Inter IKEA Group Sustainability Statement FY25

Inter **IKEA** Group **IKEA**

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General disclosures (ESRS 2)
Basis for preparation

BASIS FOR PREPARATION OF THE
SUSTAINABILITY STATEMENT (BP-1)

General

This sustainability statement has been prepared on a consolidated basis and comprises Inter IKEA Holding B.V. (the Company) and its subsidiaries, jointly referred to as Inter IKEA Group (or as we, us and our). The scope of consolidation is the same as for the consolidated financial statements, which were included in the Company's Annual Report FY25 published on 6 November 2025.

The reporting period follows the financial year 2025 (FY25), which covered the 12-month period from 1 September 2024 to 31 August 2025. For some metrics, the comparative financial year 2024 (FY24) figures are included.

The Company is transitioning to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD), i.e., (EU) 2022/2464 of 14 December 2022, per financial year 2028. Although this sustainability statement follows the structure of the Amended European Sustainability Reporting Standards exposure draft (ESRS), published by the European Financial Reporting Advisory Group on 31 July 2025, this sustainability statement does not yet meet all requirements of the CSRD, this exposure draft or the current European Sustainability Reporting Standards, i.e., (EU) 2023/2772 of 31 July 2023. Thus, this sustainability statement has been drafted and published on a voluntary basis.

We have not yet finalised our impact assessment of the draft simplified ESRS, published on 3 December 2025.

Following the outcome of our double materiality assessment, this sustainability statement contains relevant upstream and downstream value chain information where necessary to understand our material impacts, risks and opportunities. In addition, this sustainability statement provides information that meets the qualitative characteristics outlined in the CSRD and the ESRS to the extent possible at this stage of our CSRD implementation.

This sustainability statement was not verified by an independent third-party assurance provider.

Amounts and percentages in the sustainability statement may not add up due to rounding differences.

Specific circumstances

The general requirements of the ESRS have been applied for the preparation of our sustainability statement. Except for the below mentioned, none of the provisions listed in ESRS 2, paragraph 5 of the Amended ESRS exposure draft apply.

Time horizons

The long-term time horizon was limited to 25 years in our double materiality assessment.

GHG emissions

In our external sustainability reporting over FY24, we reported our total greenhouse gas (GHG) emissions.

While preparing for the CSRD, we concluded that some methodologies need to be refined to ensure compliance with the requirements of the CSRD. As a result, we omitted our total GHG emissions from this sustainability statement. GHG emissions over both FY25 and FY26 will be reported in the sustainability statement FY26.

Acquisitions and disposals

In FY25, we acquired the IKEA retail operations and real estate in Estonia, Latvia and Lithuania and our first set of forestlands in Latvia.

These acquisitions were not considered in our double materiality assessment. To the extent these provide material information, these acquisitions are incorporated in the disclosures of policies, actions, targets and metrics. For more information on these acquisitions, see Description of our business model and value chain on page 9-10.

Governance

THE ROLE OF THE SUPERVISORY BOARD, MANAGEMENT BOARD AND MANAGEMENT TEAM (GOV-1)

Sustainability is an integrated part of our business and is a key pillar in our overall business direction. Each part of our business and franchise system contributes to our sustainability strategies.

Composition and diversity

As at 31 August 2025, our managerial organisation chart with respect to sustainability was as follows:

*Appointed by the management board of Inter IKEA Systems B.V., a subsidiary of Inter IKEA Holding B.V.

Supervisory Board

This board includes seven members, being Anders Dahlvig (Chairperson), Aline Santos, Søren Hansen, Mathias Kamprad, Véronique Laury, John Olie and – per 1 August 2025 – Torbjörn Lööf.

All members of this board are independent and are not employees of Inter IKEA Group.

Management Board and Management Team

The Management Board includes Jon Abrahamsson Ring, our Chief Executive Officer (CEO) and Henrik Elm, our Chief Financial Officer and Chief Operations Officer. The composition of the Management Board did not change during the financial year, but changed on 1 January 2026 when Jakub Jankowski started as our new CEO.

The Management Board together with key senior executives, form the Inter IKEA Group Management Team. These senior executives include Hannah de Jong, Fredrika Inger, Susanne Waidzunas, Dennis Balslev, Jun Mi-Maltha, Lena Julle and Tina Kardum Funnemark.

The Management Team is considered to be part of the administrative, management and supervisory bodies, as defined by the ESRS.
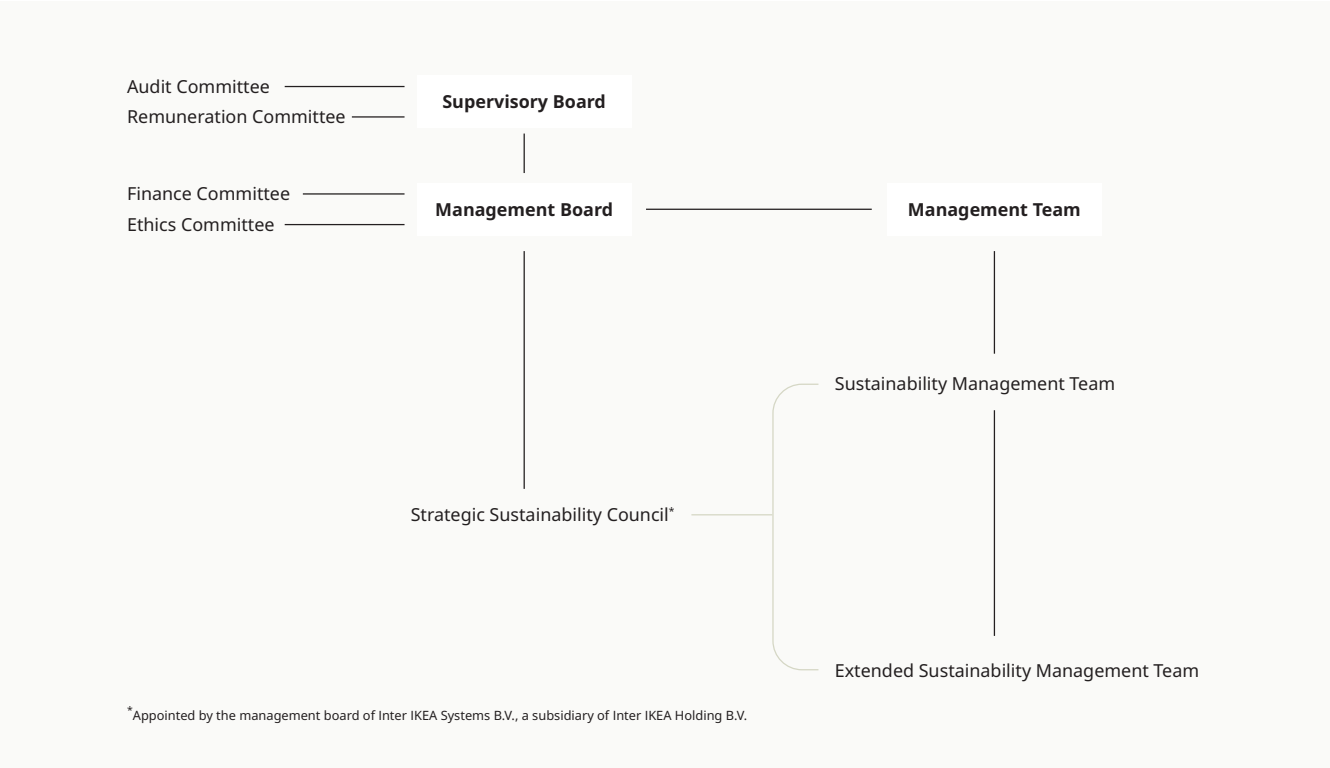
Diversity

As at 31 August 2025, the gender representation of these bodies was as follows:

	Number of members	Percentage female
Supervisory Board	7	29%
Management Board	2	0%
Management Team	9	67%

We have set targets to achieve at least 40% male and female representation in Supervisory Board and Management Board by 2030 and have equal representation of male and female in Management Team by 2030. For further information, see Targets related to own workforce (S1-4) on page 50.

Skills and expertise to oversee sustainability topics

The members of the Supervisory Board, Management Board and Management Team, bring diverse expertise relevant to our business operations, including experience in retail, supply chain management, sustainability and international business. Their backgrounds support our global presence and commitment to sustainable practices.

Members of these bodies are provided with regular briefings and updates from internal and external experts, ensuring they have access to the latest knowledge on sustainability impacts, risks and opportunities. This enables board members to leverage sustainability-related insights from experts and apply them to our business model and strategies. Internal experts include our Sustainability Management Team, Extended Sustainability Management Team, strategic topic teams, supply sustainability teams, range sustainability teams

and other sustainability teams. Examples of external experts include CEOs from our strategic sustainability partners and franchisee sustainability teams.

We are further developing our internal processes to ensure there is a structured and consistent way to capture and share sustainability-related knowledge. This includes assessing the effectiveness of knowledge-sharing activities and identifying whether the required skills are currently in place at board and management levels, or need to be further developed.

Roles and responsibilities

Supervisory Board

The Supervisory Board exercises supervision over the Management Board and monitors the general affairs of Inter IKEA Group. Furthermore, the Supervisory Board provides the Management Board with advice.

