p>Refrigerant gases</p> <p>The emissions associated with the leaking of refrigerant gases is calculated by taking the quantity of gas refilled over the year multiplied by the corresponding emission factor (EF).</p>	<p>Electricity</p> <p>Calculated by multiplying the electricity used by an emission factor associated with the specific supplier electricity mix for each year.⁽²⁾</p>
Scope 3		
<p>Co-worker commuting</p> <p>The distance travelled by co-workers is multiplied by an emission factor which depends on each mode of transport. The distance of the commute is estimated using the co-worker's home postcode and the mode of transport is ascertained by carrying out surveys.⁽³⁾</p>	<p>Home deliveries</p> <p>The calculation is based on the distance travelled and weight transported, using an emission factor which varies according to the vehicle type used for each delivery.⁽⁵⁾</p>	<p>Countrywide advertising</p> <p>The calculation includes the emissions associated with printing advertising materials and then transporting them from the printer to the store. The amount of kilos of paper used are multiplied by an emission factor based on the paper type (normal, recycled, grade, etc.). To obtain the figures for the transportation of the advertising materials, the total quantity of goods, the vehicle type and the distance between the printer and the store are taken into account. It is multiplied by an emission factor which depends on the mode of transport used.⁽⁸⁾</p>
<p>Visitor travel</p> <p>In this case, the distance travelled is multiplied by an emission factor which depends on the mode of transport used. The data is obtained from customer surveys and also postcodes logged in the tills, assigning a total number of visitors proportionally.⁽⁴⁾</p>	<p>Business trips</p> <p>For the train or plane, the calculation is based on the total distance travelled in kilometres per person. In the case of taxis or rental cars, the calculation is made based on cost.⁽⁶⁾</p>	
	<p>Countrywide logistics</p> <p>Based on the distance travelled and an emission factor associated with the type of vehicle used for the transport.⁽⁷⁾</p>	<p>Waste management and transportation</p> <p>Emissions figures for waste are based on the type of treatment used and the distance travelled from IKEA to waste treatment plants.</p>

1. Estimated fuel consumption in August 2019.
2. Estimated electrical consumption in August 2019.
3. Estimation based on calculated distance travelled by co-workers for the previous year.
4. Estimation based on calculated distance travelled by visitors for the previous year.
5. Estimation based on calculated distances covered for home deliveries for the previous year.
6. Estimated business trips taken in August 2019.
7. Same data used as calculated for previous year.
8. Estimated waste generated in August 2019.

Refrigerants

IKEA Ibérica uses refrigerants in cooling units and refrigeration devices in stores. We have implemented the following actions in order to mitigate as much as possible their environmental effect:

- The creation of an **inventory of refrigerant gases** in all our units with the aim of defining guidelines for the replacement of devices.
- Establishing a **yearly documentary report** of the refrigerant gases refilled in each installation which includes the date, location, refrigerant type and volume.
- Establishing a **comparison of cooling systems** in catering equipment which studies the possible options for reducing the use of refrigerant gases and selecting only those with a lower impact on the greenhouse effect.
- One of our units is in the process of **substituting an old cooling system with a new one based on a cooling water circuit**. It uses R448A gas which has a global warming potential of 1273 instead of R404, which has three times the potential (3922).

Mobility

Without a doubt, climate change will be one of the most important challenges we will need to face over the coming decades. The transport sector is one of the main contributing factors due to the emissions of greenhouse gases they produce which also increase atmospheric contamination in cities.

With the intention of reducing the environmental impact its business activities has in the regions where it operates, IKEA Ibérica is adapting to the new access and traffic restrictions being imposed in some urban areas such as Madrid or Barcelona. It should not come as a surprise that **the Ingka Group is one of the founding members of the “100% electric vehicles” initiative** which encourages the use of electric vehicles as a more sustainable technology which reduces the use of fossil fuels.

Some of our FY19 mobility objectives have been:

- **Offering charging points for electric vehicles at all units by 2020.** IKEA Ibérica has installed 52 charging stations which can provide service to 58 vehicles to offer reliable, free charging to all our customers and co-workers.
- **Last mile delivery 100% zero emissions by 2025.** We have introduced a bicycle delivery service in the urban stores of Goya and Serrano in Madrid which have carried out more than 150 deliveries. In addition, we have also added 56 electric vehicles to the fleet used by the kitchen and bathroom measuring and assembly teams in Madrid. This constitutes 80% of the total of vehicles used in this community.

100%
electric vehicle
is an initiative of
which the Ingka
Group is a member.

52
charging points
for electric vehicles
installed.

3.2 CIRCULAR ECONOMY

We are transforming our operations to make them more circular.

Prevention and re-use

We are very aware of the fact that we only have one planet and that our resources are very limited. This is what drives us to actively work towards reducing the waste we generate, both IKEA Ibérica and its customers, in order to maximise recycling as far as possible.

In FY19, here at IKEA Ibérica:

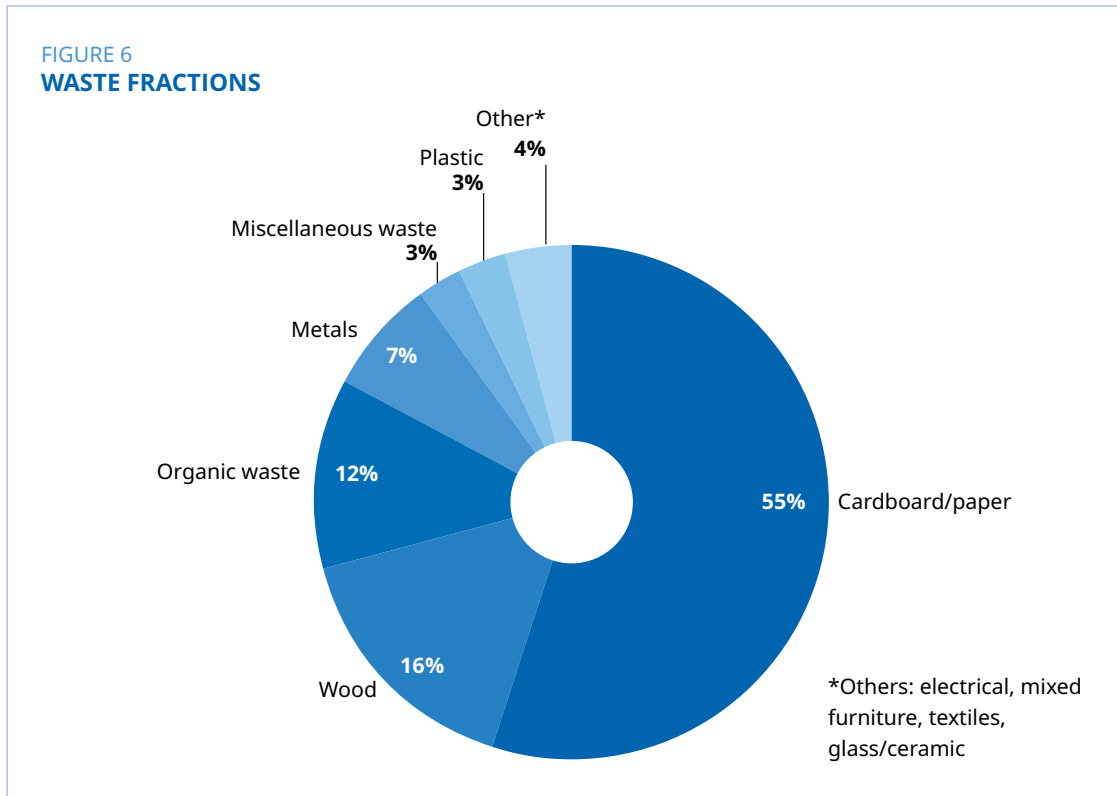
- we **repackaged 363,287 recovered items** ready for sale and
- we **sold a total of 2,132,630 items from the Bargain Corner**. These are goods which, because they were previously showroom items or have signs of damage, cannot be sold via the usual sales channels.

But that's not all. We also want **to involve our customers in recycling**. **Salvemos los Muebles ["Let's save furniture"] is a national platform** which makes use of the mechanisms of the circular economy to help users care for, repair, customise, resell or donate their items.

- We have processed over **50,930 orders for screws** in stores to prolong the life of our products, **and a further 20,233 orders have been home delivered** free of charge via our Customer service department.
- We have **bought 948 second-hand products** back from our own customers in order to find them a new home.

Recycling

Throughout FY19, we generated a total of **21,812.1 tonnes** across all units: **we separate waste into 10 different types and recycle around 80.2%.**



Actions aimed at reducing food waste

It is our aim to totally eliminate food waste at IKEA by applying the principles of the circular economy. We know very well that reducing the quantity of food we waste will have a positive effect on the environment and, at the same time, reduce costs. And we are working towards this goal through two initiatives:

- **“Food is Precious”**. Launched globally in FY17, **the aim is to cut food waste in our food operations by 50% by the end of August 2020** and to record 100% of the waste generated as part of production processes. IKEA is using digital technology through the LeanPath platform, which processes all the data on food wasted. This involves weighing carefully any food which is thrown away and identifying the reason for the losses. To make the comparison, data on 3 weeks of losses from FY17 were analysed and a weekly baseline was identified for each store. This baseline was then used in a weekly comparison to see the percentage of reduction in weight and in monetary value. According to the tests carried out at a global level in the company, studying the results helps identify a link between the data and ways of making improvements. Currently this programme has been implemented in 14 stores in IKEA Ibérica.

- **Programming hourly production.** One of the main questions of food waste is related directly to the kitchen: cooking excess amounts of food. To manage this issue, we use tools which monitor historic sales and factor in the circumstances of each particular day, e.g. local bank holidays or special events. The aim of this is to estimate the exact number of meals sold in different time brackets so that we can stagger cooking to make it coincide with peaks and troughs of demand. Generally the percentage sales figures is stable, meaning that we can calculate how much food to cook relatively exactly. This then also makes it easier to react and cook more at specific periods of the day.

Thanks to the changes we have made, in FY19 we closed with **a reduction in food waste of some 28%* with respect to base year FY17. This is equivalent to over 59,000 kg of food waste.**

*The percentage of food wasted in FY19 is calculated based on the sum of weekly objectives for the same year. This does not include the store in Valencia which has not implemented the system.

3.3 SUSTAINABLE USE OF RESOURCES

IKEA is working actively towards reducing the impact of its business on the environment.

Water usage

In addition to being very important to maintaining biodiversity, in some geographic areas of Spain water is a very limited resource. For this reason, here at IKEA Ibérica we monitor water usage across all our operations and invest in making improvements year after year. **In FY19, we used a total of 180,821 m³ water – approximately 4.64 litres per visitor.**

4.64
litres of water
consumed per visitor.

To improve our water usage, we currently have a system which collects rainwater and a method for recovering water from air conditioning devices in five of our units. Furthermore, we strictly monitor water usage with local meters in four of our units and we have installed aerators in the taps in 10 installations.

Waste water generated by IKEA is channelled into the sewer system and periodically analysed to check discharge parameters.

Raw material consumption

Inter IKEA is committed to using resources responsibly and taking into account the limits of the planet. With this in mind, our manufacturing process leverages each step in the chain as much as possible. **Doing more with less has always been part of our business culture.**

On the one hand, our designs are easy to repair, re-use and recycle. And, with the aim of lengthening their useful life and making sure they can be reused, we provide ideas and inspiration on how to care for and customise our products, as well as services for fixing and reselling them.

Our aim is that all our products should be part of the circular economy by 2030. More information on this topic can be found on our corporate website.

3.4 PROTECTING BIODIVERSITY

As the company responsible for manufacturing, for Inter IKEA the selection of raw materials is a topic which it handles with a great deal of responsibility. This is why **we use as many renewable materials as possible**, including wood and cotton; **natural fibres**, such as cork, water hyacinth or bamboo; **recycled materials**, such as wood, plastic, paper and even metal; and also special materials from more sustainable sources such as **cotton certified by the Better Cotton Initiative, or wood with FSC certification**.

In the case of cotton, for example, we have reached a significant achievement: since 2015, all the cotton used in the manufacture of IKEA articles carries the Better Cotton Initiative certificate. This means that either the product is recycled or it has been grown using less water, chemical fertilisers and pesticides and, as a result, farmers have received a larger percentage of the profit.

As for the wood we use, it all complies with the IWAY forestry standards which prohibits the use of any wood coming from unsustainable forestry sources or which has been cut down illegally. We have already reached 80%, and the objective the 2020 is that 100% of the wood comes from more sustainable resources. It should also be noted here that the Ingka Group invests in forestry: a total of 180,000 hectares in Estonia, Latvia, Lithuania, Romania and United States.

Food

Throughout FY19, **10.3 million users enjoyed the food products provided by IKEA Ibérica** whether in our restaurants, in the *Swedish Food Market* or in one of our bistros. And, as we are so keen on providing great food options which are good for both people and the planet, **this year we launched the vegetarian hot dog** made with vegetable-based ingredients which has a footprint seven times smaller than that of the meat-based hot dog.

As regards suppliers, we maintain our commitment to only using sustainable raw materials which guarantee animal welfare and environmental and social standards. We request third-party certifications where deemed relevant. Almost half of the food product range was bought from Inter IKEA, with the rest being obtained locally and in accordance with our responsible sourcing commitment.

Soy

Soy is a food source of plant origin which is rich in protein and is mainly used as animal feed. Although linked with deforestation, especially in the Amazon rainforest and the Cerrado tropical savannah in South America, **Inter IKEA supports the development of sustainable soy**, and since FY18 has participated at a global level in the **Round Table on Responsible Soy**.

