



Annual Summary FY21

Better, together

INGKA™

Hej!

At Ingka Group, we live for the IKEA vision to create a better everyday life for the many people. We are passionate about life at home and love bringing inspiring, affordable and sustainable home furnishing to people with big dreams and thin wallets.

Whatever we are doing today, we can do better tomorrow. From flat packs to plant balls, we are constantly looking to renew and improve, to find new and better ways forward. Working together to meet the challenges of the pandemic, this is more important than ever.

So what does better mean to us? It means enabling a better life at home for even more people in new ways. It means making healthy and sustainable living affordable for the many, not just the few. And it means being a fair, values-driven company and a force for positive change for the home we all share. Caring for people and planet, we can make a significant and lasting impact — today and for generations to come.

**Together, let's make things better.
A glorious future!**

What does 'better' look like?



Better is making other people happy and seeing them grow. That makes me happy.

Özgün Bozkurt
Warehouse co-worker
and local vocational
trainer, Switzerland.



Better is the willingness to continually change - change our business, our planet, our lives and homes.

Therese McClær
Project Portfolio Leader, Group Expansion,
Global.



Better for me is to choose to always grow as a person.

Annie Friman
Co-worker Relations Specialist, Ingka Centers, Global.



Better is us and our actions, even small ones, towards a positive climate.

Ana Berbec
Renewable Energy Country Manager, Romania.



Better for me is to dare: dare to be bold, dare to disrupt, dare to lead by example.

Mihai Gruia
Sales co-worker, Recovery, Store Malmö
Svågertorp, Sweden.

Better is when we are able to create the perfect solution for every customer with persistence and innovation.

Sanjana Jagtap
Sales co-worker, Living Room, India.



Creating a better IKEA

We are proud of the past year – to have supported so many customers in such challenging times and at the same time grow as a business and as people.



As Ingka Group, the largest IKEA franchisee representing 89% of IKEA sales worldwide, our 174,225 strong team worked hand in hand to find ways through all the challenges brought by the pandemic. We navigated without a map, but with a strong compass guided by our values. We worked hard to keep people safe. We supported our communities. We protected jobs. And we made homes better at a time when homes are more important than ever. At the same time, we continued to invest in creating a better IKEA, serving our customers in more and better ways. Ending a year like this with 6.5% total Ingka revenue growth, EUR 3.2 billion in investments and a 33% increase in net profits to EUR 1.6 billion, we continued to live up to our purpose.

We are on the path to create a more affordable, accessible and sustainable IKEA. In FY21, we kept making our stores better than ever before, expanding in city centres and opening 26 new locations. As online demand is growing, so is IKEA online. Transforming our stores to also serve as fulfilment units, a revamped IKEA.com and further rollout of the new IKEA app, led to a big increase in the share of online sales, from 18% to 30%. With strong performance from Ingka Investments and Ingka Centres, we increased our financial resilience, contributed to innovation and growth of IKEA Retail, and supported our people and planet agenda.

We strengthened our culture. We embraced entrepreneurship, courage and optimism. Action and speed. Purpose and profit. We not only grew and made IKEA better for our customers - we made IKEA better for generations to come.

Among many challenges that humble us, we believe climate change to be one of the highest on the list. Entering the most important decade in the history of humankind, we have decided to lead through action. We are committed to the shared IKEA goal of becoming a climate positive business by 2030 – while still growing our business. Since FY16, our business has grown 17.6% while decreasing the climate footprint by 6.5% over the same period. And since 2009, we have invested EUR 2.5 billion in renewable energy, with another EUR 4 billion committed by 2030. By daring to test and try new ideas, technologies, solutions and

business models, we are determined to make it work. Together, we must bust the climate myths; that sustainable living is a luxury for the few; that we must give up on a better life to save the planet; that a business can't be sustainable and profitable. Together, we'll create a better and more sustainable future, one that is affordable for the many.

Looking ahead after a challenging yet successful FY21, let's keep our spirit of enthusiasm and collaboration. Let's roll up our sleeves and make things better, together. As you'll see throughout this annual summary, we are setting goals and evaluating our performance by being 'better' in four ways: better homes, better lives, better planet and better company. Let's create better homes for the many people, better lives for all the millions of people we connect with, a better company that's inclusive, fair and long-term in its approach, and a better planet for the home we all share. That's how we can truly live up to our vision of creating a better everyday life for the many people.

Jesper Brodin, President and CEO, Ingka Group*

Juvencio Maeztu, Deputy CEO and CFO, Ingka Group*

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

EUR 39.8 billion

total revenue

174,225

co-workers

4.6 billion

visits to IKEA.com

164 million

IKEA Family members

About Ingka Group

As the largest IKEA franchisee*, Ingka Group operates 392 IKEA stores and 73 shops and planning studios in 32 countries, as well as worldwide IKEA ecommerce and digital solutions. Our reach and expansion are strengthened by our network of meeting places, and an active investment arm to support sustainable growth and business transformation.

One brand, many companies

IKEA is a franchise business, with many companies operating under one IKEA brand. Inter IKEA Systems B.V. is the franchisor, responsible for continuously developing the IKEA Concept and ensuring its implementation in new and existing markets. Ingka Group is the largest IKEA franchisee, generating over 89% of total IKEA Retail sales in FY21.

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

IKEA Retail

IKEA Retail is our core business, and we continue to expand with new IKEA stores in different sizes and formats, fulfilment units and digital solutions. In FY21, we welcomed more than 657 million customers to our 465 IKEA locations in 32 countries, and IKEA.com saw more than 4.6 billion visits in FY21.

Ingka Centres

We also own one of the world's largest shopping centre businesses, with 372 million visits in FY21 to 47 vibrant meeting places in 16 countries across Europe, Russia and China. Always anchored by an IKEA store, Ingka Centres offer a unique mix of activities and services developed to meet the specific needs of each local community. Through recent real estate acquisitions downtown San Francisco and Toronto, Ingka Centres entered two new countries; the United States and Canada.

Ingka Investments

Through Ingka Investments, we make purpose-led investments and acquisitions to secure long-term financial independence and support our growth and sustainability commitments. This connects us with innovative companies that help accelerate our business development, digitalisation and initiatives to become a climate positive and circular business.



[Read more about
IKEA Retail](#)

[Read more about
Ingka Centres](#)

[Read more about
Ingka Investments](#)

[Read more about
Ingka Group](#)

* Ingka group operates IKEA Retail business under franchise agreements. Ingka center and ingka investment are not under franchise agreements.

Ingka Investments' activities are organised in six portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Forestland Investments and Financial Markets Investments.

465

IKEA stores, shops and planning studios in 32 countries

47

Ingka Centres meeting places in 16 countries

The Ingka Group

Ingka Centres

IKEA Retail

Ingka Investments



Building better into everything we do



Better homes

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

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

[Better homes](#)



Better lives

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

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

[Better lives](#)



Better planet

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

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

[Better planet](#)



Better company


We do business with a humanitarian outlook, guided by our vision and values but always adapting to a changing world. We structure our business to ensure financial resilience, reinvesting the majority of our profit to help us grow and innovate, and the remaining part as dividends to the INGKA Foundation to achieve its charitable purpose.

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

[Better company](#)



We support the United Nations Sustainable Development Goals (SDGs) in their ambition to achieve a better world for all. You can find a mapping showing how we contribute to each goal in [Data and Progress FY21](#).