The focus of the Supervisory Board lies with:

- The set-up of governance and financial objectives.
- The Inter IKEA Group strategic landscape.
- Approval of certain key structural and business changes.

The Supervisory Board delegates responsibility to the Audit Committee to evaluate and approve the internal control systems and financial reporting but remains overall responsible.

The Supervisory Board delegates responsibility to the Remuneration Committee to oversee and evaluate the compensation and benefits principles and policies of Inter IKEA Group.

Management Board and Management Team

The Management Board is a formal decision-making body that is responsible for our general business conduct.

The Management Team discusses and decides on important topics and actions affecting Inter IKEA Group as a whole. The Management Team operates under the chairmanship of the CEO and supports the Management Board in achieving its strategic direction and objectives.

The Management Board oversees the approach to monitoring and managing sustainability impacts, risks and opportunities (IROs). This approach includes our risk management methodology, the maintenance of our strategies and steering documents, and our double materiality assessment (DMA). The Management Team validates the DMA, which are then approved by the Finance Committee and Management Board. Material IROs are managed through the sustainability strategies and steering documents, which are reviewed and approved by the Management Board.

The Management Team plays an important role in ensuring the implementation of our approach to managing material IROs. The Chief Sustainability Officer (CSO) sits in the Management Team and is responsible for the execution of the sustainability strategies. The Management Team is also supported by our Sustainability Management Team, Extended Sustainability Management Team and various cross-functional steering groups.

The management board of Inter IKEA Systems B.V., a subsidiary of Inter IKEA Holding B.V., appoints strategic councils to facilitate strategic alignment in the wider IKEA franchise system and value chain. They also follow up on goals and objectives connected to the related strategies. The strategic councils support business decision making in Inter IKEA Group.

Finance Committee

The Finance Committee, appointed by the Management Board, is responsible for overseeing finance, business steering, legal and governance for Inter IKEA Group. Additionally, it coordinates and approves financial (equity) investments and divestments, along with undertaking duties as delegated by the Management Board. Also, the Finance Committee is responsible for managing the external engagement for the provision of limited assurance for the sustainability statement from the first year it is required by the CSRD.

Ethics Committee

The Ethics Committee, appointed by the Management Board, has a delegated responsibility to supervise on Inter IKEA Group's response to critical ethical dilemmas and the formal handling of (potential) critical ethical breaches, including those that relate to our material IROs.

Strategic Sustainability Council

Our Strategic Sustainability Council sets the sustainability direction for the total IKEA franchise system. This council is chaired by the CEO of Inter IKEA Group and is composed of key senior executive members from Inter IKEA Group. Managing directors of selected IKEA franchisees are invitees to the council, with the aim of ensuring alignment across the IKEA franchise system, while respecting the independence of each franchisee. Our Extended Sustainability Management Team prepares recommendations for this council.

Overseeing the setting of targets

The Strategic Sustainability Council confirms the sustainability targets, which are then ratified by the management board of Inter IKEA Systems B.V., to secure alignment with the formal decision making of Inter IKEA Group.

Progress on the targets is reported by the Sustainability Management Team to the Strategic Sustainability Council, Management Team and Management Board. The Supervisory Board is also kept informed of overall progress and key developments, supporting transparency and accountability in sustainability governance. See General disclosure requirement for targets (GDR-T) on page 26 for an overview of our targets with respect to material IROs.

Taking into account material impacts, risks and opportunities to oversee our business

Our governance approach aims to ensure that sustainability is embedded into the management of IROs, with appropriate accountability and oversight at the highest level.

Our boards are on an as-needed basis informed by our Extended Sustainability Management Team about all material IROs through our established governance framework.

Updates can also occur across other bodies in our governance framework, for example to our finance and audit committees. Updates to the committees are provided on an as-needed basis.

Sustainability due diligence is an ongoing process, with regular assessments to address any identified issues. As we continue to develop our due diligence processes, the information provided to our boards will also mature.

The results and effectiveness of policies, actions, targets and metrics with respect to material IROs are monitored and discussed twice a year through our Strategic Sustainability Council and regularly in our Sustainability Management Team. All approved Inter IKEA Group policies are monitored and followed up on a regular basis, via our governance, risk and control tool.

Material IROs, including the associated trade-offs of these IROs, are considered during the annual review of our Sustainability Strategy, when evaluating major investments and in our risk management framework. During our previous financial year, material sustainability topics such as air pollution, waste and substances of (very high) concern were taken into account when revising our Sustainability Strategy.

STATEMENT ON DUE DILIGENCE (GOV-3)

The core elements of due diligence are disclosed in the sustainability statement as follows:

Core element of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	The role of the Supervisory Board, Management Board and Management Team (GOV-1) Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
Engaging with affected stakeholders	Interests and views of stakeholders (SBM-2) Description of the process to identify and assess material impacts, risks and opportunities (IRO-1) Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy (S1-2) Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy (S2-2) Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy (S4-2)
Identifying and assessing negative impacts on people and the environment	Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3) Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)
Taking actions to address negative impacts on people and the environment	Actions and resources paragraphs of the topical sections of the sustainability statement
Tracking the effectiveness of these efforts	Targets and metrics paragraphs of the topical sections of the sustainability statement

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING (GOV-4)

We have the following steering documents, frameworks, tools and working methods in place:

- The Inter IKEA Group Code of Conduct and Policy House that define group-wide requirements.
- Requirements that are further specified in more detailed steering documents and implemented in day-to-day operations as suitable in local regulatory contexts.
- Requirements that are imposed on our franchisees and suppliers are reflected in corresponding codes of conduct.
- A common risk management methodology that is used to identify and assess key risks, resulting in risk registers and action plans.
- Key internal control and compliance requirements that are assessed using self-assessments, compliance reviews and internal audits.
- A raise a concern platform and incident and crisis management processes that are in place to detect and manage issues as they occur, and evaluations are performed to enable learning and continuous improvement.

During FY25:

- We completed the development of a CSRD reporting manual which documents the methodologies and interpretations applied for the calculation of metrics.
- We added internal policies regarding environmental and social responsibility, as well as sourcing, to our Policy House.

- We started to develop the policy on sustainability due diligence. The requirements towards our franchisees have also been updated accordingly.

Internal controls related to the preparation of the sustainability statement will be designed for material data points, with primary focusing on metrics. Once established, these internal controls will be assessed annually.

We recognise the importance of formalising and embedding controls over the double materiality assessment (DMA) and are taking additional steps to continue the implementation of new sustainability-related controls following our DMA.

Strategy

STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)

Description of our business model and value chain

IKEA is a franchise business. That means many people and many companies with different owners work under one IKEA Brand – all dedicated to the IKEA vision of creating a better everyday life for the many people. This is realised through the IKEA business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

Inter IKEA Group is the group of companies that connects IKEA franchisees with product range development and suppliers, and aligns the overall IKEA strategic direction. It consists of three core businesses: Retail Concept, Range and Supply. Core businesses work together with franchisees and suppliers to co-create the IKEA offer and franchise business. The aim is to provide franchisees with the best possible conditions for implementing and operating the IKEA Concept, and to create a strong platform for growth.

Retail Concept

Retail Concept is part of Inter IKEA Systems B.V., which is the worldwide IKEA franchisor and owner of the IKEA Concept (which includes the IKEA Brand and the IKEA retail system). Retail Concept is responsible for continually developing the IKEA Concept and ensuring its successful implementation in existing and new markets.

In addition to Retail Concept, Inter IKEA Systems B.V. harbours the strategic franchisor functions to remain forward-looking in areas such as brand positioning, digital development, talent development and sustainability.

Other subsidiaries of Inter IKEA Systems B.V. include IKEA Marketing & Communication AB, developing and creating IKEA communication content.

Range

Range includes IKEA of Sweden AB and related businesses. IKEA of Sweden AB works under assignment from Inter IKEA Systems B.V. and is mainly responsible for developing and designing the overall IKEA product range, including home furnishing, food and packaging solutions, according to the IKEA Concept framework.

Supply

Supply includes IKEA Supply AG, IKEA Industry AB, IKEA Components AB and related businesses.

Inter IKEA Systems B.V. assigns IKEA Supply AG to source, supply, sell and distribute IKEA products to IKEA franchisees. The majority of the total IKEA product range (approximately 90%) is sourced from external suppliers across the globe. The operational relationships with these suppliers are handled through purchasing offices, located close to where the suppliers are. IKEA Supply AG manages and operates the supply chain together with its wholesale subsidiaries and external business partners, such as transport service providers, warehouse providers and custom brokers. Wholesale subsidiaries buy IKEA products from internal and external suppliers and sell them to IKEA franchisees.

IKEA Industry manufactures IKEA home furnishing products and develops unique capabilities and capacities in relevant parts of the value chain (e.g., material and manufacturing). IKEA Industry manufactures approximately 10% of the total IKEA range. Its operations are conducted on various manufacturing sites, with a main focus on wood-based furniture.

IKEA Components develops, sources, packs and supplies components such as screws and wooden dowels that are used to assemble IKEA furniture.