All of the soy used to feed salmon is certified sustainable. In other soy supply chains in which it has not been possible to completely map out the risks, Inter IKEA will in future acquire RTRS Soy Credits for its own use.

2015

year

from which all of the cotton used to produce IKEA articles has been certified by the **Better Cotton Initiative**.

80%

of wood

complies with IWAY forestry standards.

10.3

million users

enjoy our food products.

Cocoa, coffee and tea

From the wide range of **certifications** available for this type of product, two stand out: **UTZ and the organic agriculture certification**. The **UTZ** (which means “good” in the K’iche’ Mayan language of Guatemala, and is one of the leading programs in the world for the sustainable growing of coffee and cocoa) programme **enables farmers** to implement improvements in their cultivation techniques and in farm management which results in an improvement in yield and a better life for those farmers, which in turn protects the environment.

The **organic agriculture certification** is awarded for conserving the basic natural resources of water, ground and air, and so encourages biodiversity in farms and reduces their negative impact on the environment.

- **Cocoa: 100% UTZ**, segregated or mass balance traceability in IKEA branded bars of chocolate and in biscuits and cakes in the KAFFEREP range.
- Coffee: **98% of IKEA coffee is UTZ certified**, and we are working on achieving 100%. In FY18, we launched a special edition, the **PÁTÀR range**, in association with a social enterprise in the White Nile region in Uganda: the entire PÁTÀR coffee range is **UTZ and certified organic** according to EU standards.
- **Tea: 96% is produced in compliance with recognised sustainability certifications**. In FY18, we launched **EGENTID**, a series of high-quality loose-leaf tea with UTZ certification or a combination of **UTZ/UEBT (Union for Ethical Biotrader) certification**. Some have also been grown organically according to EU regulations.

Fish and seafood

Inter IKEA has agreed to **only use certified fish and seafood** to prevent depletion of fish stocks. All our fish is certified by the **Aquaculture Stewardship Council (ASC) and the Marine Stewardship Council (MSC)**, with the chain of custody verified in all of our stores.

Palm oil

In FY18, Inter IKEA used approximately 41,700 tonnes of palm oil, mainly for the manufacturing of candles and around 8% for IKEA brand and non-IKEA brand food products. At a global level, 99% of this oil came from sustainable sources: **100% in the case of IKEA candles and 89% in food products for the global range**. At the end of FY19, 100% of products from the local range contained palm oil from segregated sources and with RSPO (*Roundtable on Sustainable Palm Oil*) certification regarding deforestation, the cultivation of palm oil on peat and human rights.

98%

of the coffee
at IKEA is UTZ
certified.

99%

of the palm oil
used in manufacturing
(particularly candles)
comes from
sustainable sources.

4



People at IKEA

4. PEOPLE AT IKEA

8,633
co-workers
work at IKEA Ibérica.

We offer people the opportunity to grow personally and professionally.

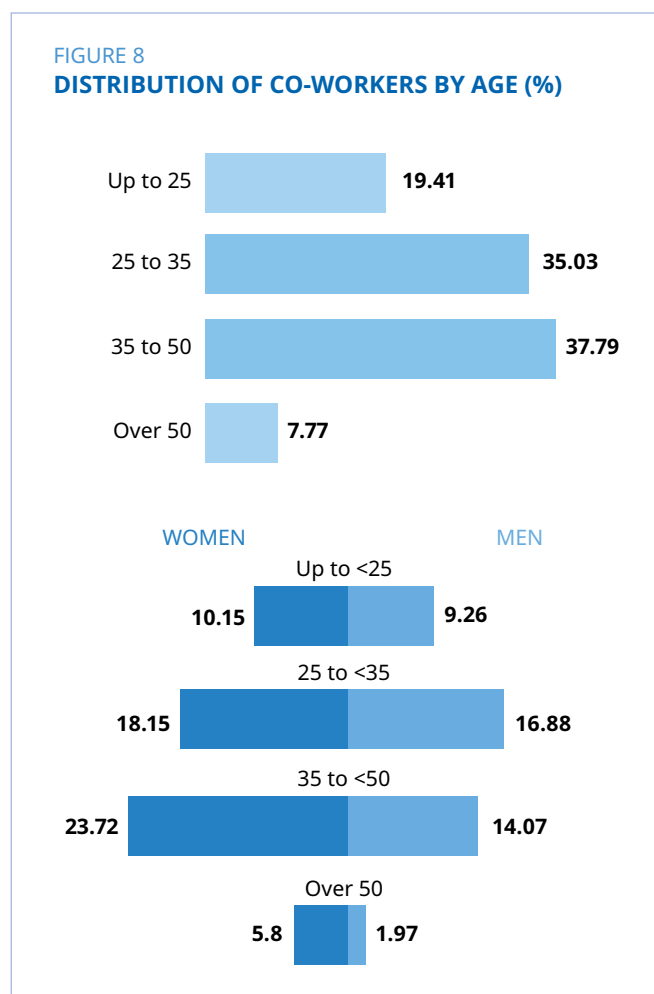
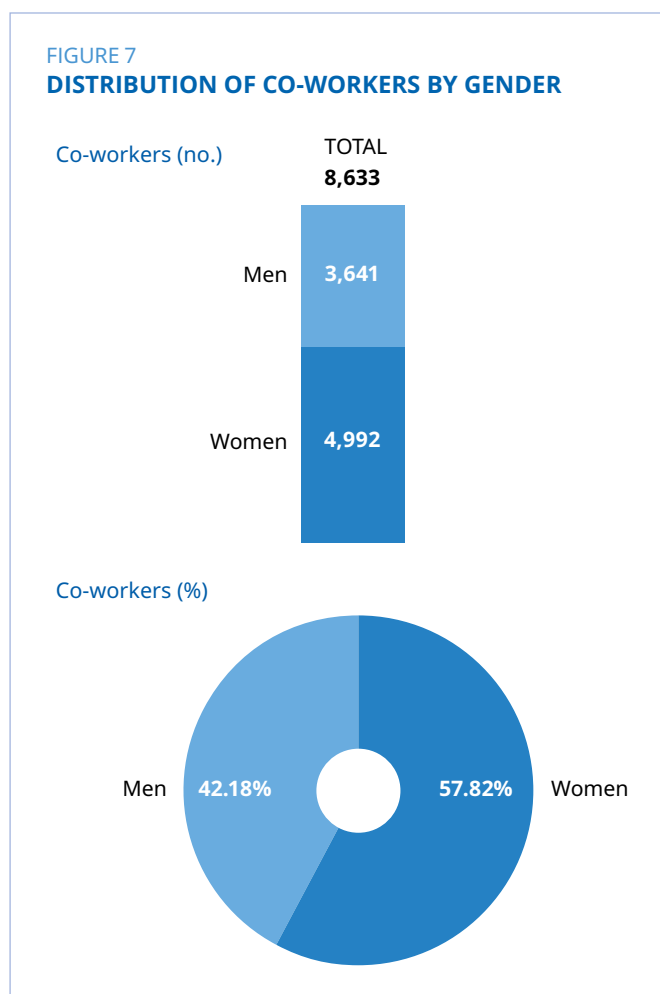
Our **view of human resources** is based on growth in two key areas: improving the business, and investing in people. Our motto is: “when you grow, IKEA grows too”. And we do that by sharing our understanding of learning, i.e. offering people the chance to grow both personally and professionally and taking up the challenge to create together a better everyday life for our customers.

4.1 JOBS

FY19 closed with a total of **8,633 IKEA Ibérica co-workers** employed in Spain.

57.82% of the workforce are women

54.4% of the workforce is under 35 years of age



Management positions almost completely equally split between men and women

FIGURE 9
DISTRIBUTION OF CO-WORKERS BY PROFESSIONAL CATEGORY (NO.)

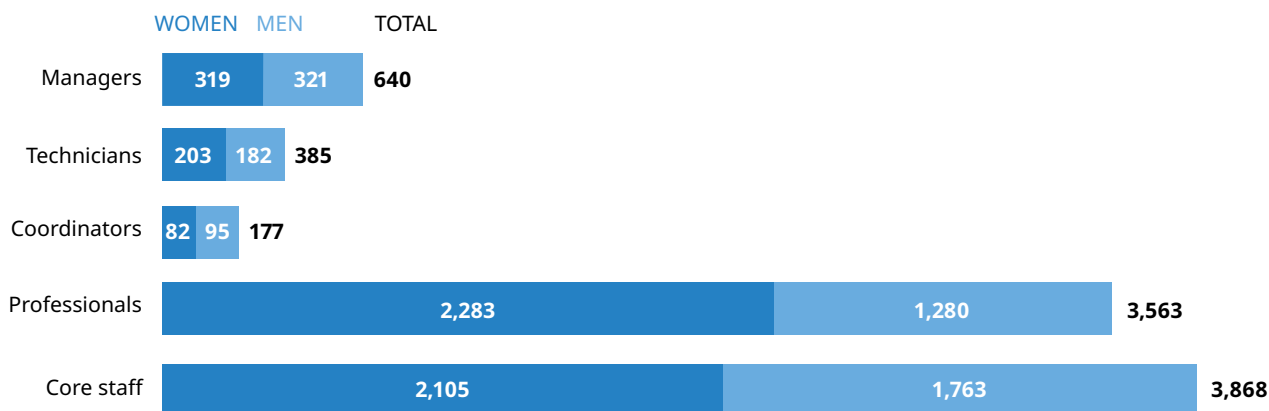
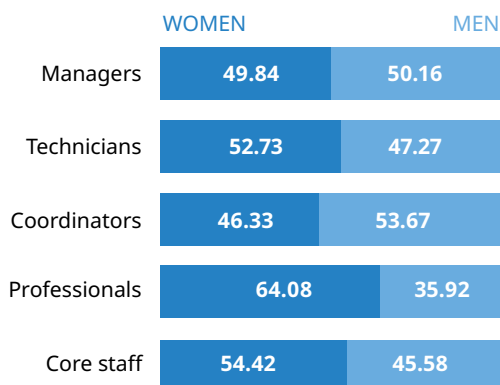


FIGURE 10
DISTRIBUTION OF CO-WORKERS BY PROFESSIONAL CATEGORY (%)



Almost 80% of co-workers had a permanent contract at the close of FY19

FIGURE 11
DISTRIBUTION OF CONTRACT TYPES (at close FY 2019)

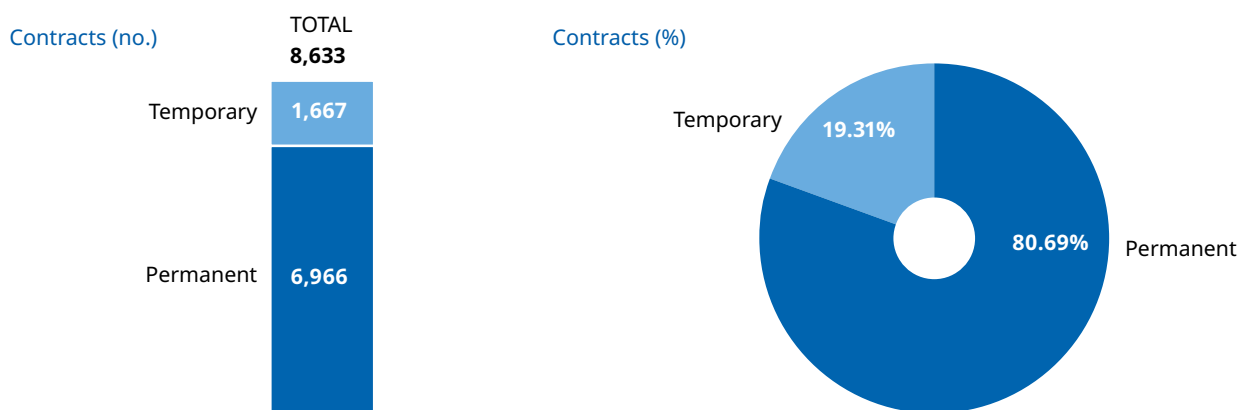
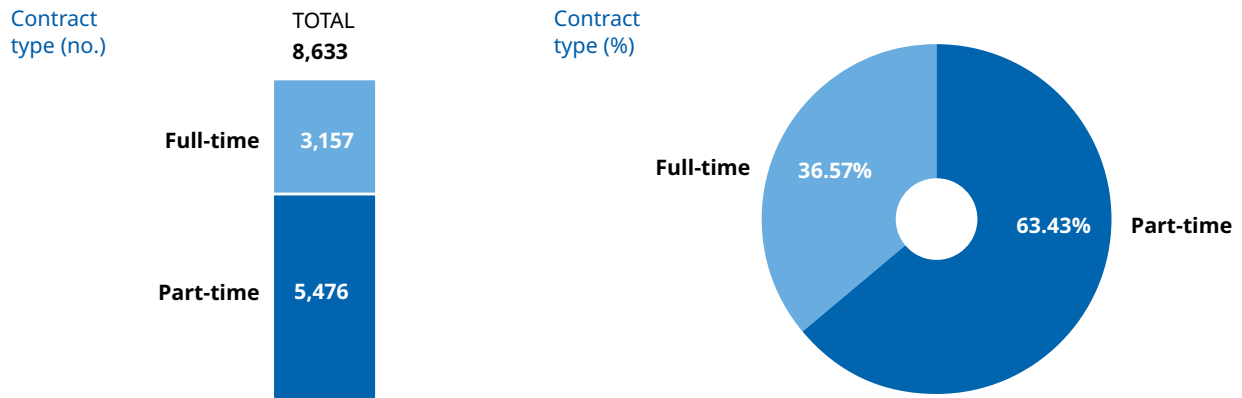
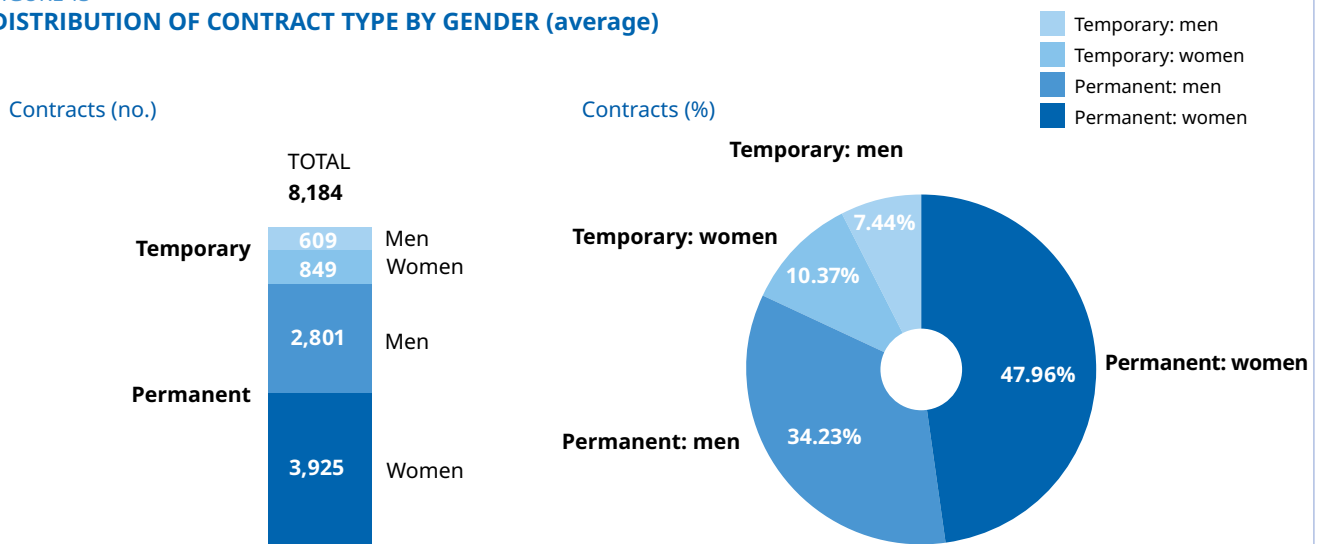