 To determine our most material issues, we use a 'double materiality' approach. [Read more here.](#)



Better homes

Better homes – Our commitments

1.
Inspiring and
enabling a better
life at home

2.
Making IKEA more
affordable and
accessible

This document contains a summary of some of the main highlights and examples.
For a full overview of our progress please visit [ingka.com/Reporting](https://www.ingka.com/Reporting) and [Data and Progress FY21](#).

1 Inspiring and enabling a better life at home

Better homes for a better everyday life



We are passionate about making life at home better. For generations, we have been on a mission to understand the needs, challenges and aspirations of the many, bringing inspiring and affordable home furnishings to people with big dreams and thin wallets.

Using our research and insights, we are constantly developing an even deeper understanding of people’s lives at home: their needs, hopes and dreams, in every city and market. We want to share our unique knowledge and home furnishings expertise with customers in new and engaging ways to inspire and enable them to create a better life at home.

The way we live at home has a big impact on the planet and our health. Many people want to make healthier and more sustainable choices – but not at the expense of price, quality or convenience. With our size and reach, we have a big opportunity to make healthier and more sustainable living accessible to people around the world.

With clean energy services like home solar and clean electricity subscriptions, we’re making it easier and more affordable for our customers to use and produce clean renewable energy, supporting the transition to a net zero society. By testing new circular services, we’re exploring ways to prolong the life of our products, give customers access to furniture without owning it, and help people give products they no longer need a second life.

We are one of the largest food businesses in the world, serving millions of food customers every year. By promoting tasty, affordable plant-based food options, we make it easier for more people to try, enjoy and afford healthier and more sustainable food.

Engaging with 1 billion people by 2030

The Ingka ambition is to inspire and enable 1 billion people to live a better everyday life within the boundaries of the planet by 2030. At Ingka, we’re contributing to this goal by making sustainable living desirable, accessible and affordable for the many, through our stores, meeting points and online.





Clean energy that's affordable

Sweden became the first IKEA market to offer electricity from wind and solar. Through the offer, customers can buy affordable, certified electricity from solar and wind, and use an app to track their own electricity usage.

Customers who have already bought solar panels from IKEA can also track their own production in the app and sell back the electricity they don't use themselves.

 [Read more online](#)

Good home, good mental wellbeing

We connected with 34,000 people in 34 countries for our latest Life at Home research. The results show the strong connection between our mental wellbeing and our home.

27% tell us that their mental health has suffered during the pandemic. At the same time, 40% of those who felt more positive about their home also saw a positive impact on their mental health.


 [Life at Home Report 2021](#)



Exploring tomorrow's life at home

Our IKEA Xuhui store in Shanghai has been re-designed with a new layout and features to enable and inspire more customers to live a better, more sustainable and healthier life at home.

The "Home Experience of Tomorrow" is a radically new IKEA retail experience, empowering customers with home furnishing insights, interactive events and social co-creation.

 [Read more online](#)



Easy access online design advice

Our new online interior design service is helping customers transform their homes, offering easy access to expert advice at affordable prices. Customers can work directly with one of our interior designers to generate new design ideas for any room in their home. In FY21, 40,000 people in 29 countries used the service to create a better home.

 [Read more online](#)



Sustainable living made easy



Let there be LED

Our new SOLHETTA LED bulbs, last about 25,000 hours and are – on average – more affordable and 35% more energy efficient than previous IKEA LED bulbs. Customers can save money on the up-front cost and their electricity bill. When used for three hours a day, a SOLHETTA LED bulb will only need to be replaced every 20 years, which means less waste too.

Let's sort it out

Our modular home recycling systems make it easier to separate plastic, metal and paper in whatever way works best for you.



Turning old jeans into new sofa covers

Our recycled denim KLIPPAN sofa covers contain the equivalent of two pairs of jeans, saving 27,000 litres of water and reducing each sofa's climate footprint by 67%.



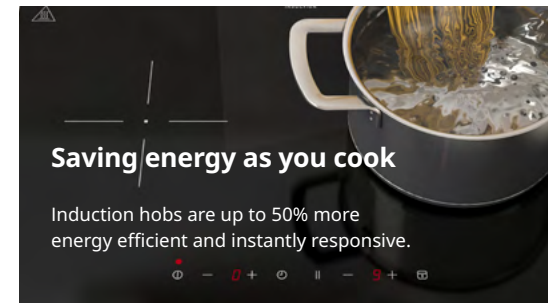
Saving water every time

All IKEA taps have an aerator that reduces water flow while maintaining pressure. This reduces water consumption by up to 40% for kitchen taps, and up to 50% for bathroom taps.



Breath of fresh air

In FY21, we introduced several products that enable people to improve the air quality in their homes.



Saving energy as you cook

Induction hobs are up to 50% more energy efficient and instantly responsive.



Yummy mince with a much smaller footprint

Say bon appetit to VÄRLDSKLOK, our new shapeable, plant-based mince. It looks and tastes like ground beef, but is made from pea protein and has a much smaller climate footprint. It's an easy way to make vegan burgers, tacos or bolognese, with the same great (or better) taste.

Sunny side up

Our home solar solutions are helping millions of people to save energy and money at the same time. By turning their rooftops into mini power plants, customers can save an average of EUR 400 per year on their energy bill.



[Explore more sustainable and affordable products online](#)





2 Making IKEA more affordable and accessible

Ready to meet our customers anywhere, anytime, anyhow

Our customers want convenience and easy access. They shop more online and expect better delivery services at lower prices. Accelerated by the pandemic, the need for convenient, affordable home furnishing and good value for money is greater than ever before.

To meet our customers' changing needs, we are accelerating the biggest transformation in IKEA history. We are investing in our IKEA stores, making them better than ever before – a great retail experience that lets people connect around life at home and get inspired by our home furnishing knowledge. We are speeding up our expansion into cities, transforming our IKEA stores to also serve as fulfilment units for deliveries, and improving the online experience. The goal for our expansion is simple: we will be where the many people are

– offering more customers the ability to choose when, where, and how they want to engage with IKEA.

Whether it's the full experience at one of our IKEA stores, the convenience of shopping online or a spontaneous visit to one of our city locations, customers should always get a great service and access to the IKEA range integrated with affordable, convenient and sustainable services.

As we grow, we are always looking for ways to lower prices for our customers, simplify and cut costs. By offering convenient services for different needs and budgets, and new financing services that are inclusive and fair, we continue to make IKEA even more affordable for people with thin wallets. IKEA is, and always will be, affordable for the many.

4.6 billion

visits to IKEA.com
(3.6 billion in FY20)

23.9 million

IKEA app downloads
(9.4 million in FY20)

657 million

IKEA store visits



Making our stores better than ever before

To make the full IKEA experience better than ever, we are investing heavily in upgrading our blue box IKEA stores to be as good as new, inspiring and digitally connected. When stores were closed during the lockdowns, we took the opportunity to design more than 4,000 m² of new room settings, and remodelled over 650,000 m² of store space at 174 stores in 14 countries.



IKEA app launched in 31 countries

The new IKEA app was launched in all but one Ingka markets in FY21, offering customers a simple and enjoyable way to find, choose and buy products fast.

So far, the app has been downloaded 33.8 million times, with an average rating of 4.6 stars. It's particularly popular with younger buyers: three out of four users are under 34 years old.

[Read more online](#)

The new inner-city IKEA store that's rethinking just about everything

With a roof terrace sheltered by solar panels, highly efficient heat pumps, 30 bird nesting sites, and 160 trees throughout the building, IKEA Westbahnhof is rethinking just about everything you might expect from an IKEA store.

The new store offers the full range of IKEA products with same-day or next-day home delivery – so that customers can leave their car at home.