Acquisition of IKEA Baltics

In FY25, we acquired the IKEA retail operations and real estate in Estonia, Latvia and Lithuania (IKEA Baltics) from Hof Group, an IKEA franchisee. By leveraging the IKEA Baltics' expertise in the respective local markets, we aim to further strengthen our capabilities in offering affordable, accessible and sustainable home furnishing solutions. The acquisition allows us to gather and share learnings directly across the value chain. This helps us to further evolve the IKEA Concept and strengthen our franchise system, thereby delivering even greater value to our consumers across the globe.

IKEA Baltics continues to operate under the franchise system and therefore remains to have a franchise relationship with Inter IKEA Systems B.V.

Acquisition of forestland

In FY25, we acquired our first set of forestlands. The land, approximately 8,000 hectares in size, is situated in various parts of Latvia. The acquisition will enable regional suppliers and sub-suppliers to have long-term access to wood materials sourced in accordance with our requirements, which will provide

better opportunities for future growth. Additionally, the acquisition provides an opportunity to explore how innovative forest management practices can enhance climate resilience and biodiversity.

Significant groups of products and services offered

In FY25, we generated total revenues of EUR 26.3 billion. The majority hereof (approximately 95%) relates to the wholesale sales of IKEA products to IKEA franchisees, and to the retail sales of our own IKEA retail sales locations. The remaining amount primarily relates to franchise fees that IKEA franchisees pay to Inter IKEA Systems B.V. for the right to use its intellectual property.

Significant markets and customer groups

As at 31 August 2025, Inter IKEA Group and the IKEA groups of franchisees operate more than 800 IKEA retail sales locations in 63 markets, predominantly in Europe. Retail sales locations include large stores, small stores and pick-up points, plus several test formats.

Franchisees implement the IKEA Concept by marketing and selling the IKEA product range. With the exception of IKEA Baltics and the IKEA Delft store in the Netherlands, owned by Inter IKEA Systems B.V., all franchisees are independent from and unrelated to Inter IKEA Group. Franchisees operate IKEA retail sales locations under franchise agreements with Inter IKEA Systems B.V. Each franchisee has the responsibility to run, manage and develop its local business.

The number of markets per region as at 31 August 2025 are indicated in the figure.

Sustainability-related goals and strategy

Sustainability is an integral part of our strategic direction, which covers our own operations, our downstream value chain partners, i.e., the franchisees operating under the IKEA Brand, and our upstream supply chain partners. Our strategic direction is to make IKEA more affordable, accessible and sustainable.

Sustainability-related goals are covered in our Sustainability Strategy and strategies relating to supply chain and people.
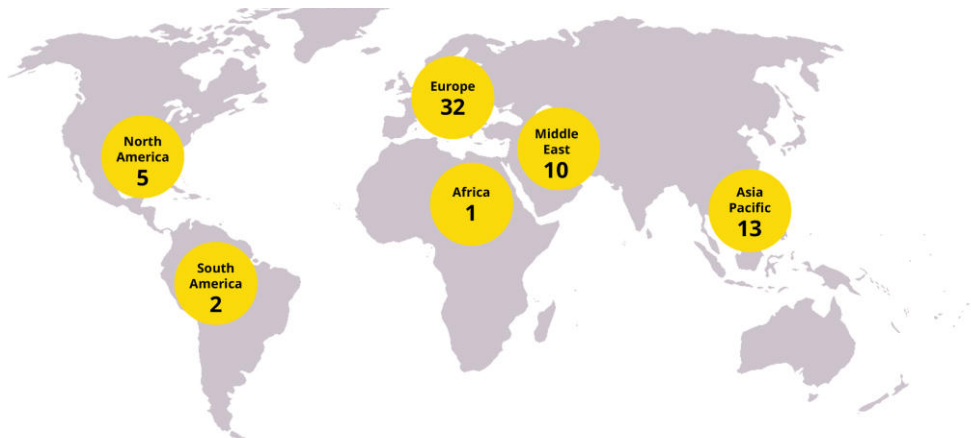
Sustainability Strategy

Issued by Inter IKEA Group, the Sustainability Strategy sets a common direction on sustainability-related matters for us and the IKEA franchisees. The aim is to ensure that our efforts focus on where we have the greatest impact.

Our Sustainability Strategy consists of three focus areas:

- Healthy and sustainable living.
- Climate, nature and circularity.
- Fair and equal.

Each focus area includes objectives as well as key results and main actions, all aligned to a 2030 timeframe.

The Sustainability Strategy also addresses topics beyond those identified as material and is reviewed annually. Progress on the Sustainability Strategy is shared publicly.

Our material sustainability topics are addressed within these objectives, outlining how we will address our material impacts, risks and opportunities. These are related to all products, geographies, own workforce, workers in the value chain and consumer categories.

Delivering on our objectives will require broader systemic changes, collaboration across our value chain and innovative solutions. Common challenges impacting all material topics include securing traceability, data quality, and globally aligned definitions and metrics. There are also specific challenges applicable to individual material topics, for example, transitioning to a circular business depends on the availability of recycling infrastructure and reliable access to recycled materials. For further information, see also The interaction of our material IRO's with our strategy and business model on page 16.

Healthy and sustainable living	Climate, nature and circularity	Fair and equal
	2030 objectives of the Sustainability Strategy	
Inspire and enable people to move towards healthy and sustainable lifestyles, by making healthy and sustainable living a desirable choice that is affordable, attractive and accessible for as many people as possible through our products, services, food, marketing and communications.	**Climate**: Limit the impact across our value chain on global warming by reducing emissions in line with a 1.5°C pathway, increasing carbon removals and storage, and contributing to societal climate mitigation and adaptation efforts. **Nature**: Reduce negative pressures and impacts on nature across our value chain, while contributing to the protection, improvement and enhancement of natural ecosystems in our sphere of influence. **Circularity**: Transition towards a circular business by prolonging the lifespan of IKEA products and materials through applying Circular Design Principles and offering products and services that aim to make it possible to reuse, repair, refurbish and recycle.	Contribute to a fair and equal society through respecting and promoting human rights, improving decent and meaningful work, and striving towards equality, diversity and inclusion across our value chain.

INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)

An essential part of reaching our sustainability goals is working together with others, including our franchisees and suppliers. It is important to develop strong and meaningful relationships across various stakeholder groups, especially those whose rights, interests or livelihoods may be impacted by our own operations, products or value chain.

The Supervisory Board, Management Board and Management Team are informed of the input and views of our stakeholders through various channels in our governance, for example through participation in the Strategic Sustainability Council, to which representatives from our franchisees are invited. We directly consulted with external stakeholders during our double materiality assessment.

Input from our stakeholder groups inform our annual strategy updates. By identifying needs from specific stakeholder groups, together with globally relevant challenges, we maintain relevant strategies for our business.

For more information on our stakeholder groups and specific examples of how stakeholder input is incorporated into our strategy, policies and other steering documents, see the table on the following pages.

Stakeholder group	Who and purpose	Engagement types	Examples of outcome of engagements
Our own workforce	Our own workforce includes all employees with an employment contract with Inter IKEA Group, self-employed contractors stemming from a one-person company and with physical and/or digital access to an Inter IKEA Group site, and temporary workers provided by an employment agency. *Purpose of engagement:* We want to secure an engaging, respectful and healthy working environment and to ensure a positive and trustful experience for our own workforce.	• Own workforce relations community • Own workforce committees, councils and unions • Annual employee MyView Baseline Survey • Occasional topic surveys • Raise a concern platform • Newsletters • Open forums • Townhalls • Personal development talks • Workplace assessments • Internal social teams and channels	Insights collected are used for inclusive decision making. Input collected from the raise a concern platform is used to improve workplace environments. Input collected from the annual employee MyView Baseline Survey is used to improve social and physical working environment and ways of working. Input collected from our own workforce informs updates to our strategies and policies.
Unions, social partners and worker associations	We continue to build and develop new and existing relations with global and local unions, worker associations (like the European Workers Council) and other networks. *Purpose of engagement:* To be a responsible employer, secure good working conditions and to find solutions to business challenges.	• Employment, contractual and regulatory processes • Union workers included in evaluations of workplace satisfaction	Input from workplace safety evaluations is acted upon to improve workplace environments. Input collected from unions, social partners and work associations informs updates to our strategies and policies.
Franchisees – workers in the value chain	This includes workers of our groups of IKEA franchisees. *Purpose of engagement:* We want to protect, expand and develop the IKEA Concept and ensure the health, safety and wellbeing of workers across our franchisees.	• Business updates • Various council meetings • Project-based work • Franchisee code of conduct assessments • Franchisee Sustainability forum • IKEA Concept reviews • Raise a concern platform	Input collected is used in our Sustainability Strategy updates. Input collected is used in the continuous development of the IKEA Concept. Input collected is used in the continuous development of our franchisee code of conduct.