FIGURE 12
DISTRIBUTION OF WORKING HOURS (at close FY19)



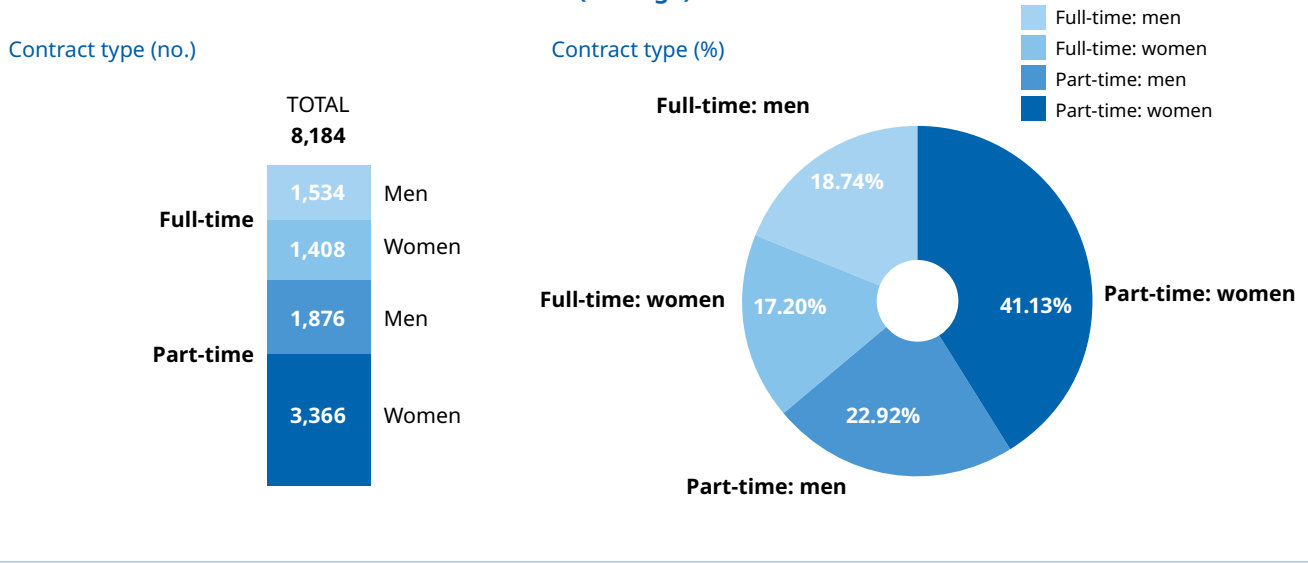
58.4% of the permanent contracts were for women at the close of FY19

FIGURE 13
DISTRIBUTION OF CONTRACT TYPE BY GENDER (average)



An average of 36% have a full-time contract

FIGURE 14
DISTRIBUTION OF WORKING HOURS BY GENDER (average)



87% average of co-workers between the ages of 25 and 50 with a permanent contract

FIGURE 15
DISTRIBUTION OF CONTRACT TYPE BY AGE (average)

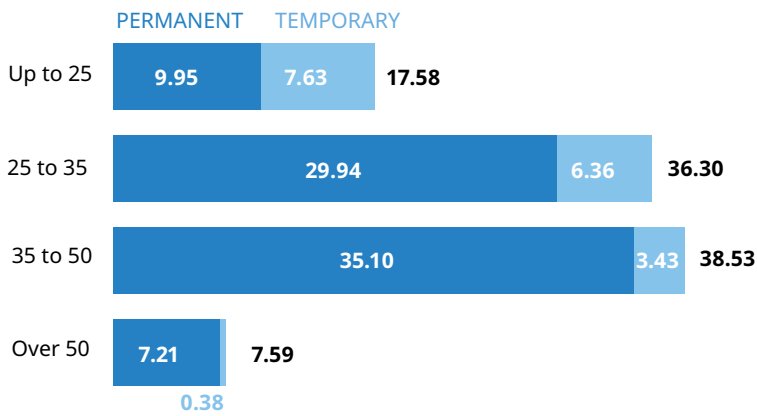
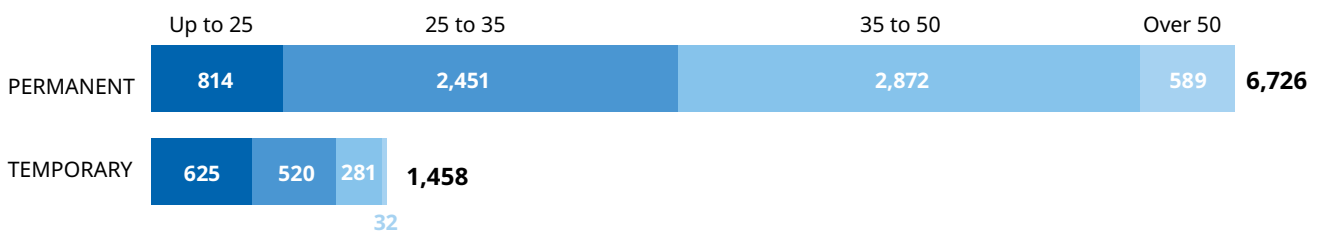


FIGURE 16
DISTRIBUTION OF CONTRACT TYPE BY AGE (average) (no.)



43% average of co-workers between the ages of 25 and 50 with a full-time contract

FIGURE 17
DISTRIBUTION OF WORKING HOURS BY AGE (average) (%)

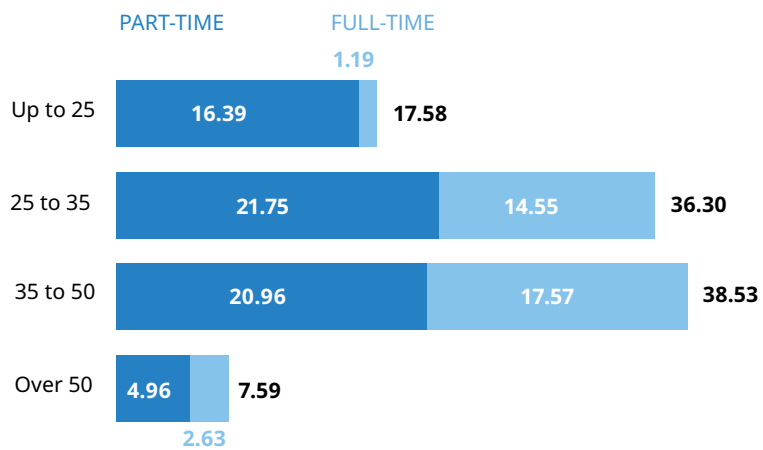
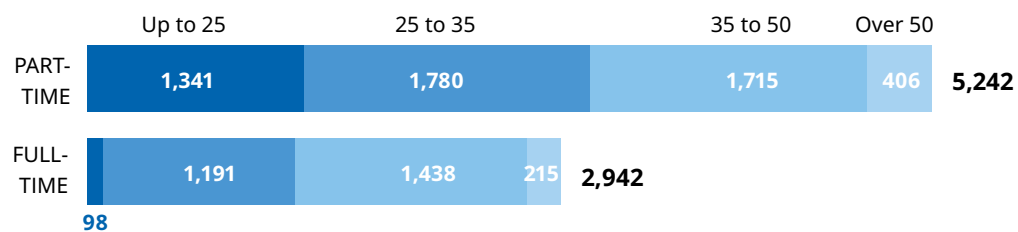


FIGURE 18
DISTRIBUTION OF WORKING HOURS BY AGE (no.)



Almost all managers, technicians, coordinators and professionals have a permanent contract

FIGURE 19
DISTRIBUTION OF CONTRACT TYPE BY PROFESSIONAL CATEGORY (average) (no.)

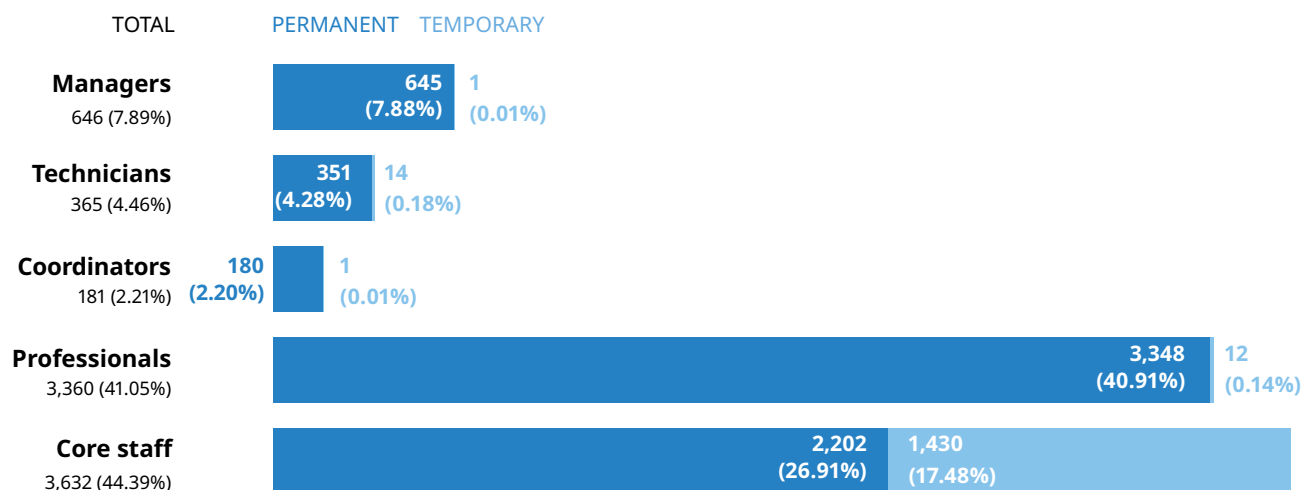


FIGURE 20
DISTRIBUTION OF WORKING HOURS BY PROFESSIONAL CATEGORY (average) (no.)