[Read more online](#)



Ingka Centres continues expansion with downtown Toronto location

Anchored by an IKEA city store, the new Ingka Centres meeting place will be an affordable and accessible destination for Toronto residents looking for the IKEA experience closer to home.

In FY21, Ingka Centres also acquired a downtown location in San Francisco, opened two new meeting places in China, and purchased land for development of a coming meeting place in Noida, India.

[Read more online](#)



A man with long brown hair and a mustache, wearing a blue shirt, is smiling and reaching out towards the camera. He is in a warehouse or storage area, with shelves of cardboard boxes visible in the background. A large white heart graphic is overlaid on the left side of the image, and the text "Better lives" is written in bold yellow letters across the center.

Better lives



Increasing our efforts to integrate refugees

On World Refugee Day 2021 we launched our “changing the narrative” commitment to challenge perceptions about refugees and engage people both inside and outside the company. Having supported a total of 802 refugees in 22 countries by the end of FY21, our new goal is to support 2,500 refugees to improve their skills and to gain meaningful employment inside or outside of IKEA in 30 countries by 2022.

So far, on average, 61% of the participants in the Skills for Employment initiative have found a job after the program – either within IKEA or at another company.

[Read more online](#)



110 million “Tack” in pension contribution to co-workers

The payment is part of Ingka Group’s Tack! loyalty programme which rewards employees who have worked for IKEA for at least 5 years with a contribution to their individual pension funds.

In democratic fashion, all co-workers within a country receive the same Tack! amount, regardless of unit, position or salary level. The program has yielded over EUR 827 million towards Ingka co-workers’ collective pensions funds since it was first implemented in 2014.

[Read more online](#)

Supporting people in the wake of the pandemic

IKEA is supporting people experiencing poverty and inequality in the wake of Covid-19, through a programme called ‘A Place Called Home’. With an emergency community fund of EUR 24.5 million, we have supported more than 1.5 million people in our local neighbourhoods, and more than 1,000 organizations in 30 countries since the pandemic started (March 2020-August 2021).

[Read more online](#)



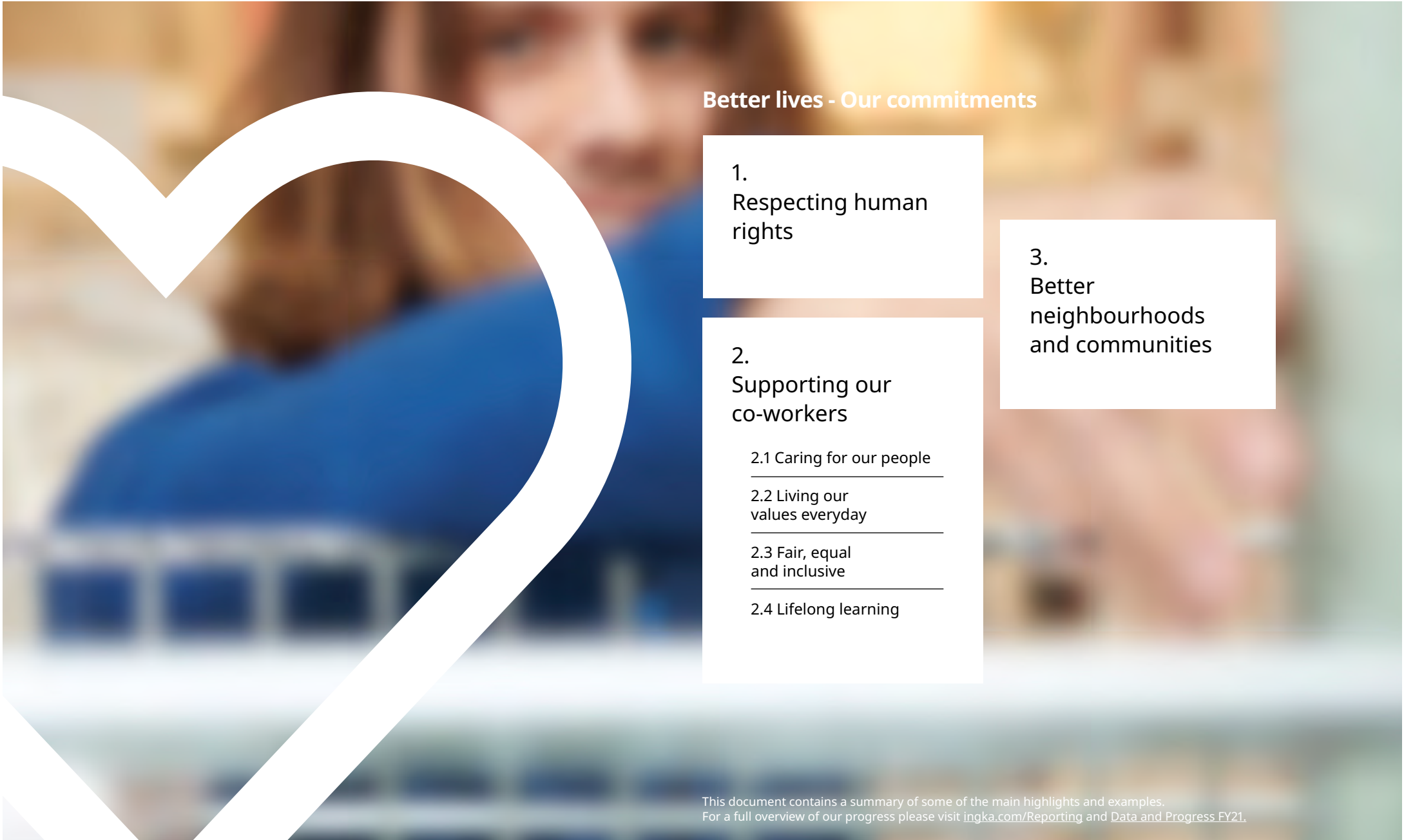
Giving young people a better start

IKEA UK & Ireland and IKEA France are assisting young people through various initiatives to develop skills so they can live independently, increase employability and build relationships.

These efforts are important for growth, connection and hope in a group facing countless challenges, especially considering the current effects of the pandemic.

[Read more online](#)





Better lives - Our commitments

1.
Respecting human
rights

2.
Supporting our
co-workers

2.1 Caring for our people

2.2 Living our
values everyday

2.3 Fair, equal
and inclusive

2.4 Lifelong learning

3.
Better
neighbourhoods
and communities

This document contains a summary of some of the main highlights and examples.
For a full overview of our progress please visit ingka.com/Reporting and [Data and Progress FY21](#).



1 Respecting human rights

Human rights are at the heart of our business

We are committed to promoting and supporting a world where human rights are a reality for all. We put respect for human rights at the heart of our business, integrating it into our strategies, policies and processes.


Our respect for human rights covers our co-workers, customers, workers in our supply chain and our neighbours – in fact, everyone our business touches.


To mitigate human rights risks in our business, we apply our Human Rights and Equality Policy and the IKEA Employment Standards. In our supply chain, we monitor compliance through IWAY – our supplier code of conduct, based on internationally-recognised standards and principles for human rights, environmental protection and worker health and safety, as well as on IKEA values and legal compliance.

Our business touches the lives of children through our products, stores, marketing and supply chain.

We're committed to being a child-friendly business. We always try to act in the best interest of the children and families that come into contact with our business and have zero tolerance for any form of child abuse.

We will play our part in protecting the human rights of the workers in our supply chain, just as we respect the rights of our own co-workers.