Stakeholder group	Who and purpose	Engagement types	Examples of outcome of engagements
Suppliers – workers in the value chain	This includes the workers of our direct and indirect supply chain partners. *Purpose of engagement:* We aim building long-term relationships with our suppliers and supply partners to expand our business operations and explore new ways to do it in a socially and environmentally responsible way, including through compliance with our supplier code of conduct. To secure that our supplier code of conduct requirements are implemented among our suppliers, we annually conduct compliance reviews at approximately 20% of our supplier base and interviews with supplier workers.	• Supply partner portal • Various supplier training courses • Supplier code of conduct assessment, implementation and verification activities • Supplier ombudsman • Partner Days • Driver's survey at our transportation providers • Human rights impact assessments • Supplier business meetings • Raise a concern platform	Insights collected support future sustainable product design and product improvements. Input collected is used in the continuous development of our supplier code of conduct.
Communities	We engage in communities where we or our value chain partners have business operations. *Purpose of engagement:* To learn and share ideas while working collaboratively to reduce negative impacts on the environment and livelihoods. We conduct risk assessments to understand and mitigate negative impacts caused by our presence and business operations.	• Community engagement and impact plans, which include locally relevant activities, our own operations and franchisee operations	Community involvement guidelines for franchisees and for suppliers outline how we provide humanitarian support when needed. We use community input to inform our strategies, policies and actions on for example, transportation, pollution, nature or employment.

Stakeholder group	Who and purpose	Engagement types	Examples of outcome of engagements
Consumers and end-users	This includes consumers buying IKEA products in retail sales locations or online and end-users using IKEA products. *Purpose of engagement:* Interacting with so many people around the world, we have a unique opportunity and responsibility to support making sustainable living the norm. It is essential that we understand the needs of consumers and end-users.	• In retail sales locations, online, and via the IKEA Family loyalty programme • Each year, we conduct thousands of home visits around the world • We conduct an annual global survey about life at home • We collect and analyse consumer feedback through ratings and reviews, return reasons and direct communication channels	Consumer feedback, data and other insights is evaluated and feeds into product development, quality improvements and design decisions. Feedback on product safety or recurring defects is escalated, ensuring alignment with our commitment to safe, accessible and sustainable products. Where relevant, this also informs decisions on product withdrawal or redesign. Insights are shared publically through our "Life at Home Report".
Strategic partners and collaborators including NGOs	We partner and collaborate with external organisations including businesses, industry bodies, universities and NGOs. *Purpose of the engagement:* To share learnings and receive input that informs our Sustainability Strategy. Through these partnerships, we can also connect with and better understand the needs of people within vulnerable groups, including children, refugees and migrants.	• High-level roundtables including the endorsement of our Sustainability Strategy • Double materiality assessment • Activity-based partnerships • By participating in events, we showcase actions supporting climate, nature and the fair and equal agenda while inspiring collective action	Insights collected are used to identify how we can best address social and environmental challenges in our business and value chain. These insights inform updates to our Sustainability Strategy. Input collected is used to identify new environmental and social opportunity areas. Best practices are shared between us and partners, universities and businesses.
Public officials and regulators	We engage with policymakers and other relevant stakeholders to share our point of view, based on our experience and data. *Purpose of engagement:* The purpose is to contribute to the development of forward-looking and effective regulation that enables our business to operate and grow responsibly. Key topics include the free flow of goods over borders, sufficient access to secondary raw materials globally, the need to harmonise product requirements and sustainability due diligence.	• Build relationships with policymakers and opinion builders • Participate in relevant policy and regulatory forums • Advocate for the phasing out of fossil fuels, scaling up renewables, safeguarding nature, and integrating climate, nature social, and health priorities into more ambitious countries' self-defined climate action plans	We contribute to the development of legislation and regulation. Internal operational changes are made to ensure compliance and ensure our ability to do business in existing and new markets. Input from regulators is taken into consideration when evaluating our business model.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-3)

The interaction of our material IRO's with our strategy and business model

The material impacts, risks and opportunities (IROs) identified in our double materiality assessment are closely connected to our long-term strategic direction and our Sustainability Strategy. Our Sustainability Strategy includes internal goal setting until 2030, complementary to, but distinct from, regulatory reporting requirements. To ensure the success of our business into the future, we must work together with speed and urgency to take on the challenges we face, addressing interconnected challenges such as, climate change, nature loss, unsustainable consumption and rising inequality.

Our material sustainability topics significantly influence our business model and value chain. We ensure that related IROs are addressed and integrated into our strategies and decision-making processes. Going forward, we will lead through our five-year Sustainability Strategy, together with our key strategies related to supply chain, retail, people, and range and communication.

Transforming the sourcing of materials

In our upstream value chain, all of our material environmental IROs are associated with the extraction and sourcing of raw materials. We have long recognised the need to address the impact we have on climate change and the increasing pressure on nature that stems from our dependency on virgin, non-renewable materials.

Our Sustainability Strategy and supply chain-related strategy have been shaped with these challenges in mind. Our ambition is to decouple the use of virgin, non-renewable materials from our business growth and transition to a circular business. We are also focusing on reducing negative impacts across the value chain by integrating responsible management of natural resources into our policies and codes of conduct.

Ensuring circular design and efficiency

While the sourcing of materials is closely connected to material IROs in our upstream value chain, our focus on circular design also seeks to address challenges that relate to the use and end-of-life of our products.

One of the key drivers for our transition to a circular business is our commitment to prolong the lifespan of our products and materials through applying our Circular Design Principles. We apply these principles and offer products and services that aim to make it easier to reuse, repair, refurbish and recycle. Considering energy efficiency in the design of products is also key for reducing environmental impacts throughout the lifecycle. Our actions are guided by the Sustainability Strategy and the range and communication-related strategy, as well as our Circular Design Principles.

Accelerating an energy transformation

Our Sustainability Strategy and supply chain-related strategy respond to the need to reduce the use of fossil-based fuels in both our own operations and value chain. Scaling up electrification, renewable energy and energy efficiency across manufacturing sites, transportation and IKEA retail sales locations is essential for building business resilience, but also requires significant investments and technological advancements. The commitment to

phase out fossil-based fuels is outlined in our climate agenda, which includes the target to reduce our absolute greenhouse gas emissions across the value chain in line with the 1.5°C pathway.

Caring for people across our value chain

Our business and value chain impacts depend on millions of people. We recognise our role in addressing rising inequality, poverty, climate change and nature loss, which leave many in vulnerable positions. Preventing and mitigating negative social impacts and driving positive change is essential for securing talent, ensuring a resilient value chain and maintaining the trust of consumers.

Our people-related strategy guides how we enable our workforce and franchisee workers to thrive. Our Sustainability Strategy outlines our objective to contribute to a fair and equal society by identifying and addressing human rights risks and impacts, integrating equality, diversity and inclusion, and securing safe and healthy working conditions and work-related rights across our value chain. We are also committed to a just transition to a net-zero and circular economy. When it comes to impacts on consumers, we continually assess and improve product safety.

Ensuring the resilience of our strategy and business model

Our transition to a circular business, focus on sourcing and striving to shift to renewable energy are central to strengthening resilience of our strategy and business model.

We continually gather insights from our own operations and key external stakeholders on our material IROs, as well as on global trends and market changes, to assess and improve the resilience of our key strategies and business model. Sustainability is integrated into the relevant strategies and our Sustainability Strategy is reviewed on an annual basis to ensure that material IROs are addressed. Annual risk assessments and impact assessments provide important input in this process. Sustainability managers across our core businesses have a crucial role in ensuring that key insights are incorporated into our strategies and consequent action plans.

In addition to our key strategies, our decision making is guided by our steering documents that set business requirements for different target groups across our value chain. These include our supplier code of conduct, our Inter IKEA Group Code of Conduct and Policy House, and our franchisee code of conduct. In addition, there are mandatory requirements for IKEA retail sales locations in all markets. Furthermore, we have developed relevant agendas as well as the Circular Design Principles that define our approach within key strategic sustainability topics.

Our strategies, steering documents and guiding principles integrate sustainability into the core of our business, ensuring that we are able to adapt in a changing world and create new long-term opportunities.

Impact, risk and opportunity management

DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

Introduction

In the first half of FY25, we performed a double materiality assessment (DMA) in accordance with ESRS 1 to determine the material topics for Inter IKEA Group. The DMA considered the business impacts on people and the environment (impact materiality) and the financial risks and opportunities of sustainability topics (financial materiality), as well as their interdependencies. The Materiality Assessment Implementation Guidance from the European Financial Reporting Advisory Group was also considered.

Scope

All sustainability topics listed in ESRS 1 were evaluated in our DMA. In addition, various entity-specific sustainability topics not listed in ESRS 1 were incorporated in the scope.

The DMA considered activities across our entire value chain as well as our business relationships. Regarding our own operations, Inter IKEA Holding B.V. and all its subsidiaries were included in our consolidated approach, with the exception of IKEA Baltics and our first set of forestlands in Latvia which were acquired in the same period as the DMA was performed.

An overview of the process

We applied the following four-step process for our DMA:
1. Laying the DMA foundation
2. Mapping the value chain and identifying IROs
3. Assessing IROs
4. Validating and approving results

1. Laying the DMA foundation

We mapped the Inter IKEA Group organisational structure and identified key internal stakeholders to include in the DMA process. This included representatives across our business to ensure the collection of comprehensive and accurate input.