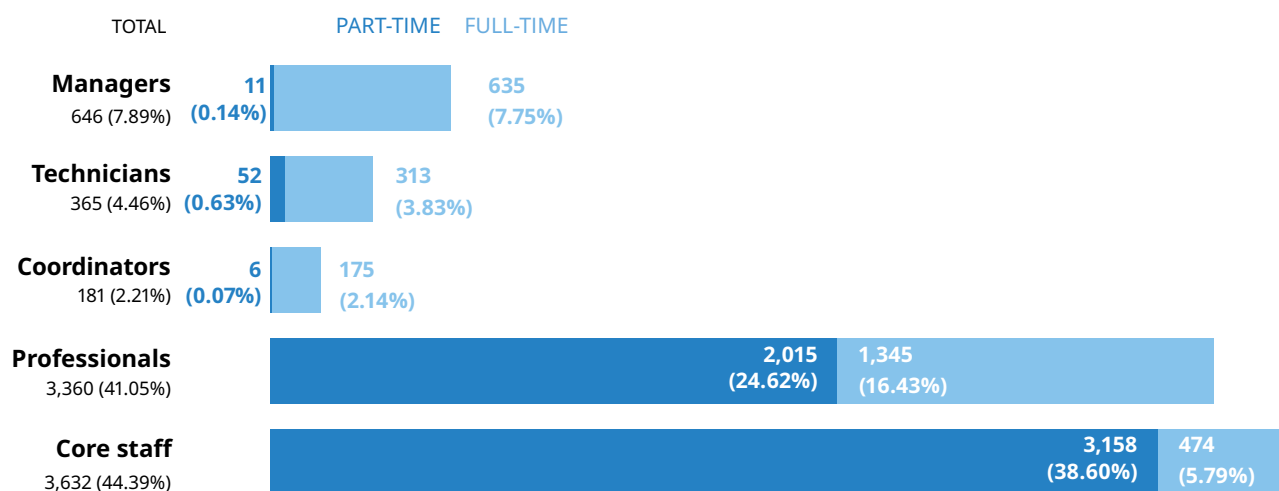


FIGURE 21
NUMBER OF DISMISSALS BY GENDER IN FY19



FIGURE 22
NUMBER OF DISMISSALS BY PROFESSIONAL CATEGORY IN FY19

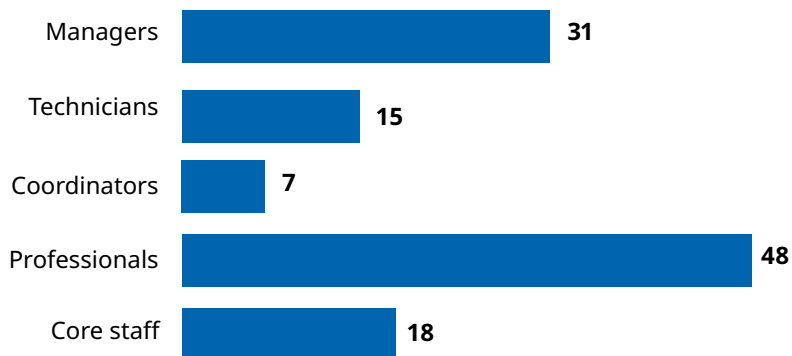
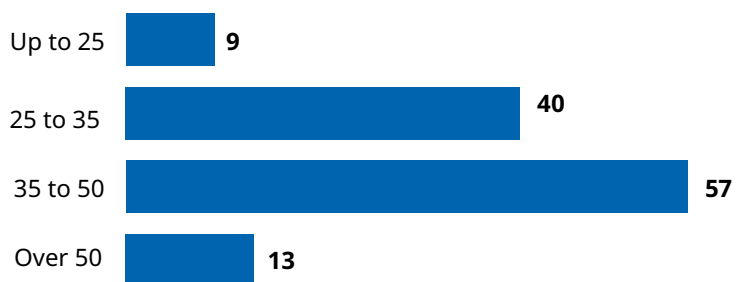


FIGURE 23
NUMBER OF DISMISSALS BY AGE IN FY19



Co-worker pay

The average salary of company co-workers of the last two financial years was:

TABLE 1:
FY19 AND FY18

Average pay brackets (€)				
	FY19	FY18	FY19	FY18
MANAGERS*	F	F	M	M
Up to 25	-	-	-	26,150
25 to 35	32,950	33,465	33,625	32,742
35 to 50	41,885	40,561	44,635	45,694
Over 50	80,345	69,494	75,942	83,535
TECHNICIANS	F	F	M	M
Up to 25	20,800	22,550	21,901	22,120
25 to 35	27,961	27,043	25,063	26,305
35 to 50	33,155	35,782	32,718	34,619
Over 50	44,206	47,053	41,056	45,585
COORDINATORS	F	F	M	M
Up to 25	-	21,997	21,871	21,870
25 to 35	22,326	22,511	24,143	23,551
35 to 50	22,778	22,828	24,186	24,002
Over 50	25,629	25,420	27,743	22,351
PROFESSIONALS	F	F	M	M
Up to 25	17,302	17,404	17,769	17,628
25 to 35	18,146	18,123	18,569	18,290
35 to 50	18,470	18,348	19,182	18,888
Over 50	18,306	18,111	19,466	19,190
CORE STAFF	F	F	M	M
Up to 25	16,588	16,546	16,536	16,543
25 to 35	16,890	16,807	16,965	16,896
35 to 50	16,790	16,754	17,449	17,236
Over 50	16,714	16,532	17,213	17,690

*The amounts reflect the average grouped by age range and professional level and include the fixed salary plus the fixed variables for co-workers at the company. These averages may change year on year due to possible changes in the occupants of each of the age ranges and professional level.

These averages include the pay of all co-workers, including senior managers at IKEA Ibérica which are included in the Managers professional group. The data shown is from May 2019 and is taken from salary surveys carried out within the company.

Gender pay gap

The Ingka Group aims to guarantee the same salary for all, regardless of gender, ethnicity or religious belief. This is why it **is working towards achieving a “0” pay gap by 2020 for equal positions**. At a national level, IKEA Ibérica has been working steadily to achieve this aim, and we have proudly displayed our “Equality within the Company” distinction awarded by the Spanish Ministry of Health, Social Services and Equality for several years now.

Currently, our **gender pay gap is around 5.7%**, when based on the total average salary for men compared to that for women, **regardless of their position** in the company. However, the gender pay gap in positions of equal standing in IKEA Ibérica is -0.2%.

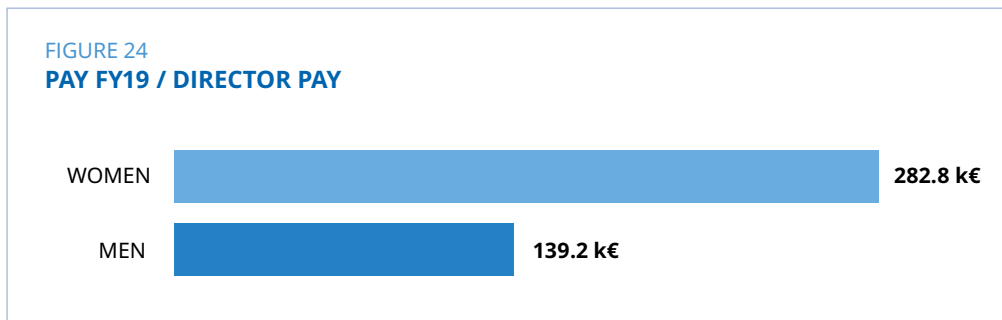
*Calculation based on the methodology employed by the Ministry of Health, Social Services and Equality: average salary men - average salary women / average salary men. The figures shown are those which were used when being made a member of the “Equality within the Company” network and were accurate as of 31 of December 2018 (as verified by the Alares Foundation).

5.7%
gender pay gap
between men
and women
at a global level.

Company director pay

The members of the Board of Directors of the Company do not receive any salary related to that position, i.e. **there are no top executive contracts**.

Between period 1 September 2018 to 31 August 2019, the average salary paid to company directors as employees of the Company were:



The quantities are shown in € thousand.

The figures for women includes **a special bonus** awarded to one of the members of the group. The average salary includes the wages and extra payments received during the financial year as well as any supplementary payments for achieving objectives, benefits in kind and pension funds and welfare systems.

Right to disconnect

In June 2018, IKEA Ibérica and the Interenterprise Committee signed **the right of co-workers to refuse to respond to any type of work-related communication through any channel** – telephone, e-mail, WhatsApp, social networks, etc. – outside their working hours except in cases of force majeure (in which case, there will be a follow-up on this right).

Co-workers with disabilities

With the firm conviction of contributing towards the social and economic development of the country by including people with disabilities in the workforce, **it is our intention to exceed the 2% figure required by law.** Here at IKEA Ibérica, we are aware of the difficulties that people with disabilities have in finding and staying in a job, especially in ordinary companies.

More than that, the vision and values of non-discrimination form the basis of our recruitment, hiring, inclusion in the workplace and purchasing processes. We aim to reinforce the employability of this sector of the population both through direct hiring to become staff members and by responsible trade in specialised job centres.

Here at IKEA Ibérica, **we fully comply with the Persons with Disabilities Act with a figure of 2.57%*** (with alternative measurements), thanks to the application of the following principles:

- Ensure that every member of the company has the same opportunities regardless of their background, promoting a better life based on merit and professional contribution. We concentrate on continuous personal improvement to achieve the best employability, regardless of each individual's particular circumstances.
- Create a better everyday life for the many people. Specifically: to be a recognised company with profitable and sustained growth thanks to the work of a team highly committed to demonstrating the talent of people with disabilities.

Without a doubt, we still have a long way to go. But this drives us to set ourselves and reach new objectives for employment, and particularly for this group of people. The construction of stores complies with the Technical Building Code which includes measures such as the installation of lifts which allows people with physical disabilities access to the entire building and the construction of accessible bathrooms for people with reduced mobility.

*Percentage of co-workers with a disability calculated based on the predicted values for the Public Income Indicator of Multiple Effects (IPREM) in the national budget (€6,583.20).

Organisation of working hours

The distribution of working hours is regulated by the Collective Agreement for Department Stores, and the daily planning is regulated by the Agreement on the Distribution of the Working Day at IKEA Ibérica, signed by IKEA Ibérica and the entire Interenterprise Committee on 27 June 2018 to be applied to all co-workers employed by any store run by IKEA Ibérica.

Absenteeism

326,756.16 hours*

*Hours of absenteeism in FY19 = accidents in the workplace + temporary incapacity caused by general illness. Scope of absenteeism indicator: 96.07% of total co-workers. The figure does not include the Service Office which employs 3.93% of co-workers.

Work-life balance

In the working hour agreement signed by the Interenterprise Committee, measures were specified aimed at improving work-life balance, for example **part-time co-workers also enjoy fixed shifts**. Here at IKEA Ibérica, the work is continuous **and our co-workers know their shifts 4 months in advance, as well as their annual holiday allowance and weekends off**.

We do not use the provision in Spanish law whereby a company can distribute 10% of working hours irregularly throughout the year according to its needs. Co-workers enjoy **2 days off per week**, and they also have **more than double the amount of weekends free than that specified in the collective agreement**, as well as a number of weekends working which is lower than that specified in the collective agreement. Additionally, **they can distribute their holidays outside the summer period** with the help of a holiday exchange scheme.

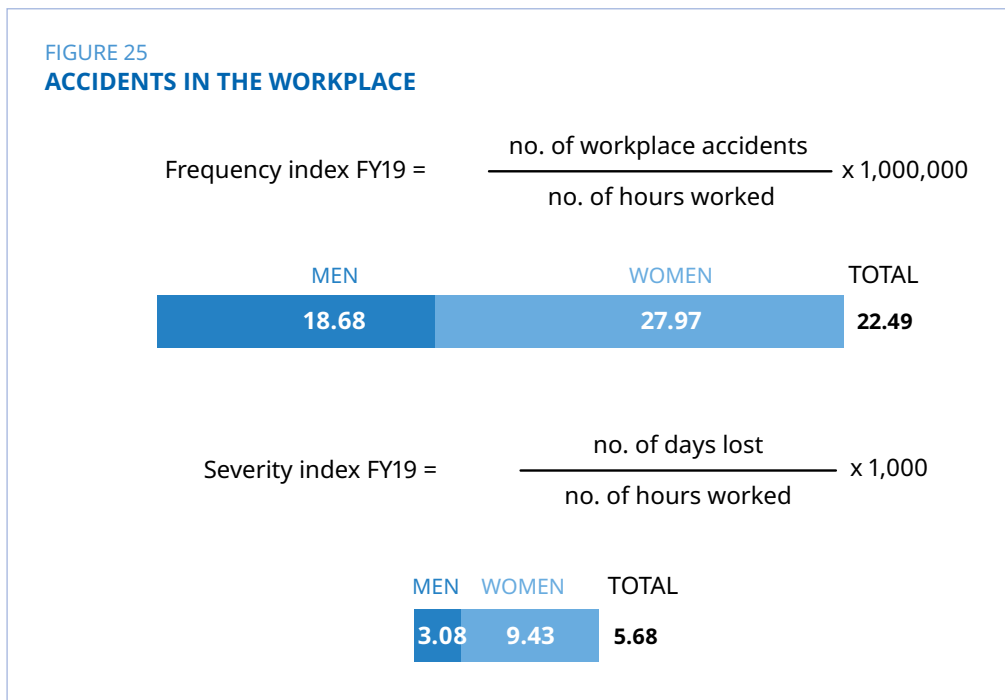
In our Equality Scheme, the section on Work/Life Balance includes 22 measures which will help co-workers achieve a better balance between their working and home lives. Of particular note are:

- the payment of €600 net in cases where a co-worker decides to take time off to care for a child and
- a longer period of paternity leave, which translates to an increase from 5 calendar days to a period off of at least 4 of the 16 weeks specified in the paternity arrangements.

Health and safety

IKEA Ibérica guarantees a series of health and safety conditions for all its co-workers. As part of this, every store has its **own health and safety department and medical service**. It complements this with novel measures such as **a physiotherapist in every unit and plans for promoting health, guaranteeing implementation of the health and wellbeing strategy established by the company**.

Accidents in the workplace



No confirmed occupational illnesses.

Social relations

Social dialogue is run by **a works council in each store and the Interenterprise Committee at a national level**. It is these different forums which is where information is shared and consultations and negotiations are carried out. In Spain, 100% of all co-workers are covered by a collective agreement. Even though the collective agreement in question does not specify any measures with regard to health and safety, IKEA Ibérica is committed to ensuring the good health and safety of its co-workers and so puts into place plans for promoting a healthy lifestyle in all its units.