 [Read more about IWAY](#)

 [Read more about social impact online](#)

A woman with dark hair, wearing a yellow long-sleeved shirt and dark pants, stands on the left with her arms crossed. A man with short blonde hair, wearing a blue and black striped t-shirt and dark pants, stands on the right with his hands in his pockets. Both are wearing yellow lanyards with ID badges. They are standing against a textured grey wall.

Guided by our
culture and values,
we build a great
place to work
every day



2.1 Caring for our people

Safety first, second, and third

People are at the heart of our business, and the safety and wellbeing of our co-workers is our top priority. We work to ensure a safe and healthy work environment for everyone, and we support our co-workers in staying healthy, in feeling connected with colleagues and in maintaining their work-life balance.

Over the past two years, this has been more important than ever, with the challenges of the pandemic affecting the wellbeing of us all.

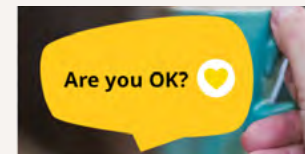
Since the start of the pandemic, we have worked to keep our operations safe, and supported co-workers with a range of initiatives to support financial, physical and mental health and wellbeing. To ensure

a safe place to visit for our customers, co-workers and partners we have implemented Respiratory Virus Prevention measures to reduce virus spread. During FY21, 30,377 self assessments of these controls were performed by our respective units, and 99% of the controls showed that our measures were implemented effectively. Our Employee Assistance Programme provides emotional, legal and financial wellness services for co-workers in all of our countries. We also have ongoing local health and wellbeing initiatives, including training and healthy living.

In FY21, we were particularly focused on mental health and wellbeing, with training made available to all co-workers. Our awareness campaign, 'Are you OK?', encouraged everyone to check in with each other even when they were physically apart. As part of the campaign, all co-workers were able to take a 'Me Day' – an extra day of leave to mentally recharge – and received a voucher to spend on improving their wellbeing at home.

83%

of co-workers believe that Ingka is a great place to work
(82% in FY20)



[Read more about mental wellbeing](#)

2.2 Living our values everyday

Driven by our purpose every single day

What makes IKEA unique? We believe it is the strength of our vision, values and culture. They give us purpose and guide us in our work every day. They make IKEA a better business, and a better place to work – and we want to celebrate them with our co-workers, all over the world.

To make sure all co-workers know and live our values, we have made them a key part of our processes for attracting, recruiting, onboarding and developing co-workers. Our hiring teams are trained to focus on our culture and values during recruitment. New co-workers learn about them through our onboarding process, and are also appointed buddies who are advocates for our values. Co-workers are recognised for how they live our values, and our reward programmes reflect our values-led approach.

FY21 saw many challenges for co-workers – but it also saw inspirational examples of people putting our values into action and bringing our spirit of daring and entrepreneurship to life. We were pleased that 80% of co-workers feel engaged and believe we live our values.

80%

of co-workers feel engaged

Target: 80%  [ACHIEVED]

80%

of co-workers believe we live our values

Target: 80%  [ACHIEVED]

29%

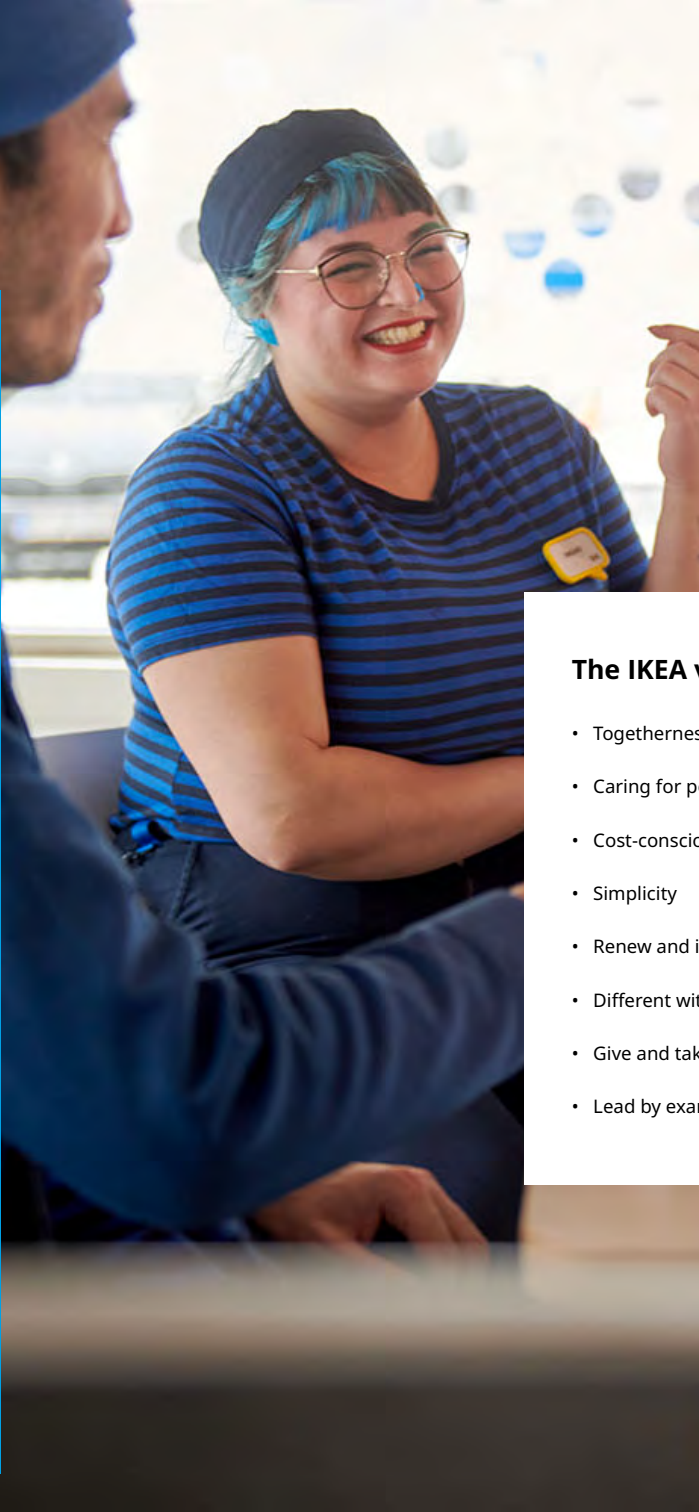
employee turnover

88%

of leaders recruited from within

EUR 110 million

co-worker appreciation extra pension fund allocation



The IKEA values

- Togetherness
- Caring for people and planet
- Cost-consciousness
- Simplicity
- Renew and improve
- Different with a meaning
- Give and take responsibility
- Lead by example



80%
of all co-workers feel included
Target: 80% [ACHIEVED]



50%
of all leaders are women
Target: 50% [ACHIEVED]



55%
of all co-workers are women



2.3 Fair, equal and inclusive

Celebrating diversity and different points of view



82%
of all co-workers feel they can be themselves

Inequalities in society are often mirrored in the world of work – but we want IKEA to be different. Together we will create a workplace that is as diverse as the world is, and as inclusive as the world should be.

We want a workplace that reflects the diversity of our communities, with an inclusive work environment that allows for everyone to be themselves, regardless of gender, ethnicity, race, nationality, ability, sexual orientation and gender identity.

We have achieved a 50/50 gender balance in our management positions and 55 percent of all our co-workers are women. We are on a journey towards gender-equal pay – which means no gaps in pay that are not explained by performance, competence, or a country's legal requirements.