2. Mapping the value chain and identifying IROs

A detailed mapping of value chain activities and business relationships was conducted and validated internally. We identified IROs relevant to the different activities in the value chain.

We used a broad range of internal information as input, including previous materiality assessments, existing environmental and social data, and risk assessment data. See pages 19-20 for further information.

When assessing the value chain, focus was placed on where a topic has the biggest influence. In many cases, the focus was on first-tier suppliers and our significant retail markets. We used existing internal information when available. Otherwise, assumptions based on industry knowledge were made. Within certain topics and based on internal and external risk data, we prioritised geographies with a higher likelihood of negative environmental or social impacts.

Internal functions working with due diligence were involved in the process to provide relevant learnings from existing due diligence processes.

3. Assessing IROs

We conducted a scoring of identified IROs with qualitative rationales considering the geographies, markets, suppliers, dependencies and other variables provided for each.

The assessment was conducted using a 1 to 5 scoring range. The severity of actual impacts was determined based on the average score of scale, scope and – for negative impacts only – irremediable character. For potential impacts, likelihood was also considered.

The materiality of financial risks and opportunities was assessed based on the magnitude of the financial effects and likelihood of occurrence. Our existing risk assessment methodology was used as a basis and adapted for the process to determine financial materiality.

Each IRO was mapped across three time horizons, being:

- Short: less than 1 year
- Medium: 1-5 years
- Long: 5-25 years

When assessing IROs, our guiding principle was to approach them on a gross level, without factoring in existing or expected mitigation measures. For example, the possible effects of requirements set out in our codes of conduct were not considered when scoring the scale of an actual negative impact. Instead, mitigation measures form part of our disclosures and demonstrate where we can minimise impact and its associated risks.

4. Validating and approving results

To ensure the accuracy and quality of the results, the scoring and rationale of IROs under each topic were reviewed and calibrated by bringing in broader perspectives and comparing topics.

All sustainability topics with at least one impact with a severity of 4 or above and for potential impacts a likelihood of 3 or above were deemed material. Similarly, financial materiality was determined for risks or opportunities with a magnitude of 4 or above and likelihood of 3 or above.

In the case of a potential negative human rights impact, the severity of the impact took precedence over its likelihood. To take this into account, we assessed the materiality of human rights impacts with a high severity score during the validation of results.

The preliminary results and thresholds for materiality were reviewed and necessary adjustments were made before the final results were validated by the Management Team and approved by the Finance Committee and Management Board.

Connection to overall risk management

The process for identifying and assessing sustainability-related impacts and risks across our value chain supports our overall risk management methodology. The risk registers and action plans resulting from our common methodology to identify and assess risks will be further enhanced by incorporating risks identified through the DMA. We will continue to develop our integrated risk management process and consider how sustainability risks are included in our overall risk profile, allowing us to better assess likelihood, magnitude and nature of effects of identified risks and opportunities. In addition,

we will assess how to ensure that identified financial opportunities are integrated into our key strategies and action plans.

Engagement of stakeholders

A cross-section of our sustainability and business functions and subject matter experts, working on or adjacent to each topic throughout the value chain, were interviewed during the process.

An outside-in perspective was incorporated through consultation with selected NGOs, strategic partners and other external stakeholders to help us gain insights into various parts of our value chain. Valuable feedback was gathered on the sustainability topics deemed material, ensuring that diverse views and potential impacts were captured.

Consultations with affected communities will also be considered as part of our DMA going forward.

Our approach at sustainability topic level

Climate change
We assessed our climate impacts by tracking our GHG emissions. This involved measuring energy usage at our sites in own operations. We also use supplier, activity and spend data to assess emissions throughout our value chain.

We screened the activities in our own operations and value chain leading to GHG emissions and assessed decarbonisation plans to identify actual and potential impacts on climate change. To better understand the impacts and dependencies linked to our material use, we utilised lifecycle assessments of our first-tier suppliers.

Pollution
Pollution-related IROs have been identified by utilising existing primary data gathered from our IKEA Industry and Components sites as well as industry-level research on the activities in our value chain. We also used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool to better understand emissions to air, water and soil occurring in our upstream value chain.

Previous site screenings were utilised where available.

Water
In FY24, we assessed for our first-tier suppliers as well as our manufacturing sites their proximity to areas of water stress and water risk. These results were utilised to identify and assess water-related IROs. The Water Risk Filter of the World Wide Fund for Nature was applied in the assessment of water basins. Our assessment was further informed by secondary data at regional and global levels. Internal experts provided input on the assessment of water-related opportunities.

Biodiversity and ecosystems
To assess our IROs related to biodiversity and ecosystems, we utilised previous internal assessments conducted with the ENCORE tool and the Science Based Targets Network materiality screening tool, as well as academic research. Internal expertise was utilised to assess financial opportunities.

An analysis conducted in FY24 with the Integrated Biodiversity Assessment Tool confirmed our own sites' proximity to biodiversity-sensitive areas, providing insights into our impacts. This analysis was taken into account in the DMA, and negative impacts from activities related to own operations were not deemed material.

Physical and transition risks related to biodiversity and ecosystems were assessed qualitatively, focusing on the dependency on ecosystem services and potential compliance costs stemming from legislation and material shortages.

Resource use and circular economy

We identified and determined material resource use and circular economy-related impacts, risks and opportunities by assessing internal data and external research gathered from various sources. This included internal data on our material usage, waste data from our upstream suppliers, waste data from our IKEA Industry and Components sites, and secondary industry-level research regarding downstream waste. Our assessment assumed that a high volume of sales results in a high volume of waste ending up in landfills or incineration.

Own workforce

Our assessment of IROs related to our own workforce has been supported by employee survey results, such as our annual employee MyView Baseline Survey and Equality, Diversity and Inclusion Topic survey. We also considered data gathered as part of gender equal pay assessments, performance evaluations, data privacy assessments and analytical data. The results from our health and safety audits further informed the identification of IROs.

Workers in the value chain

The assessment of IROs on workers in our value chain was informed by surveys and other reported data from our suppliers and our franchisees. These included both our supplier code of conduct verification activities and franchisee code of conduct assessment results. Where primary data was not available, relevant research and

secondary data on a regional and global level, including risk registries and indexes, were used. Industry knowledge and internal knowledge gathered through continuous engagement with our stakeholders as a part of our running business was also an essential input to our DMA.

Consumers and end-users

We assessed IROs related to consumers and end-users by focusing on information gathered from our franchisees and generic industry knowledge and research. The data gathered through our franchisee code of conduct audits provided essential input for our assessment as well.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND DISCLOSURE REQUIREMENTS INCLUDED IN THE SUSTAINABILITY STATEMENT (IRO-2)

Overview of material impacts, risks and opportunities (IROs)

In the figures on the following pages, we listed the IROs that were identified and assessed as material in our double materiality assessment. These are each associated with a sustainability topic and provide information on where in our value chain these occur.

Brief descriptions of the material IROs are included in the figures. More detailed information is available under the introduction paragraph of each topical section of our sustainability statement.

We identified material IROs within eight of the ten ESRS topics and relating to 14 sub-topics. The topics are aligned with the focus areas in our Sustainability Strategy.

Material IROs related to forced or compulsory labour or child labour

Forced labour and child labour concerns in the value chain were identified as material negative impacts. We are aware that higher risks are prevalent in Asia, the Middle East, some parts of South America, North Africa and in some locations in Europe.

For further information, see Workers in the value chain (S2) on pages 57-61.

Disclosure Requirements in ESRS covered by the sustainability statement

For a list of Disclosure Requirements followed in preparing the sustainability statement following the outcome of our double materiality assessment, see Reference table on pages 66-68.

For a list of data points that derive from other EU legislation, see List of data points that derive from other EU legislation on pages 69-71.

IRO-2 Environmental impacts, risks and opportunities

OUR VALUE CHAIN

MATERIAL TOPIC	IRO	Upstream	Own operations	Downstream	Time horizon (Short / Medium / Long)
E1 Climate change					
Climate change mitigation	⊖	Raw material sourcing, product manufacturing, and inbound transport contribute to climate change		Outbound transport and the end-of-life of products contributes to climate change	Short ▸ Medium ▸ Long
Energy	⊖	Sourcing and manufacturing of raw materials and refined goods requires energy		Product use at home contributes to energy consumption	Short ▸ Medium ▸ Long
E2 Pollution					
Pollution of air	⊖	Air pollution from production of food · Air pollution from manufacturing of raw materials and finished goods, and inbound transport powered by fossil fuels		Air pollution from outbound transport powered by fossil fuels	Short ▸ Medium ▸ Long
Substances of concern (SOC) and substances very high concern (SVHC)	⊖	Exposure to SOC & SVHC during manufacturing		Exposure to SOC & SVHC during disposal	Short ▸ Medium ▸ Long
	⚡(risk)		Compliance and adaptation cost and loss of sales related to SOC & SVHC		Short ▸ Medium ▸ Long
E3 Water					
Water withdrawals	⊖	Unsustainable freshwater withdrawal			Short ▸ Medium ▸ Long
E4 Biodiversity and ecosystems					
Impacts on the extent and condition of ecosystems	⊖	Raw material sourcing can negatively impact ecosystems			Short ▸ Medium ▸ Long
	⚡(risk)		Deforestation & traceability compliance costs		Short ▸ Medium ▸ Long
Impacts and dependencies on ecosystem services	⊖	Negative impact on ecosystem services from unsustainable agriculture practices			Short ▸ Medium ▸ Long
	⚡(risk)	Disruption of ecosystem services causing biobased material shortages & price increase			Short ▸ Medium ▸ Long
E5 Resource use and circular economy					
Resource inflows	⊖	Sourcing of non-renewable raw materials can cause resource depletion			Short ▸ Medium ▸ Long
Waste	⊖			High volume of products sold leads to waste at end of life	Short ▸ Medium ▸ Long
	⊖			High volume of products that are packaged contributes to plastic packaging waste	Short ▸ Medium ▸ Long

