

Health & Sustainability Plan for IKEA Food

Goals and ambitions for the IKEA Food business with commitments to become **people and planet positive by 2030**

PUBLISHED: APRIL 2019



Health & Sustainability at IKEA Food

**SMAKLIG
MÅLTID!***

*BON APPETITE!

For many people, IKEA is all about home furnishing. So it might be surprising to some that we're also one of the top global food businesses reaching hundred of millions people every year. Today, over 18,000 IKEA co-workers work in our food business, and close to 1 billion customers visit our IKEA stores around the world.

In our Restaurants, Bistros and Swedish Food Markets, we want to be a destination for delicious food that is trusted, affordable, healthy and sustainable – we will do this through Democratic Design, the same principles we use to develop our home furnishing offer.

We open up to 25 new IKEA stores every year. As a growing global business, our brand and scale gives us a great opportunity – and responsibility – to positively impact, influence and inspire thousands of co-workers and millions of customers all over the world. This is our plan for the IKEA Food business to become people & planet positive.



How can IKEA Food contribute?

In the IKEA People & Planet Positive strategy three corresponding focus areas are defined to help us to fulfil the IKEA vision and become people and planet positive.

Under each focus area we have outlined the actions and commitments for IKEA Food.

HOW OUR FOOD HEALTH & SUSTAINABILITY PLAN CONTRIBUTES TO EACH FOCUS AREA

Healthy & sustainable living

AMBITION FOR 2030

Inspire and enable more than 1 billion people to live a better everyday life within the limits of the planet.

WHAT THIS MEANS FOR FOOD

Bringing people together – particularly families – to enjoy healthy and sustainable food that is delicious and affordable.

Circular & climate positive

AMBITION FOR 2030

Become climate positive and regenerate resources while growing the IKEA business.

WHAT THIS MEANS FOR FOOD

Helping create a circular food system that positively impacts the people, animals and environments connected to it.

Fair & equal

AMBITION FOR 2030

Create a positive social impact for everyone across our value chain – our customers, co-workers and communities.

WHAT THIS MEANS FOR FOOD

Respecting human rights and promoting diversity along our value chain, as well as economically empowering workers to improve livelihoods and opportunities.

CHANGE DRIVER 1: HEALTHY & SUSTAINABLE LIVING

Offering sustainable and healthy food

By 2030, IKEA wants to inspire and enable more than 1 billion people to live a better everyday life within the limits of the planet.

A growing number of today's customers expect healthy and sustainable food and beverages. This food movement is already underway and gives us a big opportunity and responsibility to create tasty food people love and an experience of eating and sharing food among friends and loved ones that brings joy, renewal and well-being.

We have a passion for creating healthy, sustainable and delicious food that's affordable for every customer. Our philosophy is "lagom", which is the Swedish word for "just right". We will

cater to a variety of tastes, desires and needs - aiming for just the right balance between plant-based, healthy and indulgence.

Customers should always be able to choose a variety of plant-based and healthy options and we can inspire people to eat better by creating tasty food guided by our seven food principles for People & Planet Positive Eating.

WE WILL ONLY DEVELOP OUR FOOD USING DEMOCRATIC DESIGN SO THAT WE:

01

Make sustainable and healthy eating more desirable by creating a delicious, easy and affordable food range for the many, guided by our seven food principles.

02

Offer a food range for children that brings families together and helps to develop a positive relationship with food.



7 Food Principles

We have developed a set of principles to describe our food philosophy for people and planet, which are overarching values that we are working towards over time to create a better everyday life for the many people.

3. SUSTAINABLE

Good for both people and the planet.

Sourced from farms and fisheries that strive to protect the environment, public health, people and communities.

5. NATURAL

Simple and wholesome.

Use good quality whole, natural ingredients and reduce additives as far as possible, while still ensuring food is safe.

7. FOOD IS PLEASURE

Together we eat better.

Food should be enjoyed through all senses, celebrating togetherness and cultural differences. Flavour is key for enabling better choices.

1. LAGOM*

Not too much, not too little, but just right.

Inspire people to eat well with a balance of all nutrients and responsible portion sizes. It's fine to indulge once in a while.

* LAGOM is the Swedish word for not too much, not too little but just right.