100%
of co-workers
are covered by a
collective agreement.

Training

The training strategy is carried out in accordance with the policies of the Ingka Group: “Both/And”, “Learning in the Business” and “The IKEA Talent Approach”.

“Both/And”. A concept which we integrate into our daily work and which supposes the existence of two dimensions: business and people, altogether, incorporating **learning into our processes with the aim of optimising tasks.** In short: achieving results without ignoring individual progress.

“Learning in the Business”. Involves training on the sales floor:

- Learning at IKEA. Based on developing competencies, i.e. **combining knowledge, motivation and skills** to carry out a task in an optimum fashion. It can be applied to one single person, to a team or to the whole of IKEA.
- Learning day by day. Doing your own job is the best place to improve. Every individual is responsible for their own role, but in order to help them with their revolution we have a **“buddies” system** based on David Kolb’s learning styles: **experience, observation, conceptualisation and experimentation.**

“The IKEA Talent Approach”. Our most valuable resource is the talent of our co-workers, but for them to correctly perform their duties they need to constantly develop in their job roles. The way to do this is with a systematic focus: models, processes and activities which are adapted to local conditions and which take into account the values and leadership of the company based on our belief in the potential of the co-worker.

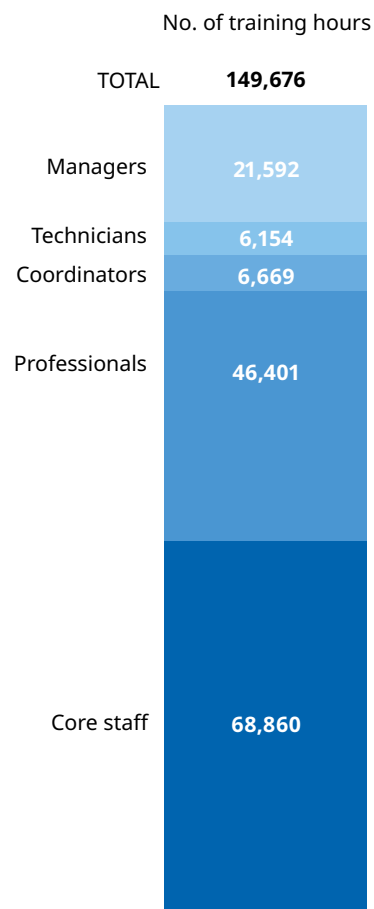
Every year, **the month of April sees us celebrate our Talent Week.** Over a few days, there are activities aimed at developing skills open to all IKEA Ibérica co-workers. It is also an opportunity to remind co-workers of the tools available to them:

- **My Learning.** A platform which manages the training and training course list at IKEA Ibérica. Co-workers can look up which training they have successfully completed.
- **Local training plans.** Each store has a local training plan adapted to its needs. These local plans are also supplemented by a National Training Plan based on the topics related to the priorities set in the National Business Plan.

The training covers our products and services, in-store processes and customer service. It also includes broader materials such as the culture and values at IKEA, security, health and safety in the workplace, sustainability and caring for the planet, equality and leadership.

In FY19, the **hours of training received by professional category were as follows:**

FIGURE 26
TRAINING HOURS DELIVERED IN FY19



4.2 EQUALITY, DIVERSITY AND INTEGRATION

People are the key to the commercial success of IKEA: everyone matters, and everyone has something to offer.

IKEA's human values make it a unique company in which people are the key to its commercial success: everyone matters, and everyone has something to offer. This is why we decided to create an inclusive work environment in which everyone can prosper knowing that equality is part of our company DNA.

The global strategy of Inter IKEA centres on the following three premises:

1. A more affordable IKEA (affordability).
2. Reaching a lot more people (accessibility).
3. Having a positive impact on people, society and the planet (People & Planet Positive).

To achieve these, **we have set 10 tasks over 3 years which will change our business model**; the last of which consists in creating a people's movement which will make our philosophy a reality. It goes without saying that the idea revolves around our people, key to success in any corporate initiative. Basing a strategy on the individual implies making **IKEA a place for the majority, created by the majority. Complete commitment to equality.**

We are aware that nowadays focusing on diversity and integration is considered the right thing to do, but for us it is also fundamental in achieving commercial success. A working environment in which co-workers feel valued for their uniqueness and recognised for their talent benefits the company and contributes toward making a better environment.

Furthermore, by making equality our competitive advantage, we can reach a more extensive and varied client base as well as promoting positive change in society. Global mega trends are creating a new reality: globalisation, hyper- connectivity and digital innovation have changed the nature of consumption, competition, how markets work and what consumers demand. Demographic, social and political changes are forcing companies to adapt, make the most out of the new workforce and embrace diversity to harvest benefits.

In this reality, diversity and integration are no longer an option and are now a necessity as they help us get to know our customers and co-workers better. Hiring different talents attracts more qualified co-workers. Integration creates an attractive work environment which in turn increases the level of co-worker satisfaction and reduces staff turnover. When somebody feels valued, they contribute more and feel more loyal.

10

tasks

over three years to change the business model at IKEA.

IKEA Ibérica signed its first Equality Plan in 2011 and – after carrying out a prior assessment – introduced a series of measures aimed at advancing equal opportunities between men and women. Later, **in 2017, it started negotiations for its II Equality Plan which was signed** after almost two years of negotiations with representation from all the trade unions in the company **in April 2018**. Some of the measures introduced as part of the Plan have been:

- **the “Viking Limited Edition” succession and development plan** aimed at offering women specific training in positions of responsibility;
- **the internal “Lykta” programme** which provides a social worker in each centre who can step in for any issues regarding working together or if any co-workers have social needs;
- and **the “Cable IKEA”**, which can provide co-workers with economic support in case of emergency.

Other measures include the introduction of the **anonymised CV during hiring processes**, the creation of a **specific protocol for women experiencing domestic violence** and the commitment to **studying the gender pay gap in depth**. Furthermore, IKEA Ibérica now has a **“Guide to inclusive language”** for use in all communications, whether internal or external.

All of these commitments have confirmed our **membership of the ‘Companies for a society free of gender-based violence’ Initiative** in conjunction with the Ministry of Health, Social Services and Equality and the Diversity Charter of the Diversity Foundation.

Workplace and sexual harassment

IKEA Ibérica has **signed a protocol in conjunction with the company’s social representatives** with the aim of defining a procedure for the prevention and handling of situations of bullying, workplace harassment and sexual harassment.

The body which handles each case is an ad hoc assessment committee for situations involving harassment and the process is carried out based on the principles of speed and confidentiality, guaranteeing the privacy and dignity of the individuals involved.

2018

year
in which the
IKEA Ibérica II
Equality Plan was
signed.

Lykta

programme of
intervention for social
needs of co-workers.

Cable IKEA

provides help to
co-workers in
emergency situations.

5



Good governance

5. GOOD GOVERNANCE

IKEA Ibérica is heavily involved in human rights.

This is why we have a **Code of Conduct (IWAY) which is obligatory for all co-workers and an anonymous telephone line called the "Trust Line"** through which any co-worker can act as a whistleblower about any negative behaviour they might have seen from any fellow co-worker, manager or even external supplier to the store in complete confidentiality. Where applicable, the company guarantees that a full inspection will be carried out. In FY19, no complaints of this type were made.

IWAY
is our obligatory
Code of Conduct.

5.1 FREEDOM OF ASSOCIATION AND THE RIGHT TO NEGOTIATE COLLECTIVELY

Our Code of Conduct includes the **creation of an open and respectful working environment**. In this respect, IKEA Ibérica has entered into constructive, positive social dialogue with trade union bodies. Furthermore, it supports the right of the freedom of association for all of its co-workers and for the right to negotiate collectively which is done in conjunction with worker representatives elected democratically on behalf of trade unions.

5.2 ELIMINATION OF DISCRIMINATION AND CHILD OR FORCED LABOUR

We are firmly committed to eradicating discrimination and this is reflected clearly in our Code of Conduct which states that **all our co-workers have the right to be treated fairly and to have the same opportunities**, regardless of their age, sex, sexual orientation, physical capacity, ethnicity, race, nationality, religion or any other aspect of their identity.

In our company, there is no forced or obligatory work. Furthermore, the Code of Conduct already requires **suppliers working with IKEA to have a documented routine** to avoid this type of exploitation and to prevent child labour.

5.3 FIGHT AGAINST CORRUPTION, BRIBERY AND MONEY LAUNDERING

According to the company global anti-corruption policy, IKEA Ibérica carries out its business openly, ethically and honestly, meeting the expectations of our customers, suppliers and society as a whole.

As a result, any type of corruption is in direct conflict with our objectives for responsibility, and also damages the trust of our co-workers, suppliers, customers and anyone else having dealings with the IKEA brand. Corruption distorts the market and takes away the right for fair distribution of resources from most people. For this reason, **our Manual for the Prevention of Criminal Liability** expressly outlines the general principles of behaviour which need to be adopted in order to prevent these lapses. In addition, we offer training via workshops for all the co-workers in the company.

We also show **zero tolerance for fraud and bribery, as well as benefits, favours and omissions that are considered illegal, unethical or an abuse of trust**. No-one acting on behalf of IKEA Ibérica or with whom it has a relationship (including suppliers and contractors) shall directly or indirectly solicit, offer, pay, accept or receive bribes or engage in other corrupt practices. Similarly, **no IKEA Ibérica co-worker shall solicit, provide or accept gifts or offer of hospitality to or from any supplier or third-party**. Any benefits which may be received will be donated to charities or given as part of sponsorship with vetted companies we already support.

Every co-worker receives information on our anti-corruption policy the moment they are hired. The same also applies to suppliers and subcontractors. This means they need to accept it before any contractual relationship can begin. The Code of Conduct is updated yearly with practical examples to ensure that co-workers understand the burden that corruption can be and which situations bear the greatest risk. We have a strict **expenses authorisation procedure** which defines the limits of responsibility of each co-worker. As the person approving expenses must be different to the one requesting them, we offer the basic principle of separation of functions and the four eyes see better than two principal.

Our purchasing policy ensures **a transparent process in the contracting of suppliers**, guaranteeing objectivity throughout the entire process. This helps avoid any conflict of interest which could exist in the agreement. Before any negotiations are undertaken with the supplier, they are made aware of the way in which IKEA Ibérica does business. This includes the Code of Conduct for suppliers which they need to expressly accept in order to continue with negotiations.

We are aware that some people are more exposed to this type of risk due to the work they do. As a result, we offer regular workshops to identify situations not covered by established routines and we determine the controls needed to deal with them adequately.

There is a series of specific processes for managing contracts with public bodies (due diligence), ensuring that at least two people are present at any meeting with a public servant or representative of a private company. In addition, the details of the meeting must be recorded as minutes.

At IKEA Ibérica, all payments and deposits involving suppliers or between companies in the group are carried out via bank transfer.

We are fully aware of the risks involved in taking payments in cash when customers buy in one of our stores. As a measure of control and to comply with the legal limit, all of our tills are technically configured in such a way as to reject any payments in cash which exceed the established legal limit.

5.4 DONATIONS POLICY FOR COOPERATING WITH THIRD SECTOR ORGANISATIONS

In FY19, the total amount of donations made to third sector organisations was **€102,495.18**.

Our commitment to being a transparent and trusted firm challenges us to **guarantee the traceability of the social projects we select** and to always measure the impact of our contribution to the community.

By carefully selecting who we work with, we can guarantee all donations are carried out correctly and in accordance with current legislation. To help, we have a donations policy in place which establishes the framework for cooperation with different interest groups and aims to serve as a useful guide to how to make decisions on which organisations or social projects in the community to support with either monetary donations or support in kind. Additionally, it also serves as a guide to ensuring all donations are made in compliance with the legal and internal company framework.

102,495

Euros donated.



Positive impact on people

6. POSITIVE IMPACT ON PEOPLE

6.1 IMPACT IN THE COMMUNITY

Every IKEA Ibérica unit promotes social initiatives in the local community.

As part of our quest to contribute to a fairer and more inclusive world through social projects, every IKEA Ibérica unit promotes social initiatives in the local community. This forms the crux of a business strategy which aims to not only generate economic value, but also add social value. And, like everything that is done well, it represents a dual opportunity: to provide direct contact to local organisations while at the same time promoting commercial growth.

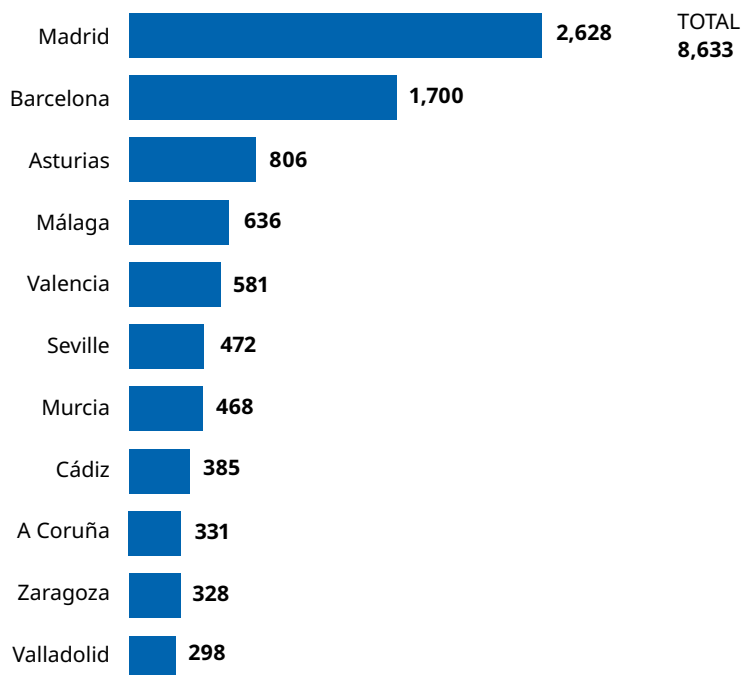
Modern Spain is currently facing a wide range of important social challenges: unemployment, the loss of purchasing power of the average home, the risk of poverty and social exclusion, etc. The complexity of the situations requires action from the key players (public administration, companies, NGOs) to come together and create alliances to ensure a positive, coordinated response.