We have set a target to increase ethnic, racial and national diversity at all levels of our leadership by 2024, and we support everyone's right to be themselves, whatever their sexual orientation or gender identity, committed to creating a workplace where our LGBTQ+ co-workers feel welcome, safe and accepted.

Increasing equality for people of all backgrounds is about fairness. But it will also help us understand and better respond to the needs of our current and future customers, expand our point of view, and increase the possibility for us to develop and innovate further and grow our business.



FiftyFifty: an online game to spark conversation about equality



2.4 Lifelong learning

Growing as people, and as a business

More online, more accessible, more flexible, more sustainable. As our business keeps changing, so do the skills we need in order to deliver great service to our customers.

At IKEA, we believe that democratic, lifelong learning is good for us as individuals, and essential for the future of a retail business with many channels and fast-developing technology. We take an inclusive, value-based leadership approach to boost a true entrepreneurial spirit and empower responsibility.

Our starting point is that everyone can lead. Regardless of where we come from, our background, whatever role, position, or assignment we have.

Each of us has the freedom and responsibility to lead as part of our contribution to our business.

We estimate that around 60% of our co-workers will need new or additional skills in the future, as we become a true omnichannel retailer and jobs change, new roles are created, and some existing roles are no longer required.

Our learning culture is guided by our values, offering all co-workers the opportunity to learn in the flow of work, empowered by managers and supported by colleagues and high-quality learning opportunities. The focus areas for FY21 have been digital literacy, customer experience, omnichannel skills and data analytics. In total, more than 2.4 million training hours were logged in FY21, and 89% of co-workers participated in at least one training session.



81%

of co-workers feel empowered to develop their competencies

Target: 80% [ACHIEVED]

92%

of co-workers are satisfied with our learning programmes

64%

of co-workers completed sustainability training



**Creating
better lives
means tackling
challenges in society**

3 Better neighbourhoods and communities

Good neighbours make better communities

802

refugees reached in 22 countries

Target: 2,500 by end of 2022

[ON TRACK]

15

countries with products or services from local social businesses

Target: All markets by 2025

[NOT ON TRACK]

EUR 24.5 million

invested during FY20 to support Covid relief efforts, with continued impact in FY21

[ACHIEVED]

We want to create a positive impact for the neighbourhoods where we operate, and where our co-workers and customers live. For years, we've worked in partnerships with community organisations to find solutions to local social and environmental challenges, and to have a lasting positive impact on our communities.

When an emergency or crisis hits one of our neighbourhoods, we aim to give people and communities fast, responsible support. This year, we helped communities dealing with climate-related emergencies like floods. We also helped with the ongoing impact of the Covid-19 pandemic.

Many people in our communities don't have a safe and secure place to call home. Through our initiative, A Place Called Home, we are working with charities, civil society and governments to support children, young

people and families experiencing social exclusion and poverty. We were able to support more than 1 million people during FY21.


Everyone has talent and potential – but too many people struggle to enter the labour market. We support people who lack skills or experience, or face other barriers, to find work – including within our business. One of the ways we do this is by welcoming people suffering social exclusion, such as refugees or vulnerable youth, into our workplace. We also integrate social businesses into our value chain, and our goal is to develop products or services with social businesses in every Ingka Group market by 2025.



IWAY - how we work with suppliers to uphold our standards




Better planet




“If we offer parking, we offer charging”

In FY21, we reached our goal to provide access to EV charging stations in all stores where parking is provided.

Ensuring a convenient experience for customers who have made the switch to electric vehicles is one step. But Ingka Group is exploring many other ways to enable the many people to travel to IKEA stores in more sustainable, affordable and convenient ways.


 [Read more online](#)



IKEA Adelaide goes energy positive

The new IKEA Adelaide store is one of our first stores that will generate more energy than it consumes. It will export the excess power, providing low-cost and renewable energy to the local community.

We’re aiming to consume 100% renewable electricity across all the countries where we operate by 2025.

 [Read more online](#)

Reducing food waste with A.I.

Winnow, a company we have invested in, has developed an innovative food waste tracking and analytics solution that uses A.I. to reduce waste in commercial kitchens. We have now installed Winnow at 364 IKEA stores that we operate (93% of our total), up from 263 in FY20.

 [Read more online](#)



New missions for old uniforms

Whenever we can, we recycle old uniforms, extracting the fibres to be used in all kinds of new products like mattresses, car insulation, roofing felts, loudspeaker cones, panel linings and furniture padding. By the end of FY21, we had collected 55 tonnes of old uniforms for recycling.





Better planet - Our commitments

1. Becoming climate positive

1.1 Climate footprint:
our operations

1.2 Climate footprint:
travel and home deliveries

1.3 Climate footprint:
IKEA products and food

1.4 Reduction beyond the
value chain

2. Becoming circular

This document contains a summary of some of the main highlights and examples.
For a full overview of our progress please visit [ingka.com/Reporting](https://www.ingka.com/Reporting) and [Data and Progress FY21](#).

1 Becoming climate positive

Becoming climate positive by 2030

IKEA is committed to the Paris Agreement¹ and to limiting global temperature rises to 1.5°C, aiming to be climate positive by 2030 (see right) and to reach net-zero by 2050 at the latest. At Ingka, as the largest IKEA franchisee, we have an important part to play in achieving the IKEA climate positive commitment, and many opportunities to enable the transition to a net-zero society.

We are taking action in the following areas:


- We are reducing the climate footprint from IKEA retail operations, customer and co-worker travel and home deliveries. For example in FY21, 76.1% of the electricity (56.0% of the energy) we used was from renewable sources and 11.0% of home deliveries were made using zero emissions vehicles.

- We are contributing to a reduction in the climate footprint of IKEA products and food, e.g. by promoting IKEA products, food and services that have a lower climate footprint.
- We are contributing to additional reductions in greenhouse gas emissions in society by going beyond the IKEA value chain. For example, we are enabling customers to reduce their climate footprint at home through Clean Energy Services and other services and solutions.

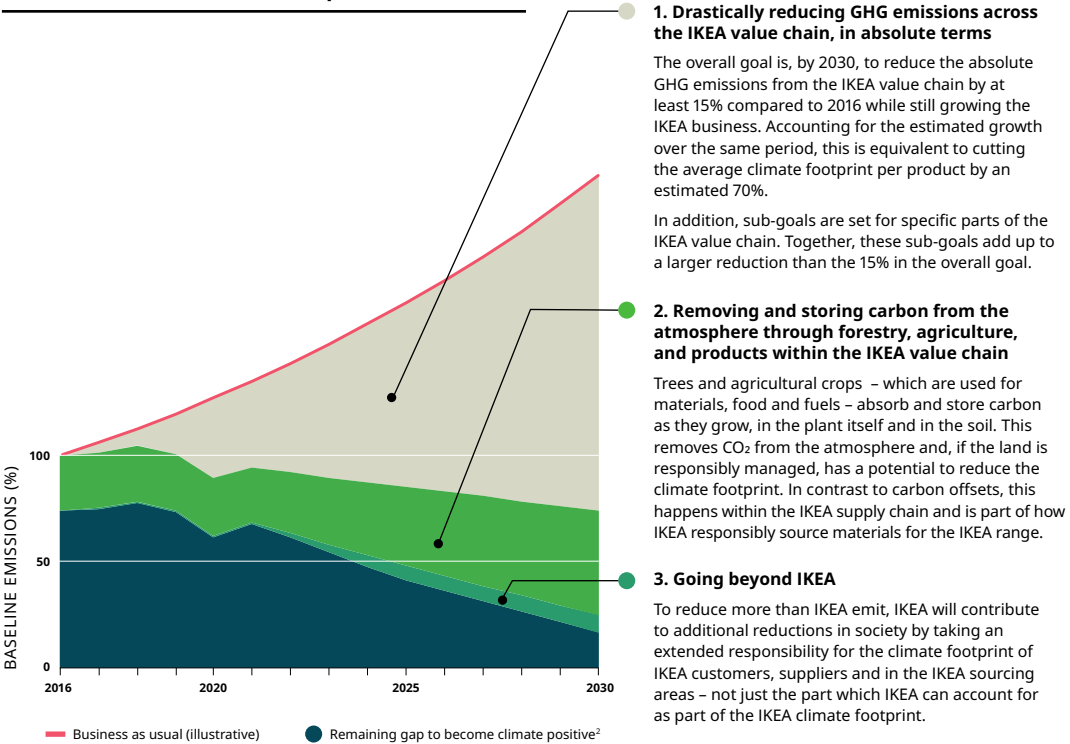
In FY21, we updated our assessment of climate-related risks and net-zero opportunities in line with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). See Ingka.com Reporting Hub for more on climate risks and net-zero opportunities.