2. PLANT BASED

More plants for the many people.

Less meat and more plant-based foods such as fruit, vegetables, wholegrains, legumes, nuts and seeds. Celebrating the use of seasonal and diverse ingredients.

4. ANIMAL WELFARE

Fewer animals, and from better sources.

Animals should live decent lives, where their physical health, mental health, and the expression of natural behaviour is prioritized.

6. FOOD IS PRECIOUS

Food is simply too precious to be wasted.

Food loss and waste should be kept to a minimum from farm to fork.



01

Make healthy and sustainable eating more desirable by creating a delicious, easy and affordable range for the many, guided by our seven food principles

GOALS

For healthier food

- Our long term goal is for the majority of what we sell to be healthier based on the Balanced Meal Norm¹.
- Our ambition is that by the end of FY22, 1 out of every 5 meals and snacks sold will be healthier, according to the Balanced Meal Norm¹.
- By the end of FY22, we aim to have a healthier range option available in each product area, according to the Balanced Meal Norm, and the Nutrition Profiling System that will be put in place during FY19.

For more sustainable food

- Ultimately our goal is for the majority of what we sell to come from plant-based products².
- By the end of FY22, we aim to increase the quantity of plant based products sold at IKEA to 20% in relevant product areas².

¹ The Balanced Meal Norm is a framework created by IKEA that is used in product development to improve the nutritional quality of IKEA Food products.

² Relevant product areas for plant based products: Easy to prepare, Breakfast and Brunches, Cold plates and starters, Sandwiches and wraps, Salads, Main courses and buffets, Desserts and pastries Bistro, Desserts and Pastries, Cold snacks Bistro, Hot snacks Bistro, Main courses and Buffets, Sauces, jams and condiments, Cookies, pastries and desserts, Sweets, chocolates and snacks, Grab and Go.

ACTIONS

For healthier food

- Aim for more than 50% of all new product development to be healthier³ from FY19.
- Strive to nutritionally score every meal, snack and packaged food sold in our local ranges by FY20, in the same way as we have done with the core range in all IKEA Food units using the Balanced Meal Norm tool.
- In FY19, develop a Nutrition Profile System to enable assessment of products that cannot be scored with the Balanced Meal Norm tool.
- Develop a target for increasing the number of products sold that are assessed as healthier according to the 'to be-developed' Nutrition Profile System.

To encourage positive behaviours

- In FY20, we will launch an approach to communication to provide information and inspiration to enable people to make healthier and more sustainable eating and drinking choices.
- Explore eating behaviours and nudging to inform and encourage healthier lifestyles and better food choices for co-workers and customers.

For sustainable food

- Develop a meat substitutes from alternative proteins and commercialize the first products by FY20.
- Continuously define what healthy and sustainable food means for our menu and packaged products as the science evolves, adapt our strategies and build this into our ways of working.



³ As defined by our Balanced Meal Norm Tool

02

Offer a food experience that brings families together and inspires and enables a positive relationship with food

GOALS

- By FY21, we will introduce a plant-based, healthier³ children's menu globally so that every child who visits our restaurants can have an appetising and affordable meal that's good for them.

ACTIONS

- Encourage the development of healthier meals and snacks for children from FY19.
- Create ways of communicating around healthier meals for children, in FY19.
- Develop responsible merchandising guidelines for children connected to food in FY19.



³ As defined by our Balanced Meal Food Scoring Tool.

CHANGE DRIVER 2: CIRCULAR & CLIMATE POSITIVE

Creating a circular food system

By 2030, IKEA wants to become climate positive and regenerate resources, while growing our business.

We will use our brand and scale to catalyse movement towards a more sustainable food system, whilst continuing to grow by offering lower impact, responsibly sourced food at prices affordable to as many people as possible.

Our focus is on developing a climate positive food business, serving our co-workers and customers responsibly sourced food, and creating opportunities for our business to be circular.

We recognise that food system challenges must be solved collaboratively. We are committed to engaging our suppliers and collaborating across industry, other businesses and through multi-stakeholder engagement initiatives, to support the development of more sustainable farming and production of livestock and crops.



WE WILL DELIVER
THIS BY ALWAYS
STRIVING TO:

01

Source from farms where animals live a life worth living, food is produced responsibly, and natural ecosystems are protected.