The impact of IKEA's business activities on employment and development in the community is shown in the following table:

FIGURE 27

IMPACT OF THE COMPANY BUSINESS ACTIVITIES ON EMPLOYMENT AND LOCAL DEVELOPMENT

Number of co-workers by province



We prioritise **cooperation with sustainable community projects** that have an impact on both the company and society as a whole. The following table shows the most important projects in FY19:

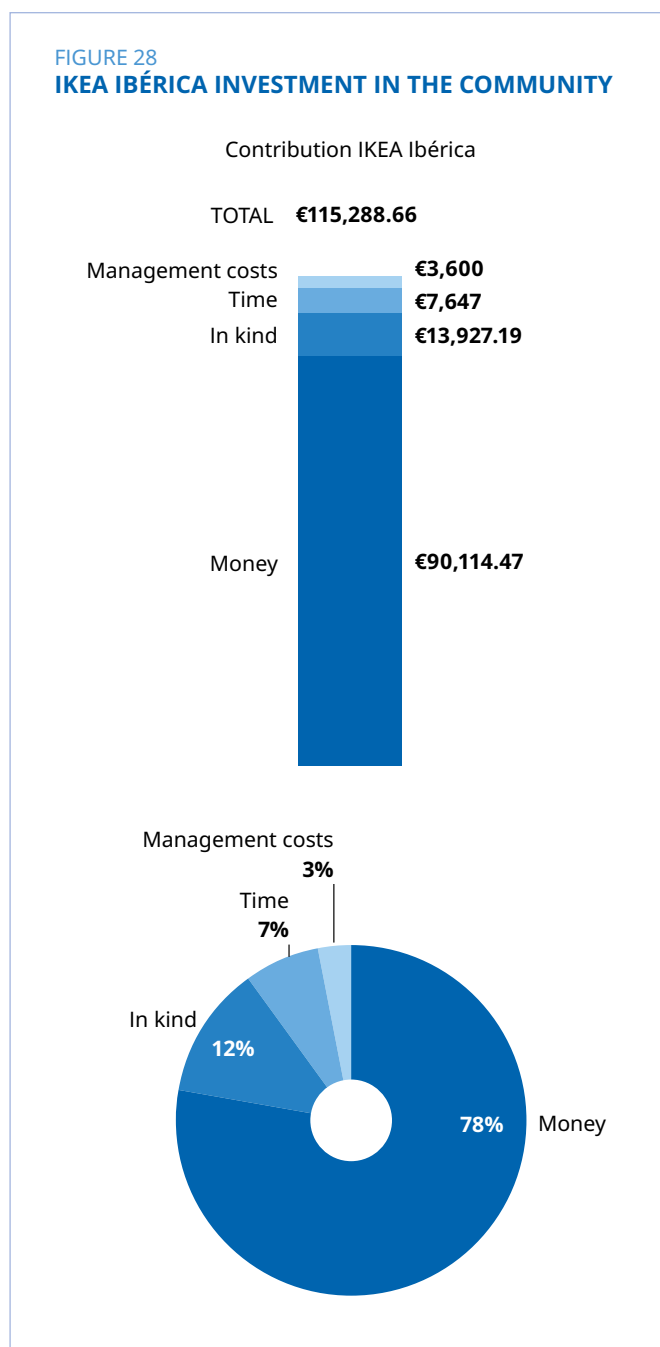
TABLE 2:
PROJECTS WITH A SOCIAL IMPACT FY19

STORE/MARKET	SOCIAL CHALLENGE	PROJECT	OBJECTIVE
MÁLAGA	Employability	IKEA MÁLAGA TALENTO	Promoting the employability of young people and supporting entrepreneurship
MADRID (San Sebastián de los Reyes, Vallecas & Alcorcón)	Child poverty	PODER DE LA INFANCIA [POWER OF CHILDHOOD]	1) Reduce truancy and improve school performance 2) Create safe spaces where children can study and spend time together in a respectful and non-violent setting
CATALONIA (L'Hospitalet, Badalona, Sabadell)	Social exclusion/ employability	CATALUÑA 4.0	Social integration and job placement for young people at risk of exclusion associated with youth centres
VALENCIA	Child poverty	HUERTOS ESCOLARES [SCHOOL VEGETABLE GARDENS]	Reduce school drop-out in public schools
A CORUÑA	Sustainable education	EDUCATIONAL PROJECT IN ENERGY EFFICIENCY	Educating children to use energy efficiently, passing on this information to their families
ZARAGOZA	Social exclusion/ employability	SUEÑOS DE LA INFANCIA [CHILDHOOD DREAMS]	Children's empowerment through decision-making

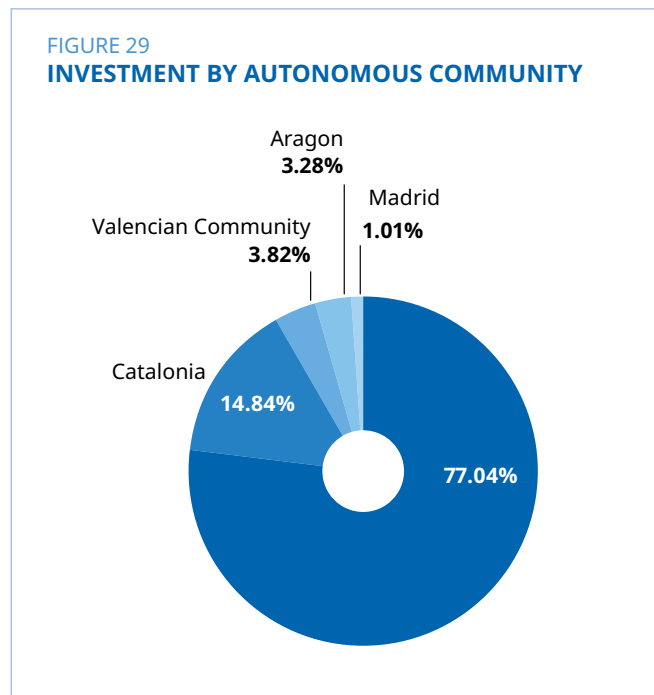
To measure the impact that these programs have on the local area, IKEA Ibérica uses the LBG methodology based on the following management fundamentals:

- Careful assignation of the contributions to the community.
- Measurement of the results obtained.
- Evaluation of all key players in the project with the aim of identifying the source of the benefit and the programme as a whole.

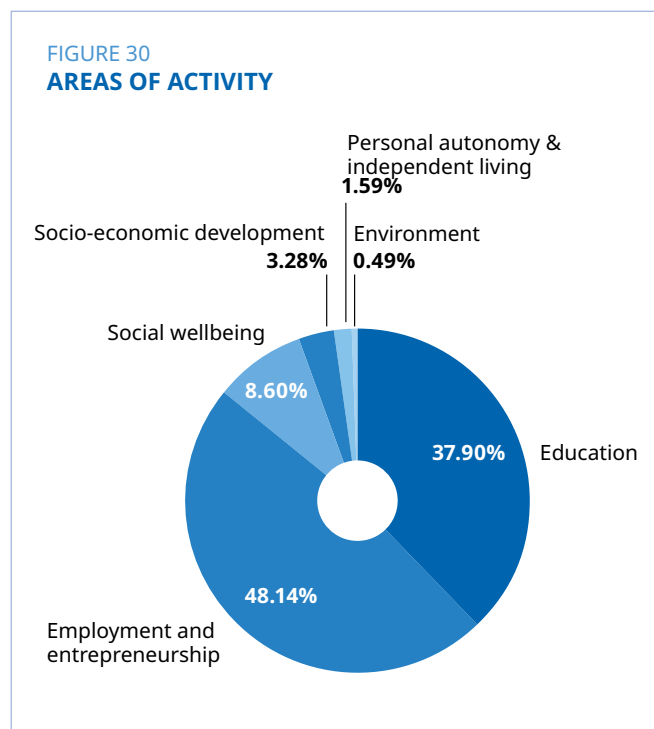
In FY19, we made a total investment of **€115,288.66**, which was distributed as follows:



The projects were concentrated in the following autonomous communities:

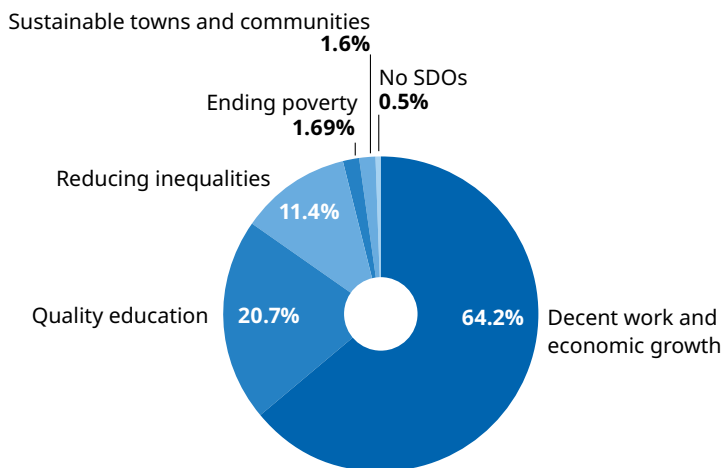


If we look at the **areas of activity**, over half of the community projects are aimed at **employment and entrepreneurship**, almost 37% to education and entrepreneurship, and 6.6% to social wellbeing.



In addition, **we have also linked the United Nations Sustainable Development Goals to our projects** which invest in the community:

FIGURE 31
SUSTAINABLE DEVELOPMENT GOALS



Here at IKEA Ibérica, we believe that **the participation of our co-workers in these projects encourages responsibility** and is a great way of putting in practice our own corporate values. In FY19, **93 co-workers took part in projects aimed at helping the community**, donating a total of 460 hours. 8 co-workers from partner companies also participated in some of the projects, donating an additional 176 hours. **IKEA Ibérica worked together with 16 institutions and social organisations**, and the projects involving investment in society had a **direct effect on 1,069 people and an indirect effect on 937 more**.

Our intention over the coming years is to further these community projects with the aim of better evaluating the changes they are producing in the communities we help and to identify the social challenges faced by the communities surrounding the units which have not yet defined goals.

6.2 GLOBAL RELATIONS

The Ingka Group participates on a global scale in initiatives involving interest groups where it can deliver shared value.

Ellen MacArthur Foundation Circular Economy 100

As part of The Circular Economy 100, IKEA together with other organisations participates in a three-year programme organised by the Ellen MacArthur Foundation.

EuroCommerce

EuroCommerce represents the voice of 6 million shops, wholesale outlets and other companies in the commercial sector.

WWF & COTTON

Conventional growing and manufacturing methods involving cotton consume enormous quantities of water and chemicals. Inter IKEA is actively involved in ensuring manufacturing processes respect the environment. In fact, **thousands of farmers already participate in this project across India and Pakistan.**

EV100

This global initiative advocates for the **use of electric vehicles** or EV, and the Ingka Group commits to using electrical energy in its fleet for delivering goods.

Forest Stewardship Council (FSC)

A global non-profit organisation dedicated to **promoting responsible forest management** across the globe. Inter IKEA supports this organisation, and in fact was one of its first members when it was founded in 1993. We work together to increase the availability of FSC-certified wood and to fight illegal deforestation.

LAUNCH

The platform offering **placements for entrepreneurs** which connect them with businesses to launch their initiatives.

RE100

A global initiative bringing together over 100 companies committed to achieving **100% renewable energy.**

SolarPower Europe

SolarPower Europe's aim is to ensure that **more energy is generated by solar than any other energy source in Europe** with the aim of positioning solar power at the heart of the regulatory environment and improving business opportunities in the sector.

Global Compact

Founded by the United Nations, this non-binding pact encourages **responsible corporate citizenship** and works towards ensuring that companies resolve the challenges of globalisation.

Business Call to Action (BCtA)

Global project which combines efforts towards **combating poverty through its core business** which is supported by various international organisations and backed by the United Nations Development Programme (UNDP). The Ingka Group has been able to share its experience in **sustainable practices and inclusive business** with other companies and with the United Nations network.

UTZ Certified

An independent, non-profit organisation which runs the largest and fastest-growing certification programme in the world for the responsible production of coffee and cocoa. Its webpage can even be used to trace the origin of the product right back to the farmer.

World Business Council for Sustainable Development (WBCSD)

A CEO-led organisation of over 200 international companies, the WBCSD is a unique network where members can learn from leading companies how to work together to accelerate the transition to a sustainable world.