We take a science-based approach to meeting the IKEA climate positive commitment, with externally verified targets and data.

 [Read all about our progress against our targets](#)

How will IKEA become climate positive?



¹ The Paris Agreement is a legally binding international treaty on climate change adopted at COP 21 in Paris. Its goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels ² The gap is based on current plans. We work to close this gap and await the final methodology for removing and storing carbon before deciding on the full set of actions to take.

Lowering our footprint while growing our business

Since FY16, the Ingka Group business grew by 17.6%, and yet we also achieved a 6.5% climate footprint reduction over the same period*.

Our progress over the past two years has been impacted by disruptions to our business caused by Covid-19. During both FY20 and FY21, we experienced disruptions in our supply chain, temporarily closed restaurants, and impacts on production and the availability of ocean containers for transport. Over the past year, total greenhouse gas emissions increased by 5.8% (from FY20). The main reason for this expected increase was retail sales beginning to recover from the pandemic.

However, compared to pre-pandemic (FY19), our retail sales are higher this year. But we have continued to make progress in reducing our climate footprint, which is 6.7% lower than in FY19 (see dotted line on chart).

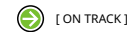
We recognise that more significant reductions are needed in the coming years to achieve the IKEA climate positive commitment.



* The Greenhouse Gas emission data has received limited assurance and the independent auditor opinion can be found in the 'Data and Progress FY21' report.

76.1%
renewable electricity in
our operations

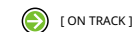
Target: 100% by 2025



6.6%

reduction in absolute
greenhouse gas emissions
from our operations (scope 1
and 2) from FY16

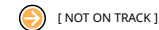
Target: -80% by 2030 (from FY16)



11.0%

zero-emissions home
deliveries

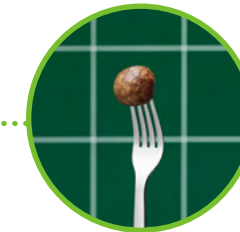
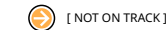
Target: 100% by 2025



10.5%

reduction in relative emissions from
customer & co-worker travel and home
deliveries (per person*) from FY16

Target: 100% by 2030 (from FY16)



6.0%

reduction in emissions from IKEA
products & food from FY16



The largest footprint from the total IKEA value chain comes from raw material extraction and processing and IKEA product use in customer's homes. Read about overall efforts to lower the total carbon footprint across the value chain.

 [IKEA Sustainability Report FY21](#)



186,000

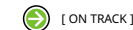
estimated tonnes CO₂e
will be saved over the
lifetime of IKEA home
solar panels purchased
in FY21.



12

markets with Clean
Energy Services

Target: All markets by 2025



1.4 Reduction beyond the value chain

* The emissions are calculated relative to the number trips taken.

2 Becoming circular

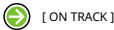
A circular home furnishing business by 2030



44.8%

food waste reduction

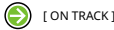
Target: 50% by 31 December 2021*



75%

operational waste recycled


Target: 100% by 2030



Using resources efficiently has always been part of how we work at IKEA. We want to play our part in making the circular economy a reality, and IKEA is committed to becoming a circular business by 2030. This will impact the whole business, from the products and services we offer to the way we run our operations.

At Ingka Group, we are contributing to this IKEA commitment by striving for zero waste in our operations, and by providing new circular services for our customers. In FY21, we introduced 170 circular hubs in 26 of our markets, where customers can buy second-hand and nearly new furniture and get advice on how to maintain, clean and personalise their IKEA products. Our spare parts service was used by 260,000 customers and we have continued testing furniture subscription services in several markets.



 [Find out more about our circular services](#)

* This target deadline was extended from our original goal of 31 August 2020. The target set by Inter IKEA is to reduce production food waste by 50% by the end of 2022, compared with FY17. This covers all IKEA stores across the entire franchise system; see [IKEA Sustainability Report FY21](#) for progress.



Better company

Better company - Our commitments

1.
Financial
independence and
performance

2.
Investing with impact

3.
High standards of
governance

4.
High standards
of integrity and
business ethics

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1 Financial independence and performance

It's about future generations, not financial quarters

Our financial approach is based on 78 years of always earning the money before we spend it. This financial independence enables us to be purpose-driven in our decisions. We think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet.

Built for purpose and for the long term, we reinvest the majority of our net income in our business to help us grow, innovate and reach our sustainability and societal goals. We pay part of our net income as dividend to Stichting INGKA Foundation to achieve its charitable purpose.

 [More about INGKA Foundation](#)

 [More about our ownership structure](#)

EUR 39.8 billion

Ingka Group revenue
(EUR 37.4 billion in FY20)

EUR 1.6 billion

net profit
(EUR 1.2 billion in FY20)



To be reinvested in Ingka Group and paid as dividends to Ingka Foundation for charitable purposes.

EUR 37.4 billion

total IKEA Retail sales
(EUR 35.2 billion in FY20)

29.3%

effective tax rate
(24.1% in FY20)

EUR 3.2 billion

capital expenditure
(EUR 1.9 billion in FY20)

Making a positive economic contribution

Ingka Group makes a big economic contribution in every country where we operate, including through taxes, co-worker salaries and payments to suppliers.

The total Ingka Group revenue for FY21 amounted to EUR 39.8 billion (6.5% increase compared to FY20). 96% of this was distributed to stakeholders (e.g. co-workers, communities, governments and suppliers). Of the 4% remaining, some was distributed to our shareholder, the INGKA Foundation, for charitable donations and the rest was retained in the business to invest in the long-term good of our customers, our business, people, society and our planet.

Ingka Group pays taxes in all countries where we operate. The effective tax rate of 29.3% (FY20: 24.1%) corresponds to an amount of EUR 0.7 billion corporate income taxes (FY20: EUR 0.4 billion). In FY21, our total tax bill, including

other taxes and duties such as property taxes, environmental taxes and customs duties, amounted to approximately EUR 1.1 billion.

Over the past five years (FY17–FY21), corporate income tax and other taxes and duties amounted to approximately EUR 5.5 billion. Over these 5 years, we’ve also created tens of thousands of jobs, directly in our IKEA stores and warehouses, and indirectly with our external suppliers, which in turn generate taxable income.





2 Investing with impact

Investing for a better future

As Ingka Group, we invest in our own business, including in our stores, property and innovation. In addition, Ingka Investments, Ingka Group's investment arm, strengthens long-term growth, secures our financial position and supports sustainability goals by making responsible investments in people and businesses. It is managing assets worth EUR 25 billion.