⊖ Negative impact   ⊕ Positive impact   ⚡ Financial risk   ↗ Financial opportunity

IRO-2 Social impacts, risks and opportunities

OUR VALUE CHAIN

Time horizon

MATERIAL TOPIC	IRO	Upstream	Own operations	Downstream	Short › Medium › Long
S1 Own workforce					
Equal treatment and opportunities for all	⊕		Improved work environment and equal opportunities for all through actions focusing on equality, diversity and inclusion		Short-Medium-Long
	⊕		Improved employability, career development opportunities and job satisfaction due to accessible training and upskilling opportunities		Short-Medium-Long
Working conditions	⊖		Physical health and safety risks due to high-risk working environments		Short-Medium-Long
S2 Workers in value chain					
Working conditions	⊖	Severe health impacts and loss of life from hazardous industry settings in the value chain		Severe health impacts and loss of life from hazardous industry settings in the value chain	Short-Medium-Long
Other work-related rights	⊖	Forced labour concerns in the supply chain			Short
	⊖			Forced labour concerns in the franchise system	Long
	⊖	Child labour concerns in the supply chain		Child labour concerns in the downstream value chain	Short-Medium-Long
	⤵	Supplier human rights violations damage our brand and operations			Short-Medium-Long
S4 Consumers and end-users					
Personal safety of consumers and end-users	⊖			Inadequate product safety can significantly harm end-users	Short-Medium-Long
	⤵			Brand damage, loss of sales and compliance costs from shortcomings in product compliance, quality and safety	Short-Medium-Long

⊖ Negative impact   ⊕ Positive impact   ⤵ Financial risk   ⬈ Financial opportunity

General disclosure requirements for policies, actions, metrics and targets

GENERAL DISCLOSURE REQUIREMENT FOR POLICIES (GDR-P)

Introduction

Our approach to policies is summarised in the figure.

To secure responsible business in our value chain, we set mandatory business requirements upstream for suppliers, on our own operations and downstream for franchisees.

There are different sets of business requirements, all owned and governed by Inter IKEA Group, for the different target groups. These mandatory business requirements are documented in our steering documents, which consist of policies and codes of conduct.

Upstream — Own operations — Downstream

Inter IKEA Group's global operations
(Retail concept, Range, Supply, other
legal entities, and enabling functions)

Supplier code of conduct (IWAY)

Our way for responsibly procuring products, services, materials and components, setting clear expectations and ways of working for environmental, social and working conditions. Compliance to IWAY is mandatory for all suppliers that work with Inter IKEA Group.

Inter IKEA Group Code of Conduct

Inter IKEA Group Policy House

Franchisee code of conduct (IConduct)

Mandatory to follow for all IKEA franchisees in order to secure responsible business and working conditions. It is every franchisee's responsibility to comply with all applicable laws and regulations. If the requirements of IConduct exceed what is required by applicable laws and/or regulations, the requirements of IConduct shall prevail.

Inter IKEA Group Policy House

The Inter IKEA Group Policy House contains the policies for our global operations related to managing environmental and social impact.

These policies apply to our own workforce. Policies are reviewed at least every second year and are made available.
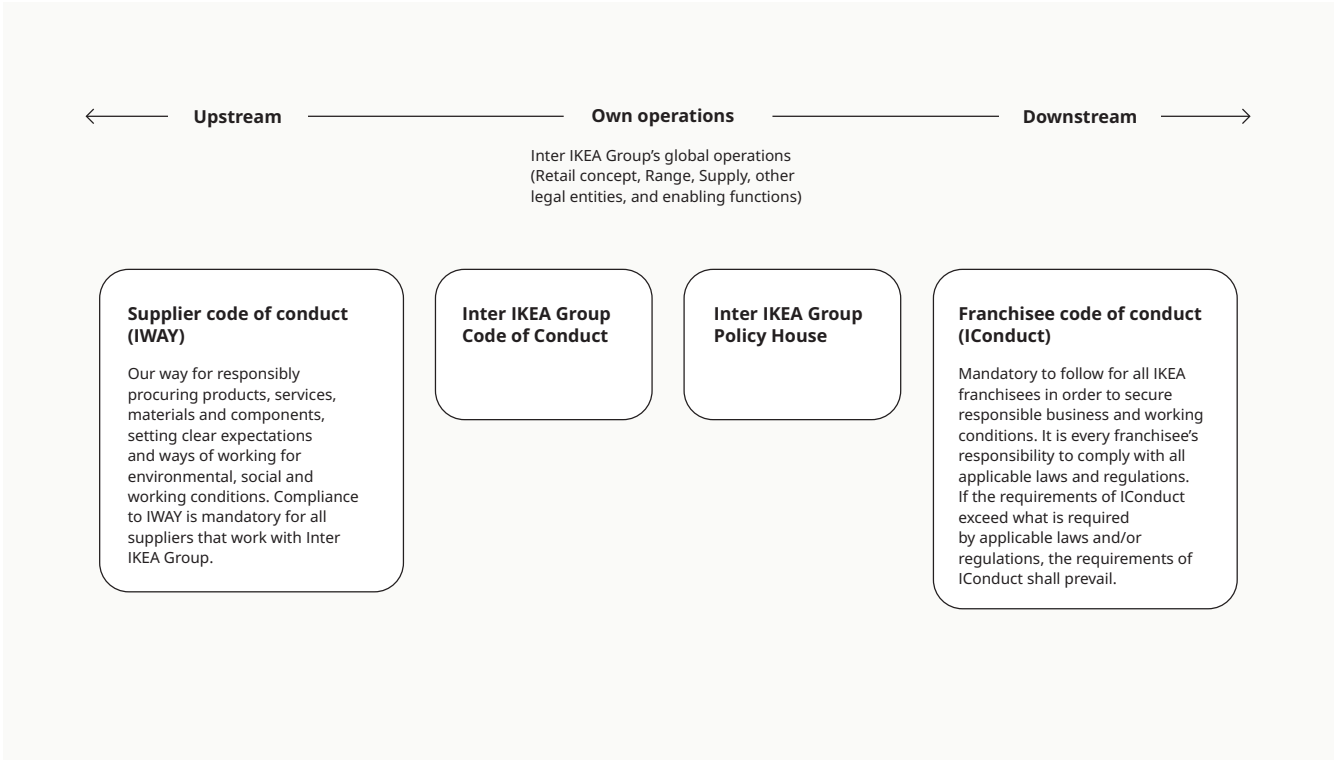
Inter IKEA Group policy on environmental and social responsibility
The overall objective of this policy is to ensure Inter IKEA Group conducts business responsibly, balancing economic growth with positive social impact and environmental protection, guided by principles that promote sustainability, compliance, transparency and community engagement.

Inter IKEA Group policy on product compliance
The overall objective of this policy is to ensure all our products consistently meet every relevant product requirement in all markets and sales channels. A product only becomes compliant and ultimately sellable when it meets all applicable internal and external standards and regulations.

Inter IKEA Group policy on recruitment and onboarding

The overall objective of this policy is to secure how we, in order to continue to grow responsibly, want to embrace all dimensions of diversity and attract, recruit, develop and retain talent that reflects the demographics of the societies where we operate.

Inter IKEA Group policy on wellbeing and a healthy work environment

The overall objective of this policy is to secure a healthy and safe work environment for employees from a physical, organisational and social perspective.

Inter IKEA Group policy on safety and security

The overall objective of this policy is to safeguard employees by creating an environment that supports and empowers everyone to consistently make safe and secure choices.

Inter IKEA Group policy on human rights

The overall objective of this policy is to secure that our operations, products, strategic and day-to-day decision making and our business relationships do not harm individuals or communities in our value chain.

For further information on our human right policies, see Policies related to own workforce (S1-1) on pages 45-47 and Policies related to value chain workers (S2-1) on pages 57-58.

Codes of conduct

Inter IKEA Group Code of Conduct

The objective of the Inter IKEA Group Code of Conduct is to foster a caring and ethical workplace by guiding the individual and collective behaviour of everyone at Inter IKEA Group. The Code of Conduct applies to everyone within Inter IKEA Group and is made available to everyone in our own workforce.

Supplier code of conduct (IWAY)

IWAY is our business requirement for responsibly procuring products, services, materials and components, setting clear expectations and ways of working for environmental, social and working conditions. Compliance with IWAY is mandatory for all suppliers that work with Inter IKEA Group and is publicly available.