IKEA Ibérica is also a member of the following associations:

TABLE 3:
ASSOCIATIONS TO WHICH IKEA IBÉRICA BELONGS

ORGANISATION	DESCRIPTION	PARTICIPATION
ANGED (Spanish National Association of Large Distribution Companies)	Founded in 1965, this professional nationwide organisation includes the leading medium-sized and large distribution companies which operate in all types of commercial format	Representation in commissions in which our company has an active commitment to society: Environment, CSR, Digital, Legislative Development, Fiscal and Labour Relations.
CEOE (Confederation of Employers and Industries of Spain)	Private non-profit entity whose major aim is to defend and represent the business interests of companies when dealing with public institutions and society as a whole. Founded in 1977, its voluntary members include 2 million companies and self-employed people from all sectors who join CEOE through one of more than 4,000 different associations.	IKEA has participated since 2018 in order to promote changes in society and share good business practices with other companies and organisations. IKEA Ibérica participates in the following commissions: Equality and Diversity, Corporate Social Responsibility, Sustainable Development and the Environment, Social Dialogue and Employment, Economy and Financial Policy, Industry and Energy, Legal Commission, Digital Society and Transport and Logistics.
DIRCOM (Spanish Association of Communication Directors)	As its name suggests, this association brings together managers and professionals from companies, institutions and consultancies working in communications. It came about in 1992 as the initiative of a group of leading professionals in communication who were motivated by the growing scope of their responsibilities in society. It currently has around 1,000 members and eight local offices across Spain.	As a meeting point between professionals in the communications sector, IKEA provides and shares common interests.
Swedish-Spanish Chamber of Commerce	This private, independent non-profit association offers a unique platform in the Swedish/Spanish business world and its aim is to promote commercial and cultural relations between the two countries. Founded in 1950, it is located in Madrid. In addition to its headquarters, it also has a network of local offices in several Spanish provinces. Companies make up 72% of the members, 70% of which are Swedish and 30% of which are Spanish; the other 28% of members is made up of individuals with an interest in both countries.	IKEA Ibérica is currently president of the Chamber of Commerce. Members are Swedish and Spanish multinationals and SMEs, representing the majority of business sectors as well as institutions and associations from both countries.
AUTOCONTROL	This independent body controls the advertising industry in Spain. As a non-profit association, it is made up of advertisers, advertising agencies, media companies and communication professionals with one common objective: to work towards responsible, honest, legal and truthful advertising.	As part of the General Assembly, IKEA ensures that certain campaigns do not have a negative effect on any groups in society and also provides advice in case a brand is used unlawfully.

ORGANISATION	DESCRIPTION	PARTICIPATION
Spanish Association of Advertisers (AEA)	Professional non-profit association representing advertising companies to defend their rights regarding commercial communications. It brings together over 200 members – as well as a total of more than 530 brands – most of which are major companies.	Active participation in forums, studies, events, etc.
FACE (Spanish Federation of Coeliac Associations)	Works to improve the quality of life of people living with coeliac disease and their families. It does this through awareness and information campaigns and food investigation and safety, hand-in-hand with the catering and food sector as well as several public bodies.	IKEA uses its logo on its products and in its restaurants. It receives consultation at an operative level, as well as training for co-workers. In addition, it also appears as a “gluten-free centre” in the FACE app. The Association offers us great recognition and visibility in the coeliac community.
Forética	Forética's mission is to promote ethical and socially responsible policies, providing useful tools for companies and institutions to successfully develop a competitive, sustainable business model. It brings together over 140 organisations of all sizes and sectors and more than 100 individual members including highly respected professionals.	IKEA forms part of its management board. It also actively participates in three clusters: Climate Change, Social Impact and Transparency and Good Governance.
Global Compact	Launched in 1999 by the United Nations, Global Compact promotes social responsibility in companies and is concentrated on 10 principles based on respecting human rights, working rights, environmental rights and the fight against corruption which should take priority in the strategic vision and everyday practice of every company. The Global Compact Spanish network was created in 2004.	IKEA signed the Global Compact in 2019.

Contributions to these associations in FY19 totalled €131,000. IKEA Ibérica's corporate policy does not sponsor any external *marketing* in which its logo appears alongside other brands. Any exceptions require prior approval from the Ingka Group.

6.3 SOCIALLY RESPONSIBLE MANAGEMENT BY SUPPLIERS

Only suppliers and manufacturers which comply with the Ingka Group Code of Conduct are allowed to be part of our supply chain.

As mentioned above, **IWAY is the Code of Conduct for the Ingka Group** for suppliers when managing products, materials and services. It was launched in 2000 across our entire supply chain on a global level and has been updated regularly since then. The version valid at the moment is the **IWAY standard edition 5.2 -2016.04.29**.

The Code comprises the minimum requirements relating to the Environment and Social & Working Conditions and is based on the eight core conventions defined in the Fundamental Principles of Rights at Work, ILO declaration June 1998 and the Ten Principles of the UN Global Compact.

At IKEA Ibérica, given the size and complexity of the chain of suppliers, we know of the difficulties involved in implementing IWAY. This is why we use internal and external data to help evaluate the risks involved in working with countries where the supplier operates and the type of activity. Potential suppliers are evaluated according to the IWAY standard and, once validated and part of the team, **they undergo regular monitoring to ensure they implement it correctly**.

To guarantee this, **the work carried out by the Purchasing Department and the Sustainability Group is fundamental** to the management and consolidation of the supply chain. This work is supplemented with specific programmes covering such diverse and important aspects as ensuring the best for children, workers and the environment.

To monitor compliance with IWAY in our active suppliers, **we also have a group of independent auditors which carries out checks on those with the greatest risk** according to our criteria. If these checks identify suppliers which are not following our standards, we agree upon an action plan to correct those issues and the supplier then has 14 days to resolve them. In the case of other minor non-compliances, the supplier has up to 90 days to resolve the issue. This guarantees that only suppliers and manufacturers who fully subscribe to the Code be form part of our supply chain. **In FY19, a total of 22 checks for compliance with IWAY were made**. The success of the implementation of the IWAY standard is thanks to the cooperation, mutual trust and respect between the supplier and IKEA Ibérica. Any written observation, discussion or information received from the supplier is treated with the utmost confidentiality by IKEA Ibérica, its co-workers and any other organisation designated by IKEA Ibérica.

6.4 CUSTOMERS

The Ingka Group guarantees the safety and health of customers.

The Ingka Group has a rigorous system for guaranteeing the safety and health of customers. The system defines the requirements of each article, verifies them and then monitors compliance with the standards throughout the entire development and product improvement phases. These extremely rigorous quality controls ensure that each product complies with local legislation in the countries where IKEA operates and even exceeds the customer's expectations.

FIGURE 32
SOCIAALLY RESPONSIBLE SUPPLIER MANAGEMENT



The following **control mechanisms** are used to carry out the tasks described:

Security alert

An internal communication system which involves the distribution of messages regarding products which, due to their characteristics, could cause injury to customers. **A security alert is sent out if any IKEA product/food represents:**

- a negative effect to health;
- the risk of injury or severe allergic reaction or
- the risk of significant damage to property.
- If there is an immediate risk of any of the above.
- If there is any risk of an issue with IKEA foods.

A security alert must also always be issued in situations where:

- there is confirmation or suspicion of non-compliance with a safety standard or binding regulation for any product;
- there has been any contact or checks from authorities, NGOs, the media or similar with regard to product safety;
- there is the possibility of the IKEA brand being affected negatively or
- if there is any doubt whether to launch an alert.

Recall

This is the **most dramatic action and is required when a product could cause real harm** to people or the environment. The aim is to warn customers and to request they return the product to IKEA. To find more information on current and previous recalls, visit IKEA's Spanish website (www.ikea.es).

6.5 SYSTEMS FOR HANDLING AND RESOLVING CLAIMS AND COMPLAINTS

To ensure complete customer satisfaction, IKEA Ibérica provides various complaints and claims handling systems on its website.

- Complaints can be made via a free telephone number (900 400 922) between 08:00 am and 10:00 pm from Monday-Sunday (except 01/01, 06/01, 01/05 and 25/12).
- Alternatively, customers can fill out the form at <https://ww9.ikea.com/es/es/contacto/formulario.php>.
- For a faster response, we also have a social network team (Facebook, Twitter, Instagram, YouTube, Pinterest and LinkedIn).

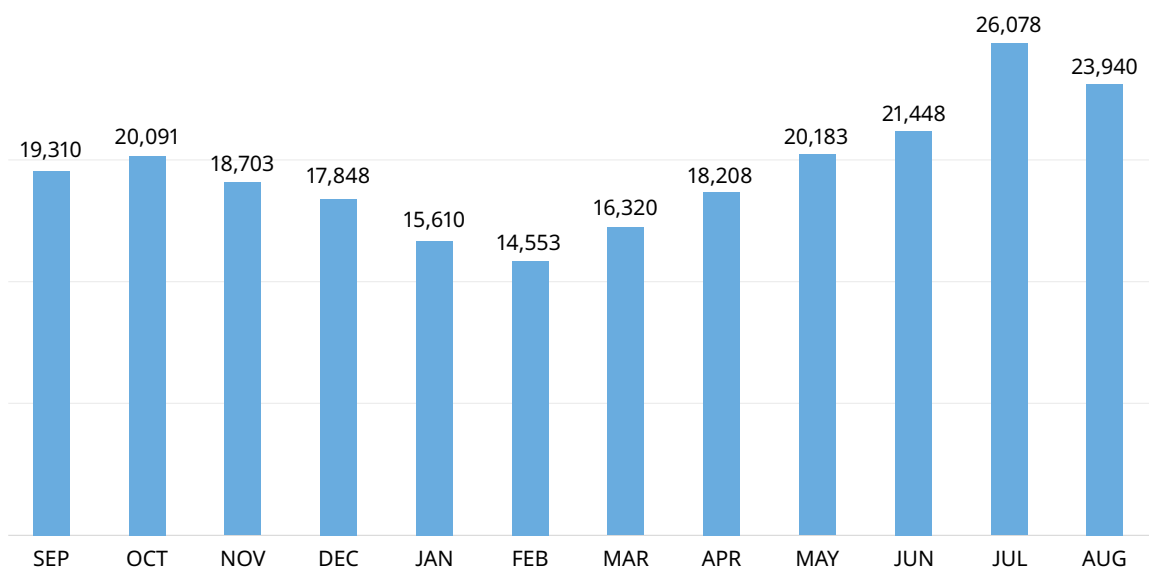
In addition, **the IKEA Ibérica web has a section with frequently asked questions:** returns, IKEA catalogue, IKEA stores, Småland, orders and Pick-up Points, shipments and deliveries, IKEA Business, planning your visit, help on intelligent lighting, payment, online shopping, IKEA Family, questions on the website, etc.

For IKEA, an incident is anything involving complaints, claims, modifications in services contracted by customers, modification of orders and notification of possible damage made during installation and the assembly of products bought at IKEA. In short, it covers all of the administrative work related to customer orders which goes through Sams, the system used at IKEA to handle customer incidents. The information regarding complaints and claims is recorded by each of the centres individually. Currently there is no centralised system for the handling of complaints.

The total number of incidents in FY19 was 232,292.

232,292
incidents
logged.

FIGURE 33
INCIDENTS RECEIVED IN FY19





7

Financial information

7. FINANCIAL INFORMATION

IKEA Ibérica paid a total of €362.8 million in taxes.

The company's overall net profit from operations on the Iberian Peninsula was €120 million.

The company paid a total of €362.3 million in taxes, which corresponds to:

- **€68.3 million in corporate taxes**, especially corporate tax, property tax, tax on business capital, environmental taxes and Social Security contributions payable by the company plus
- **€294 million in taxes collected**, e.g. co-worker income tax withheld at source, co-worker Social Security contributions and consumer taxes.

Finally, it should be noted that for 2019, **IKEA Ibérica did not receive any significant subsidies** in the form of public grants.

€120
million
net profit.



8

Table of contents of Law 11/2018

8. TABLE OF CONTENTS OF LAW 11/2018

		Global Compact principle	Specific content addressed	Content of associated GRI	Page
General matters					
Business model	Brief description of group business model	N/A	Business environment and organisational structure taking into account description of activities and services	GRI 102-2 GRI 102-7	6-7
	Markets in which business operates	N/A	Locations where we carry out our most significant operations	GRI 102-3 GRI 102-4 GRI 102-6	7
	Organisational objectives and strategies	N/A	Global strategy and objectives of the company. Regarding GRI specified, takes into account the strategic priorities and key short-term and medium-term topics related to sustainability.	GRI 102-14	8
	Main factors and trends which could affect future evolution	N/A	Market trends affecting the organisation	GRI 102-14 GRI 102-15	9
General	Reporting framework	N/A	This report has been prepared based on the commitments of the Global Compact	GRI 102-54	4
Management approach	Description of applicable policies	N/A	Description of the policies and commitments which apply to the company	GRI 103-2	*
	Results of these policies	N/A	Indicators regarding fulfilment, depending on the domain	GRI 103-2	*
	Main risks related to these questions linked to the group's activities	N/A	Description of the risk management model	GRI 102-15	9-10
Environmental issues					
Environmental management	Current and foreseeable effects of the activities of the company on the environment and, where applicable, health and safety	Principles 7 & 8	Current main impacts regarding the environment and future commitments reflecting the foreseeable effect of business activities	GRI 102-15	13-20
	Evaluation procedures or environmental certification	Principle 8	ISO 14001 and EMAS environmental certifications	GRI 103-2	12
	Resources dedicated to environmental hazard prevention	Principle 8	Human resources dedicated to environmental hazard prevention and management	GRI 103-2	12
	Application of the principle of caution	Principle 7	Existence of an environmental management system	GRI 102-11	12
	Quantity of provisions and guarantees for environmental hazards	Principle 7	Total of civil liability policy for accidental contamination	GRI 103-2	12
Contamination	Measures aimed a preventing, reducing or mitigating carbon emissions (plus noise and light pollution)	N/A	Understood as the impact the emission of SOx and VOC particles plus noise and light pollution in the areas our business operates, in the case of IKEA Ibérica/Norte, this factor is not applicable	102-46	4

* Aspects covered throughout the Non-Financial Report, depending on scope.