02

Build circularity into our food value chain, starting with reducing and recycling food and packaging waste.

03

Support the development of a climate positive food system through existing initiatives related to our range, reducing food waste, climate-smart farming practices, increasing efficiency in processing and transport.

01

Source from farms where animals live a life worth living, food is produced responsibly, and natural ecosystems are protected

GOALS

For animal welfare

- By FY25, our aim is:

That all animals in our supply chain live a life worth living and come from farms with more sustainable practices, as defined in our Better Programmes.

To reduce the use of antibiotics and phase out those defined as 'highest priority critically important' to human health from our supply chain.

To implement the IKEA slaughter & transport standards globally, thereby ensuring the humane slaughter and transport of cattle, pigs, chickens and salmon.

- We will continue to close the gap on our FY15 goal to use only 100% free range fresh, whole and liquid and dried eggs (eggs we purchase directly) by August FY20. We will also set this same goal for egg ingredients (eggs in a product we buy), by August FY20. Where free-range is unavailable we will source cage-free eggs and move towards free-range over-time.

For responsible food and ecosystem protection

- We will continue to take steps to secure that prioritised commodities in our food and packaging supply chains – such as soy, palm oil, wood fibre, beef, coffee, fish and cocoa – are sourced in such a way as to protect areas with high conservation value, high carbon stock land and biodiversity hotspots.
- We will continue to protect fishery ecosystems and promote responsibly sourced fish and seafood, by maintaining the Aquaculture Stewardship Council (ASC) and Marine Stewardship Council (MSC) certifications.
- We will develop requirements to prevent Illegal, Unreported and Unregulated (IUU) fishery products from entering our food supply chain.

GOALS (Continued)

- To achieve our goal we will engage our suppliers on sourcing positions and requirements and collaborate across industry (such as the, Soy European Retailer Group and Cerrado Manifesto, ASC, MSC and UTZ) to support the sustainable development of food products and commodities.
- In our move towards ever more sustainable ingredients we will continue to increase our volume of responsibly produced ingredients, using certifications and other methods of verification.
- We will continue to use and improve the sustainability profile of responsibly produced ingredients, such as UTZ certified cocoa, UTZ certified tea, UTZ certified and organic coffee and organic certified jam and lingonberries and all other certified ingredients in our range.

ACTIONS

For animal welfare

- Following the launch of the Better Chicken Programme, we will continue to develop and launch externally Better Programme road maps, with milestones for all our meat, eggs, dairy and salmon.
- In FY19 to develop a communication plan for internal and external communication of the Better Programmes with the ambition of being transparent in the development and the implementation of the Better Programmes.
- Take collaborative action on farm animal welfare by working with other businesses and through multi-stakeholder engagement initiatives.
- Develop a time-bound plan to reduce the use of antibiotics and phase out those defined as 'highest priority critically important to human health' from our supply chain in FY20.
- In FY19 develop a plan to implement slaughter and transport guidelines.

For responsible food and ecosystem protection

- Maintain existing and build on our range of products that promote and enhance sustainable agricultural practices.
- Following our risk-based approach to deforestation, we will develop specific time-bound goals and road maps for prioritised high-risk commodities used in feed in FY19.
- By August FY20, we will develop procurement positions and support the development and growth of soy producing regions in a manner that protects high conservation value land for all the soy in animal feed used in our food supply chain.
- Continue to explore and promote the use of alternative animal feeds that have lower levels of environmental impact.



02

Build circularity into our food value chain, starting with reducing and recycling food and packaging waste

GOALS

For food waste

- Halve kitchen and post-consumer food waste in our stores and aim for no food waste to landfill by end of FY20.
- Reduce the food waste from transportation, processing and distribution with 50% by FY30.

For packaging

- By FY30, all our food packaging will be made from renewable, recyclable or recycled materials and be constructed in alignment with our 9 *Circular Design Principles*⁴.
- By August FY20, our aim is for our customer-facing food packaging containing wood fibre to come from FSC-certified or recycled sources.