Franchisee code of conduct (IConduct)

IConduct is mandatory to follow for all IKEA franchisees in order to secure responsible business and working conditions. It is every franchisee's responsibility to comply with all applicable laws and regulations. If the requirements of IConduct exceed what is required by applicable laws and/or regulations, the requirements of IConduct shall prevail. IConduct requirements are publicly available.

Policies related to our material sustainability topics

An overview of policies related to our material sustainability topics is provided below. For further details, see the topical sections of the sustainability statement.

Policy	Material sustainability topic	Scope	Availability to stakeholders
Inter IKEA Group policy on environmental and social responsibility	E1 Climate change E2 Pollution E3 Water and marine resources E4 Biodiversity and ecosystems E5 Resource use and circular economy	Own operations	Available to our own workforce
Inter IKEA Group policy on product compliance	E2 Pollution S4 Consumers and end-users		
Inter IKEA Group policy on recruitment and onboarding	S1 Own workforce		
Inter IKEA Group policy on wellbeing and a healthy work environment	S1 Own workforce		
Inter IKEA Group policy on safety and security	S1 Own workforce		
Inter IKEA Group policy on human rights	S2 Workers in the value chain		
Supplier code of conduct (IWAY)	E1 Climate change E2 Pollution E3 Water and marine resources E4 Biodiversity and ecosystems S2 Workers in the value chain	Upstream value chain	Available publicly
Franchisee code of conduct (IConduct)	E2 Pollution S2 Workers in the value chain	Downstream value chain	

Our codes of conduct also include requirements with respect to own workforce and consumers and end-users. However, our policies more thoroughly address our related material impacts, risks and opportunities.

GENERAL DISCLOSURE REQUIREMENT FOR ACTIONS AND RESOURCES (GDR-A)

Actions and resources in relation to material sustainability topics are described in the topical sections of the sustainability statement.

GENERAL DISCLOSURE REQUIREMENT FOR METRICS (GDR-M)

Metrics in relation to material sustainability topics are described in the topical sections of the sustainability statement. A full overview of metrics is embedded in the Reference table on pages 66-68.

GENERAL DISCLOSURE REQUIREMENT FOR TARGETS (GDR-T)

An overview of the targets relating to our material sustainability topics is provided in the figure below. For further details on these targets, see the topical sections of the sustainability statement.

ESRS topical standard	Material sustainability topic	Target
Climate change (E1)	Climate change mitigation	By FY30, the absolute scope 1 and 2 greenhouse gas emissions are reduced by 82.1%, compared to the baseline year FY16.
	Energy	By FY30, the absolute scope 3 greenhouse gas emissions are reduced by 50%, compared to the baseline year FY16.
		By FY50, reaching net-zero for scope 1, 2 and 3 greenhouse gas emissions.
Pollution (E2)	*No targets are set*	
Water and marine resources (E3)	Water withdrawals	By FY30, water withdrawals from the manufacturing of IKEA products is reduced by 50% within each of the 15 prioritised water-stressed river basins, and is reduced by 20% in the remaining locations, both compared to the baseline year FY19.
Biodiversity and ecosystems (E4)	*No targets are set*	
Resource use and circular economy (E5)	Resource inflows	By 2030, the share of recycled and renewable content across our IKEA home furnishing product range is at least 90%.
		By 2030, the average circular fulfilment score across our IKEA home furnishing product range is at least 90%.
Own workforce (S1)	Diversity and equal treatment	By 2030, female and male representation in Supervisory Board and Management Board is at least 40%.
		By 2030, have equal representation of male and female in Management Team.
Workers in the value chain (S2)	*No targets are set*	
Consumers and end users (S4)	*No targets are set*	

Environmental disclosures
Climate change (ESRS E1)

INTRODUCTION

As an international business with a climate footprint spanning sourcing, manufacturing, transportation, retail activities in retail sales locations and online, consumer travel, product use in end-users' homes, and product end-of-life, we have an impact on climate change. We address these impacts through our Net Zero and Beyond agenda as part of our Sustainability Strategy. This agenda sets a clear path for tangible climate action by reducing emissions in line with a 1.5°C pathway.

Material sustainability topics

The material sustainability topics are listed in the figure below and explained in the following paragraphs.

Material sustainability topic	Category	IRO	Where in value chain
Climate change mitigation	Negative impact	Raw material sourcing and product manufacturing contributes to climate change	Upstream and own operations
	Negative impact	GHG emissions from inbound and outbound transport	Upstream and downstream
	Negative impact	The end-of-life of products contributes to climate change	Downstream
Energy	Negative impact	Sourcing and manufacturing of raw materials and refined goods require energy	Upstream and own operations
	Negative impact	Product use at home contributes to energy consumption	Downstream

The design, development, manufacturing and supply of home furnishing and food products worldwide has a negative impact on climate change, primarily through the GHG emissions generated by the sourcing of raw materials and product manufacturing.

Transporting products from manufacturing sites to distribution centres and retail sales locations also generates GHG emissions.

End-of-life disposal, including landfill, incineration or other methods, generates GHG emissions.

Material extraction and energy-intensive manufacturing processes in our supply chain currently rely largely on fossil fuels.

The use of sold products, including home appliances and lighting, contributes to household energy consumption.

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION (E1-1)

We do not have a transition plan for climate change mitigation in place and are considering our approach to the development of that plan.

While we do not have a transition plan for climate change mitigation in place, our targets, actions and roadmaps support in mitigating our negative impacts on climate change. We are reviewing our approach to transition planning, building on our existing climate roadmaps.

CLIMATE-RELATED RISKS AND SCENARIO ANALYSIS (E1-2)

We identified and assessed climate-related risks, differentiating between physical risks (event-driven or arising from longer-term changes in climate) and transition risks (arising from the transition to a low-carbon economy). As part of our double materiality assessment, a climate scenario in line with limiting global warming to 1.5°C was considered, but a comprehensive climate scenario analysis was not conducted. We used different types of transition events, such as policy, market and technological changes. Global, regional and national data, where available, across our value chain was utilised to identify relevant climate-related hazards that may lead to physical risks. Climate-related risks and opportunities were assessed as part of our double materiality assessment, applying the same time horizons as for other risks and opportunities.

We recognise the need to strengthen our assessment of climate-related risks and opportunities and plan to develop a climate scenario analysis to better understand our resilience.

RESILIENCE IN RELATION TO CLIMATE CHANGE (E1-3)

We are not able to describe the resilience of our strategy and business model in relation to climate change. We plan to develop a resilience analysis.

POLICIES RELATED TO CLIMATE CHANGE (E1-4)

Relating to climate change mitigation, we have the following policies in place:

Material sustainability topic	Policy
Climate change mitigation	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct
Energy	Supplier code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages .

We have policies in place that outline expectations across the value chain to decrease our negative impacts related to GHG emissions and energy consumption, stemming from raw material sourcing and product manufacturing, transportation and the end-of-life of our products.

We do not have a policy which addresses energy consumption connected to product use at home. However, we take actions to continue to improve the energy efficiency of our product range.

Inter IKEA Group policy on environmental and social responsibility

This policy refers to our climate agenda which spans our value chain, from raw material extraction to product use and from transportation to consumer travel.

The policy highlights our targets with respect to:

- Reducing GHG emissions across our total value chain.
- Increasing the use of renewable energy in own operations.
- Increasing the use of electric vehicles or other zero-emission solutions for transport for consumer deliveries in own operations.

For further information on our targets, see Targets related to climate change (E1-6) on page .

Supplier code of conduct

Our supplier code of conduct outlines requirements to mitigate climate change impacts, requiring suppliers at a minimum to identify options for switching to renewable energy. In addition, transport vehicles used for IKEA products must meet national emissions standards.

We are working towards establishing the short- and long-term direction on climate change adaptation within our value chain to strengthen the resilience of our business, including the raw materials we depend on and the communities most vulnerable to the impacts of climate change.

ACTIONS AND RESOURCES RELATED TO CLIMATE CHANGE (E1-5)

We take actions that contribute to our strategic objective of limiting the impact of our business and value chain on global warming by reducing emissions in line with a 1.5°C pathway, increasing carbon removals and storage and contributing to broader societal climate change mitigation efforts.

Below are our medium-term actions with a timeframe of now until 2030, to manage our material impacts related to GHG emissions and energy consumption, stemming from raw material sourcing and product manufacturing, transportation and the end-of-life of our products. All actions related to climate change contribute to our targets, see Targets related to climate change (E1-6) on page 30.