		Global Compact principle	Specific content addressed	Content of associated GRI	Page
Environmental issues					
Circular economy and prevention and handling of waste	Methods for preventing, recycling, reusing and other forms of recovery and elimination of waste	Principles 7 & 8	Measures aimed at minimising waste in stores and promoting recycling amongst customers. Management of company waste, including volume generated and handling	GRI 103-2 GRI 306-2	18-19
	Actions aimed at reducing food waste	Principles 7, 8 & 9	Initiatives introduced to prevent food waste, including setting and achieving targets	GRI 103-2 GRI 306-2	19-20
Sustainable use of resources	Water usage and water supply in agreement with local limits	Principles 7 & 8	Global strategy and objectives of the company. Regarding GRI specified, takes into account the strategic priorities and key short-term and medium-term topics related to sustainability.	GRI 303-5 (2018 version)	20
	Consumption of raw materials and measures adopted to improve the efficiency of their use	N/A	Market trends affecting the organisation	102-46	4
	Energy usage, whether direct or indirect	Principle 7	This report has been prepared based on the commitments of the Global Compact	GRI 302-1	13
	Measures undertaken to improve energy efficiency	Principles 7, 8 & 9	Description of the policies and commitments which apply to the company	GRI 103-2 GRI 302-4	13-14
	Use of renewable energy	Principles 7, 8 & 9	Indicators regarding fulfilment, depending on the domain	GRI 302-1	14
Climate change	Important elements in greenhouse gas emissions generated as part of the company's business activities	Principles 7 & 8	Scope 1, 2 and 3 emissions broken down into source	GRI 305-1 GRI 305-2 GRI 305-3	15
	Measures adopted to adapt to the consequences of climate change	Principles 7 & 8	Initiatives developed to deal with the risks associated with climate change, includes legislative risks	GRI 103-2	17
	Voluntary emission reduction targets in the medium-term and long-term in order to lower greenhouse gas emissions and the measures implemented to achieve them	Principles 7, 8 & 9	Objectives established and performance ratio (kg CO ₂ /m ³)	GRI 305-4 GRI 305-5	14-15
Protecting biodiversity	Measures taken to preserve or restore biodiversity	N/A	Understood as the measures taken to preserve and restore biodiversity affected by the company's business activities. In the case of IKEA Ibérica/Norte, this topic is not considered relevant.	102-46	4
	Impacts caused by activities or operations in protected areas	N/A	Understood as the impact of the activities of the company on protected areas. In the case of IKEA Ibérica/Norte, this topic is not considered relevant.	102-46	4

		Global Compact principle	Specific content addressed	Content of associated GRI	Page
Social and staff-related issues					
Employment	Total number and distribution of co-workers per country, gender, age and professional category	Principle 6	Total number and distribution of co-workers per country, gender, age and professional category at the close of FY19	GRI 102-8 GRI 405-1	24-25
	Total number and distribution of type of work contract	N/A	Total number of contracts at close of FY19 and distribution per type and working hours	GRI 102-8	25-26
	Annual average per contract type (permanent, temporary and part-time) by gender, age and professional classification	Principle 6	Average of contracts per type and working hours, organised by gender, age and professional category	GRI 102-9	26-29
	Total number of dismissals by gender, age and professional category	Principle 6	Total number of dismissals in FY19 organised by gender, age and professional category	GRI 103-2	30
	Gender pay gap	Principle 6	Net and adjusted gender pay gap (equal job positions)	GRI 103-2 GRI 405-2	32
	Average pay and revolution organised by gender, age and professional category or equal value	Principle 6	Average salary for co-workers in FY18 and FY19, organised by gender, age and professional category	GRI 103-2 GRI 405-2	31
	Average salary for board members and senior management including variable pay, expenses, allowance, long-term national insurance contributions and any other income organised by gender	Principle 7	Average salary of company directors in FY19 organised by gender	GRI 103-2 GRI 405-2	32
	Implementation of work-life balance policies	Principle 3	Measures linked to improving work-life balance	GRI 103-2	33
	Co-workers with disabilities	Principle 6	Compliance with General Law on Persons with Disabilities (percentage of co-workers with disabilities compared to total)	GRI 405-1	33
Organisation of working hours	Organisation of work time	Principle 3	Distribution of working hours	GRI 103-1	34
	Number of hours related to absenteeism	Principle 3	Total number of hours related to absenteeism due to accident in the workplace or general illness recorded in FY19	GRI 403-9 (GRI 2018 version)	34
	Measures designed to facilitate work-life balance and promote shared parenting leave	Principle 3	Initiatives established to support shared parenting leave	GRI 401-2	34
Health and safety	Health and safety conditions in the workplace	Principles 1 & 2	Strategy and measures implemented to ensure the health and safety of co-workers	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 (GRI 2018 version)	35
	Accidents in the workplace - in particular their frequency and seriousness - organised by gender	Principles 1 & 2	Seriousness and total frequency organised by gender	GRI 403-9 GRI 403-10 (GRI 2018 version)	35
	Occupational illnesses organised by gender	Principles 1 & 2	Total number of occupational illnesses confirmed in FY19	GRI 403-9 GRI 403-10 (GRI 2018 version)	35

		Global Compact principle	Specific content addressed	Content of associated GRI	Page
Social and staff-related issues					
Social relations	Organisation of social dialogue, including procedures to inform and consult co-workers and negotiate with them	Principle 3	Organisation of social dialogue	GRI 103-1	35
	Percentage of co-workers covered by collective agreement by country	Principle 3	Total percentage of co-workers covered by collective agreement	GRI 102-40	35
	Review of collective agreements, particularly with regard to health and safety in the workplace	Principle 3	Inclusion of references to aspects of co-worker health and safety in collective agreements	GRI 403-3	35
Training	Policies implemented in the field of training	N/A	Implementation and application of policies related to co-worker training	GRI 103-2 GRI 404-2	36
	Total hours of training organised by professional category	N/A	Total number and distribution of training hours given in FY19 organised by professional category	GRI 404-1	36
Accessibility	Universal accessibility by persons with disabilities	Principle 6	Measures established to guarantee accessibility to people with disabilities in our centres	GRI 103-2	33
Equality	Measures adopted to promote equal treatment and opportunities between men and women	Principle 6	Measures developed to promote equal treatment and opportunities	GRI 103-2	37
	Equality plans (Chapter III of Organic Law 3/2007 of 22 March, for effective equality between men and women)	Principle 6	Equality Plan	GRI 103-2	38
	Measures adopted to promote employment, protocols against sexual harassment and sexism, integration and universal accessibility of people with disabilities	Principle 6	Procedure for how to act in case of harassment	GRI 103-3	38
	Policy against any type of discrimination and, where applicable, diversity management	Principle 6	Equality Plan	GRI 103-4	38
Information on respecting human rights					
Human rights	Application of diligence procedures regarding human rights, prevention of human rights abuses and, where applicable, measures to mitigate, handle and corrective action for cases of harassment	Principles 1 & 2	Procedures available to guarantee compliance with human rights laws	GRI 102-16 GRI 102-17 GRI 412-1	40
	Incidents involving human rights abuses	Principles 1 & 2	Incidents involving human rights abuses recorded in FY19	GRI 103-2 GRI 406-1	40
	Promoting and complying with the provisions of the core conventions of the International Labour Organization regarding respect for freedom of association and the right to collective bargaining, elimination of discrimination in the workplace, elimination of forced or obligatory labour and effective abolition of child labour	Principles 3, 4, 5 & 6	Procedures available to ensure compliance with the provisions of the OIT: freedom of association, right to collective bargaining and the elimination of discrimination, child labour and forced labour	GRI 103-2 GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1	40

		Global Compact principle	Specific content addressed	Content of associated GRI	Page
Information related to the fight against corruption and bribery					
Corruption and bribery	Measures adopted to prevent corruption and bribery	Principle 10	Measures and procedures available for the prevention of the crimes of corruption and bribery	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	41-42
	Measures to fight against money laundering	Principle 10	Measures and procedures available for the prevention of money laundering	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	41-42
	Contributions to foundations and non-profits	Principle 10	Contributions made to industry associations	GRI 102-13 GRI 201-1	50
Company information					
Company commitment to sustainable development	Impact of the company business activities on employment and local development	N/A	Total number of co-workers by province and investment in the community by type and autonomous community	GRI 103-2 GRI 203-2	44
	Impact of the company business activities on local and nearby populations	N/A	List of different projects with a social impact rolled out in FY19	GRI 413-1 GRI 413-2	45-47
	Relationships with key players in local communities and type of dialogue with them	N/A	Cooperation in sustainable community products in the areas we impact	GRI 102-43 GRI 413-1	48-50
	Sponsorship or support actions	N/A	Total amount of social investment made in FY19	GRI 103-2 GRI 201-1	46
Subcontractors and suppliers	Inclusion of social, gender equality and environmental questions in our purchasing policy	Principles 1, 2 & 6	Social, gender equality and environmental criteria established in our Supplier Code of Conduct	GRI 103-2	51
	Considering the social and environmental responsibility of our suppliers and subcontractors	Principles 1, 2 & 6	Requirement to comply with certain social and environmental criteria in order to contract suppliers	GRI 102-9 GRI 308-1	51
	Systems for supervising and auditing said compliance	Principles 1, 2 & 6	Systems for supervising and auditing suppliers carried out in FY19	GRI 102-9 GRI 308-2	51
Consumers	Consumer health and safety measures	Principles 1 & 2	Measures and procedures implemented to ensure the health and safety of consumers	GRI 103-2	52
	Systems for handling and resolving claims and complaints	Principles 1 & 2	Systems for complaints handling and total number of incidents registered in FY19	GRI 103-2 GRI 418-1	53
Financial information	Profits obtained by country	Principle 10	Total pre-tax profits in FY19	GRI 201-1	55
	Taxes paid on profit	Principle 10	Total payments to tax office in FY19	GRI 201-1	55
	Public grants received	Principle 10	Significant public grants received in FY19	GRI 201-4	55

© INGKA Holding B.V. 2017
Some images courtesy of Inter IKEA Systems B.V.





KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Informe de Verificación Independiente del Estado de Información no Financiera de IKEA Ibérica, S.A.U. del ejercicio 2019

Al Accionista Único de IKEA Ibérica, S.A.U.:

De acuerdo al artículo 49 del Código de Comercio, hemos realizado la verificación, con el alcance de seguridad limitada, del Estado de Información No Financiera (en adelante EINF) correspondiente al ejercicio anual finalizado el 31 de agosto de 2019, de IKEA Ibérica, S.A.U. (en adelante, la Sociedad) que forma parte del Informe de Gestión de 2019 adjunto de IKEA Ibérica, S.A.U.

El contenido del Informe de Gestión incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en el apartado 8 donde figura la tabla “índice de contenidos de la Ley 11/2018” incluida en el I Informe de Gestión adjunto.

Responsabilidad de los Administradores

La formulación del EINF incluido en el Informe de Gestión de la Sociedad, así como el contenido del mismo, es responsabilidad de los administradores de la Sociedad. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los *Sustainability Reporting Standards* de Global Reporting Initiative (estándares GRI) seleccionados de acuerdo a lo mencionado para cada materia en el apartado 8 donde figura la tabla “Índice de contenidos de la Ley 11/2018” que figura en el citado Informe de Gestión.

Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los administradores de la Sociedad son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

Nuestra independencia y control de calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código de Ética para Profesionales de la Contabilidad emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia profesional, diligencia, confidencialidad y profesionalidad.



Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICC 1) y mantiene, en consecuencia, un sistema global de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información No Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de aseguramiento independiente de seguridad limitada basándonos en el trabajo realizado que se refiere exclusivamente al ejercicio 2019. Los datos correspondientes a ejercicios anteriores no estaban sujetos a la verificación prevista en la normativa mercantil vigente.

Hemos llevado a cabo nuestro trabajo de revisión de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, “Encargos de Aseguramiento distintos de la Auditoría y de la Revisión de Información Financiera Histórica” (ISAE 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de aseguramiento limitado los procedimientos llevados a cabo varían en naturaleza y momento, y tienen una menor extensión, que los realizados en un trabajo de aseguramiento razonable y, por lo tanto, la seguridad proporcionada es también menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades y áreas responsables de la Sociedad dominante que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal de la Sociedad para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.
- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2019 en función del análisis de materialidad realizado por la Sociedad y descrito en el “apartado 1. Marco de Reporting”, considerando contenidos requeridos en la normativa mercantil en vigor.
- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2019.
- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación a los aspectos materiales presentados en el EINF del ejercicio 2019.
- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2019 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.
- Obtención de una carta de manifestaciones de los Administradores y la Dirección.



Conclusión

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido no se ha puesto de manifiesto aspecto alguno que nos haga creer que el EINF de IKEA Ibérica S.A.U. correspondiente al ejercicio anual finalizado el 31 de agosto de 2019, no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI seleccionados de acuerdo a lo mencionado para cada materia en el apartado 8 donde figura la tabla "Índice de contenidos de la Ley 11/2018" del citado Informe de Gestión.

Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

KPMG Asesores, S.L.



Ramón Pueyo Viñuales

25 de febrero de 2020