ACTIONS

For food waste

- Address food waste in our entire supply chain by setting a goal, KPI and an approach using the Food Loss and Waste Accounting and Reporting Standard.
- Develop a baseline and a roadmap to decrease food waste upstream in our supply chain.
- Roll-out pre-consumer food waste reduction equipment solutions to all stores by end of FY20.
- Develop a guide to help the stores make decisions on repurposing food waste at stores in FY19.
- Work with our colleagues in core area food at IKEA to identify and create food waste reduction solutions for customers at home⁵.

For packaging

- Develop and implement a food packaging sustainability direction to meet the sustainability goals for packaging by FY30 together with our suppliers.
- Develop new disposables in order to eliminate single-use plastics in our range by FY20.

⁴ <https://newsroom.inter.ikea.com/publications/all/design-principles-for-circularity/s/20f17dff-c43f-46c9-a5d4-be766859b760>

⁵ Core area food refers to the IKEA Business areas that develop food and food related products i.e. IKEA Food, Kitchen & Dining and Cooking & Eating.

03

Support the development of a climate positive food system

GOAL

- By FY30, we aspire to reduce our greenhouse gas emissions to help our planet stay under 2 degrees global warming, aiming for 1.5 degrees. Our ambition is to reduce absolute greenhouse gas emissions by 15% by FY30 relative to FY16.

ACTIONS

Set targets and an action plan to reduce emissions in the following areas:

- Increase the share of plant-based foods by developing our range and menu, and improving our customer communications (see food range goals).
- Address food waste and losses along our value chain that contribute to our greenhouse gas footprint (see food waste goals).
- Reduce emissions from refrigerants and energy use in our stores and at our direct suppliers through the Supplier Sustainability Index.
- Promote more fuel-efficient logistics systems and exploit the potential for increased renewable energy sources in our transport fleets.
- Promote farming practices in our supply chain that protect high conservation value areas, and ultimately promote biodiversity, carbon sequestration and soil health (see ecosystem protection goals).



CHANGE DRIVER 3: FAIR & EQUAL

Improving livelihoods

By 2030 our ambition is to create a positive social impact for everyone across our value chain.

We believe that people are key to the long-term success of IKEA and that we can have a positive impact on the lives of people across our value chain. With our global reach and commitment to respect human rights, we can support social and economic development through our business and sourcing activities. We promote decent work along our value chain, and seek to address specific employment challenges associated with unethical recruitment, low wages and precarious seasonal work.

We also want to positively impact the lives of farmers and producing communities we source from by enhancing livelihoods for farmers and their communities through closer relationships that can lead to higher incomes, food security, improved health, education and standards of living. We will also support work that gives farmers the skills and tools to become resilient to climate change and improve their environmental impacts.



WE ARE COMMITTED TO:

01

Respecting human rights and supporting decent and meaningful work for everyone in our value chain.

02

Improving farmer livelihoods and promoting sustainable agriculture practices for key commodities in developing markets.

01

***Respecting
human rights
and supporting
decent and
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work for
everyone in
our value chain***

GOAL

- We will achieve and maintain 100% compliance with the employment, social and environmental requirements in our IWAY Standard for our 1st tier suppliers annually⁶.

ACTIONS

- Define and map critical food raw material at all sub-suppliers further up our supply chain where we have identified significant areas of risk in FY19.
- Conduct a pilot project with external experts focused on addressing recruitment fees for workers in the in the berry supply chain in FY19; and identify the next steps in the food supply chain.
- Map our supply chain to identify the most significant risks for seasonal workers in FY20; and identify the concrete actions we can take.

⁶ Suppliers managed by IKEA of Sweden.

02

Improving livelihoods and creating a positive social impact in farming communities

GOAL

- By FY20, we will work with smallholder farmers and social entrepreneurs in (more) commodity supply chains to improve livelihoods and accelerate transformative impact in producing communities.

ACTIONS

- From FY19, we will map commodities to identify supply chain risks and develop a roadmap for actions based on priorities. The mapping and lessons learnt from prior activities will inform how we scale our impact across commodity supply chains.
- Scale our work on coffee (initiated in FY18) following the Social Entrepreneur partnership in Uganda.
- In FY20, we will initiate a pilot project in cocoa farming and growing communities focussed on creating positive social and environmental impact.
- From FY19 we will actively participate in the developments around "living income" and explore the opportunities for engagement.





CONTACT
ikeafood.intcom.glbl@IKEA.com