Our Investment Policy for Ingka Group states that all investments should have a positive impact on both people and the planet. It makes Environmental, Social, Governance (ESG) factors an integral part of the screening and due diligence process.

We invest in the growth and transformation of our business, and in new development opportunities based on our strategic priorities. Investments allow

us to retain and increase the value of our assets, and enable better ways of meeting and exceeding customer expectations, while creating a positive impact on people, our planet and society. Our investment decisions are made with a long-term perspective, always in line with our values and Code of Conduct. We ensure that we have the option to exit from an investment if it turns out to not be in line with our values, within a reasonable time frame.

Ingka Investments makes a wide range of investments, from stocks and bonds on the financial markets, to wind and solar parks and forestland. It balances its investment activities across three key strategic movements: financial resilience, business development and sustainable future.

EUR 6.5 billion

committed investments in
renewable energy

EUR 2.5 billion

already invested





RetourMatras can recycle all mattresses in the Netherlands

RetourMatras, a mattress recycling company in which Ingka Investments is invested, opened its fourth recycling facility in the Netherlands in FY21.

RetourMatras now has the capacity to recycle all of the 1.5 million mattresses being disposed of in the Netherlands every year. We are exploring how we can roll out mattress recycling to our other European retail markets.

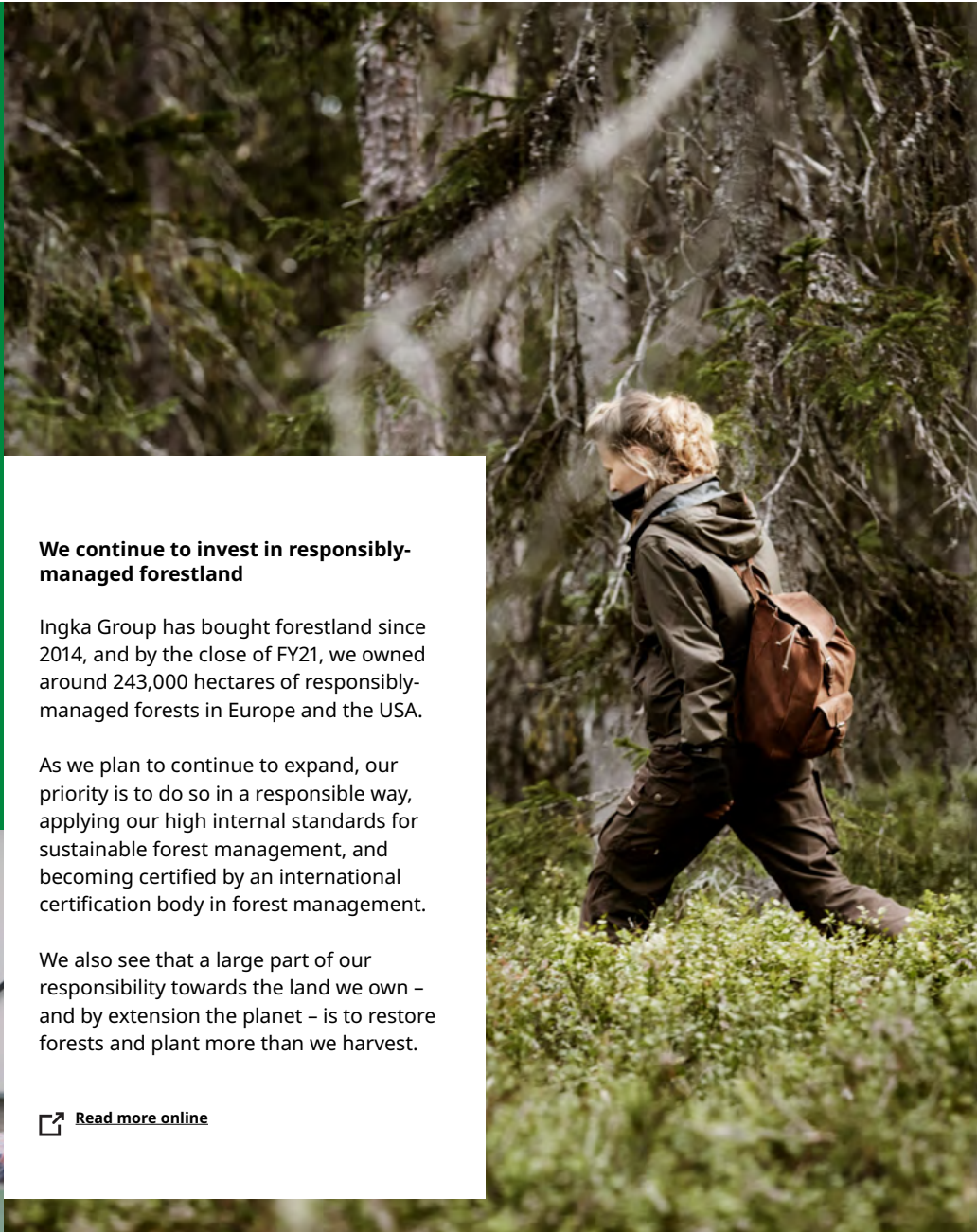
 [Read more online](#)

Accelerating renewable energy investments with 8 solar parks in Russia

In FY21, Ingka Investments acquired a 49% stake in 8 solar parks in Russia. The energy capacity of the parks is 160 megawatts, which will provide enough electricity to power all 17 IKEA Stores in Russia. During FY22 Ingka Investment production from the 8 solar parks will also be used in our Moscow Megas, and all Ingka Centres common areas. Additional renewable electricity needed will be covered by procuring IREC's on the open market in Russia.

Since 2009, Ingka Group has invested EUR 2.5 billion in renewable energy. Today, we own and manage 547 wind turbines in 14 countries, 10 solar parks and 935,000 solar panels on the roofs of IKEA stores and warehouses. Together, this produces more than 4 TWh, equivalent to the annual consumption of over 1 million European households.

 [Read more online](#)




We continue to invest in responsibly-managed forestland

Ingka Group has bought forestland since 2014, and by the close of FY21, we owned around 243,000 hectares of responsibly-managed forests in Europe and the USA.

As we plan to continue to expand, our priority is to do so in a responsible way, applying our high internal standards for sustainable forest management, and becoming certified by an international certification body in forest management.

We also see that a large part of our responsibility towards the land we own – and by extension the planet – is to restore forests and plant more than we harvest.

 [Read more online](#)

High standards of governance, integrity and business ethics

3 High standards of governance

Our governance is designed to ensure that Ingka Group remains an accountable, purpose-led company that delivers on our strategic ambitions and goals.

As a purpose-led business, we have integrated sustainability into our governance, and we have made it a priority to achieve gender balance in our boards and committees.

In FY21, we improved gender balance in many of our boards and committees. We also strengthened our sustainability governance, with our Chief Sustainability Officer now a member of our Group Management.

Our approach to sustainability is informed by our own research, in-depth knowledge of our customers and consultation with our key stakeholders. We also conduct formal materiality assessments to help us identify the issues of most importance to the business, to our stakeholders and the planet.

4 High standards of integrity and business ethics

We want to run our business honestly and with integrity, meeting high ethical standards in our interactions with each other, our customers, visitors, suppliers and the world around us. We promote an open culture of trust, fairness and honest communication.

Our Code of Conduct, policies and rules set out our position and requirements for how we do business.

We only work with suppliers and service providers who share our values, uphold our standards and want to have a positive impact on societies and communities. Suppliers must adopt the IKEA supplier code of conduct – known as IWAY – and ensure their suppliers understand and apply our standards too.

 [Find out more about IWAY online](#)

50/50[♂]_♀

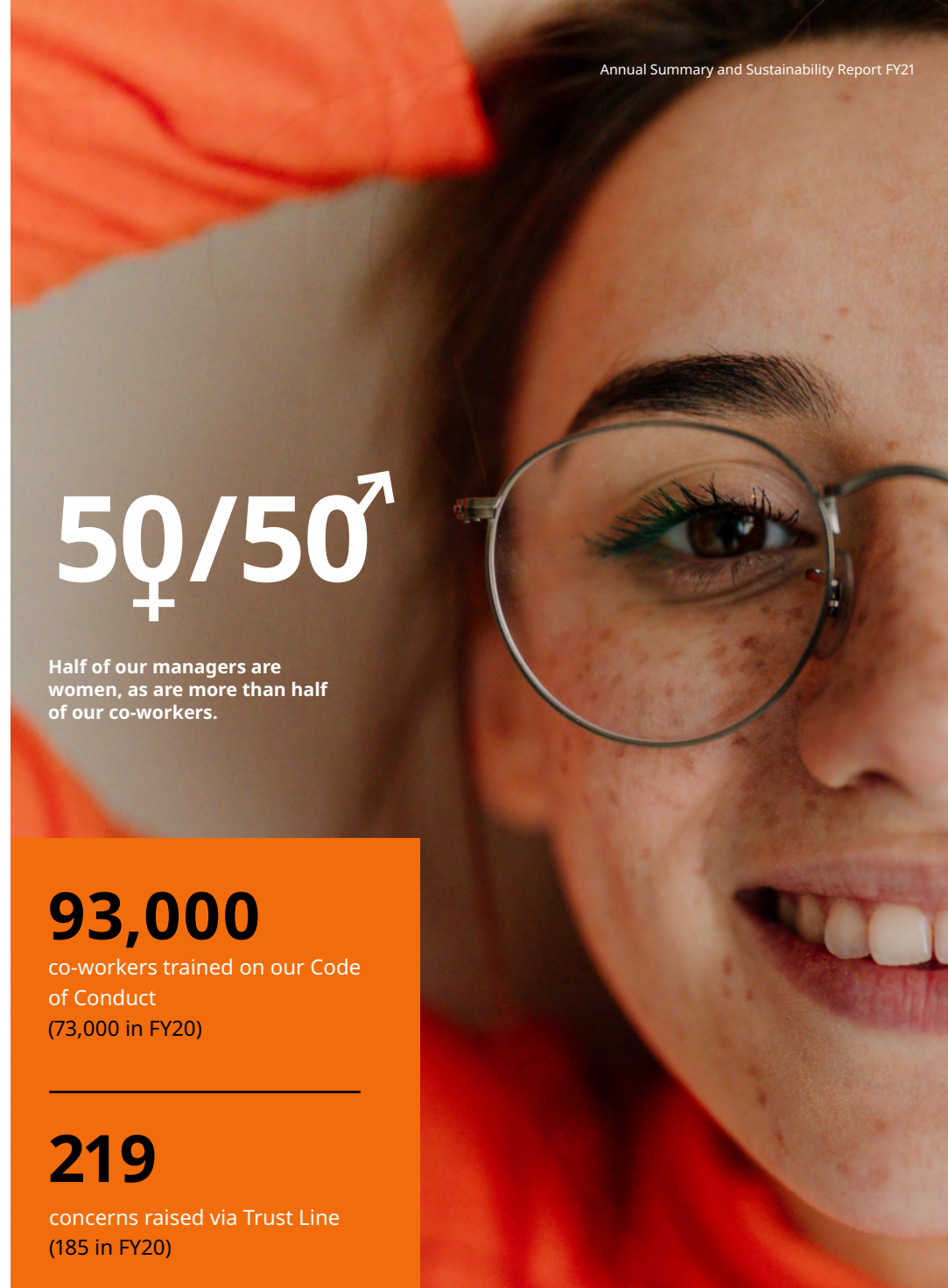
Half of our managers are women, as are more than half of our co-workers.


93,000

co-workers trained on our Code of Conduct
(73,000 in FY20)

219

concerns raised via Trust Line
(185 in FY20)

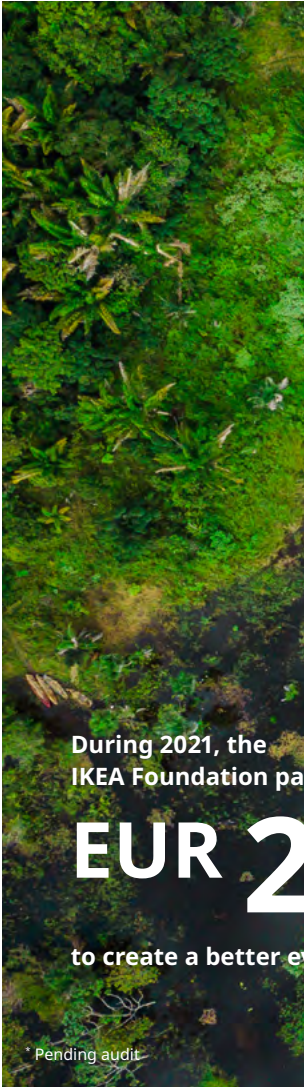




**“We will move ahead only by
constantly asking ourselves
how what we are doing today
can be done better tomorrow.”**

Ingvar Kamprad
The Testament of a Furniture Dealer, 1976

IKEA Foundation




What is the IKEA Foundation?

All children deserve to look forward to a bright future full of opportunities. But there are two major threats to that future: climate change and poverty.

The IKEA Foundation supports programmes that help families afford a better everyday life on a liveable planet. Working with its partners, the foundation takes bold climate action and helps people living in poverty, and those forced to flee, to access renewable energy and build sustainable, planet-positive livelihoods.

Funded by Ingka Foundation, owner of the Ingka Group of companies, the IKEA Foundation is independent from the retail business, with a sole focus on creating brighter lives on a liveable planet through philanthropy and grantmaking, without pursuing profit for IKEA.

 [Read more online](#)

During 2021, the
IKEA Foundation paid out

EUR 261 million*

to create a better everyday life for the many people.

* Pending audit

© Mårdo Någano




5 voices of hope

In June 2021, we launched IKEA Foundation Week. During this week-long campaign, the IKEA Foundation's partners shared five stories of hope with IKEA co-workers and customers.

More than 400 stores, distribution centres, and meeting places took part.




 Scan the QR code to hear all five voices of hope

Climate action commitments

In April 2021, the IKEA Foundation announced it would spend an extra EUR 1 billion on climate programmes over five years to rapidly reduce greenhouse gas emissions. This was on top of EUR 500 million it had already planned to spend on climate programmes.

As part of this fund, the IKEA Foundation and the Rockefeller Foundation each announced to contribute USD 500 million to found the **Global Energy Alliance for People and Planet**, to help tackle climate change and end energy poverty. The goal is to avoid and avert 4 billion tons of greenhouse gas emissions and improve the livelihoods of 1 billion people through renewable energy. Together with Bezos Earth Fund, the three partners launched the platform at the UN Climate Conference (COP26).

 [Read more online](#)



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This document is a summary of the Ingka Group reporting for FY21.

Please see the links below for more detailed information, ESG data and progress.

⊕ MORE REPORTING

🔗 [Ingka.com - Reporting](#)

🔗 [Data and Progress FY21 \(PDF\)](#)