Key action and outcome	Scope	FY25 examples and progress
Increase the share of materials and food ingredients with a lower climate footprint to reduce material and food-related emissions.	Upstream material and food ingredient supply chain.	Increased our offer of products developed with materials with a lower climate footprint, for example launching TAGGHAJ made with a minimum of 70% recycled aluminum. Expanded our plant-rich* food offerings by launching a new rice mix with vegetables dish in our restaurants.
Scale up electrification, renewable energy and energy efficiency across our upstream value chain to reduce dependency on fossil fuels.	Upstream sourcing countries, including Bangladesh, Brazil, Bulgaria, Egypt, Hungary, Indonesia, Japan, Mexico, the Netherlands, Pakistan, Slovenia, Spain, Thailand and the United States.	Expanded our renewable electricity programme for suppliers to 14 new countries, making the programme now available in a total of 27 countries, also contributing to air pollution mitigation.
Increase electrification, renewable fuels and energy efficiency within land and ocean transportation in our value chain to reduce logistics-related emissions.	Upstream and downstream transportation and logistics operations.	Increased electrification of land transport in our supply chain, introducing electric vehicles in fleets across six new countries, also contributing to air pollution mitigation. Increased intermodal solutions in Asia Pacific.** Supported the tender for e-fuel-powered container shipping in ocean transport through our engagement with the Zero Emission Maritime Buyers Alliance (ZEMBA). This also contributes to air pollution mitigation.
Improve energy efficiency of products to reduce energy consumption related to product use at home.	Consumers and end users.	Launched our first A Class*** LED bulb in the SOLHETTA range.

* We define "plant-rich" as a meal or dish that is – measured by weight – at least 75% plants, qualified as foods whose ingredients are derived only from plants. The remaining 25% can contain any animal-derived ingredient.

** Intermodal transportation is a method of moving goods using multiple modes of transport – such as rail, road and sea – without directly handling the cargo when switching between these modes. This system relies on standardised containers or units, making transfers seamless and efficient.

*** According to EU energy labelling regulations

TARGETS RELATED TO CLIMATE CHANGE (E1-6)

Material sustainability topic	Target
Climate change mitigation	By FY30, the absolute scope 1 and 2 greenhouse gas emissions are reduced by 82.1%, compared to the baseline year FY16.
Energy	
	By FY30, the absolute scope 3 greenhouse gas emissions are reduced by 50%, compared to the baseline year FY16.
	By FY50, reaching net-zero for scope 1, 2 and 3 greenhouse gas emissions.

The targets were developed through a comprehensive business consequence analysis to identify the actions and projected reductions required within our own operations and each part of our value chain. The targets are grounded in science, based on evidence from the Intergovernmental Panel on Climate Change. They take ecological thresholds into account by requiring absolute reductions, with separate accounting for carbon removals. Scenario modelling included both growth and no-growth pathways, and the target aligns with the Paris Agreement.

The targets were developed in line with the Science Based Targets initiative (SBTi) Net-Zero Standard and have been validated by SBTi. We align with the SBTi definition of net-zero, which mandates a 90% reduction by 2050 and neutralisation of residual emissions within the value chain.

The targets are not legally mandated.

ENERGY CONSUMPTION AND MIX (E1-7)

We are not able to report on this metric. Energy consumption over both FY25 and FY26 will be jointly reported in the sustainability statement FY26.

GROSS SCOPES 1, 2, 3 GHG EMISSIONS (E1-8)

We are not able to report on this metric. GHG emissions over both FY25 and FY26 will be reported in the sustainability statement FY26. For further information, see Basis for preparation of the sustainability statement (BP-1) on page 3.

GHG REMOVALS (E1-9)

We are not able to report on this metric. At the latest, this will be reported as from the year it is mandated by the ESRS.

Pollution (ESRS E2)

INTRODUCTION

We recognise that preventing and minimising pollution is essential to protecting human health, ecosystems and the resilience of our business and value chain. This includes mitigating harmful impacts through material sourcing and improved product design and supplier engagement, while continually monitoring regulatory developments and scientific progress to ensure alignment with leading practices and standards.

Material sustainability topics

The material sustainability topics are listed in the figure below and explained in the following paragraphs.

Air pollution from our upstream value chains arises during the production of food ingredients as the use of fertilisers contributes to ammonia emissions. These pollutants have severe and long-lasting impacts on nature, ecosystems and human health, especially in areas surrounding industrial food production.

Air pollution from our upstream value chain arises during the extraction, manufacturing and transportation of materials like textiles, metals, wood, glues and plastics. These processes release sulphur oxides, nitrogen oxides, carbon monoxide, particulate matter and volatile organic compounds due to fossil fuel combustion and chemical use. In our own operations, the manufacturing of wood-based board materials involves drying and pressing processes. These processes use cleaning agents, solvents, lacquers and adhesives that produce air pollution.

In our downstream value chain, pollution occurs in outbound transportation of products by vehicles using fossil fuels.

Chemical substances are essential to the processing and manufacturing of many materials we use in our products. Due to this, there is a risk of exposure to substances of concern (SOC) and substances of very high concern (SVHC) in manufacturing facilities in our upstream value chain. This includes the manufacturing of textiles, metals, plastics, exposure to pesticides during food and green plant production, and in processes such as coating, painting and gluing. Additionally, per- and polyfluoroalkyl substances (PFAS) identified as SOC or SVHC can be used in manufacturing processes of certain products.

In our downstream value chain, pollution occurs in the disposal of products containing harmful substances. The possible mismanagement of the disposal of our products can lead to SOC being released into the environment, and the same risk occurs for SVHC regarding possible mismanaged disposal of our electronic products.

The financial consequences of non-compliance with regulatory requirements around SOC and SVHC, and related loss of sales, are considered a material risk for us.

Material sustainability topic	Category	IRO	Where in value chain
Pollution of air	Negative impact	Air pollution from production of food	Upstream
	Negative impact	Air pollution from manufacturing of raw materials and finished goods, and inbound transport powered by fossil fuels	Upstream and own operations
	Negative impact	Air pollution from outbound transport powered by fossil fuels	Downstream
Substances of concern (SOC) and substances of very high concern (SVHC)	Negative impact	Exposure to SOC and SVHC during manufacturing	Upstream
	Negative impact	Exposure to SOC and SVHC during disposal	Downstream
	Financial risk	Compliance and adaptation costs and loss of sales related to SOC and SVHC	Own operations

POLICIES RELATED TO POLLUTION (E2-1)

Relating to pollution, we have the following policies in place:

Material sustainability topic	Policy
Pollution of air	Inter IKEA Group policy on environmental and social responsibility
	Supplier code of conduct
	Franchisee code of conduct
Substances of concern and substances of very high concern	Inter IKEA Group policy on product compliance
	Supplier code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 23-25.

We have policies in place to mitigate our negative impact on air pollution from manufacturing in our own operations and upstream, exposure of SOC and SVHC to the environment during manufacturing, upstream and disposal downstream, and financial risks related to the use of SOC or SVHC in our products and manufacturing.

Currently, we do not have business requirements in our policies or codes of conduct addressing the impact on air pollution from livestock in our upstream value chain.

Inter IKEA Group policy on environmental and social responsibility

While the policy does not specifically address air pollution, it does outline general requirements for all Inter IKEA Group sites to develop routines, plans and requirements that support our overarching environmental goals. This includes accelerating the movement towards renewable fuels and renewable energy, contributing to a decrease in CO, NO_X, PM and CO_2.

Supplier code of conduct

Our supplier code of conduct (IWAY) includes requirements ensuring there is no severe air pollution from suppliers' operations, all potential sources of air pollution are identified including processes in which volatile organic compounds (VOCs) are used, and environmental improvement plans are updated when and where necessary.

There are specific requirements for transport providers, including compliance to national emissions requirements for vehicles, since vehicles powered by fossil fuels cause air pollution such as CO, NO_X and PM.

We currently do not include specific requirements regarding the use of fertilisers and their impact on air pollution. However, additional requirements for our agricultural suppliers are under development.

In instances where the use of chemical substances, such as SOC and SVHC, are essential to the processing and manufacturing of the materials we use in our products, we have requirements around chemical management ensuring all chemicals are purchased, stored, transported, handled and used in a way that protects the health and safety of workers and the environment.

Franchisee code of conduct

While the code of conduct does not specifically address air pollution, it does outline general requirements for all franchisee sites to develop routines for measuring and monitoring air pollutants and to reduce those year-on-year in absolute terms. This includes securing renewable electricty, contributing to a decrease in CO, NO_X and PM.

Inter IKEA Group policy on product compliance

This policy addresses the processes we have established to develop product requirements, including requirements around SOC and SVHC. These requirements include a general ban on SVHC for all main materials, with a few exceptions mainly for electrical and electronic articles and appliances. We also have a ban on some SOC classified as carcinogenic, mutagenic or toxic to reproduction. These bans are implemented and validated across the value chain through compliance verification mechanisms, including internal and third-party verifications and testing.

ACTIONS AND RESOURCES RELATED TO POLLUTION (E2-2)

Actions to reduce air pollution and address climate change are closely linked, with increases in both often coming from the same sources, such as burning fossil fuels. By working in an integrated way, we can contribute to cleaner air while also mitigating climate change. For actions related to pollution of air, see Actions and resources related to climate change on page 29.

Below are our medium-term actions with a timeframe of now until 2030 to manage our material impacts and risks related to exposure to the environment of substances of concern (SOC) and substances of very high concern (SVHC) during manufacturing and disposal. To see how we track effectiveness, see Targets related to pollution (E2-3) on page 34.

Key action and outcome	Scope	FY25 examples and progress
Substances of concern (SOC) and substances of very high concern (SVHC)		
Establish a comprehensive data system of prioritised chemical substances used or released in our value chain to reduce risk of non-compliance and loss of sales due to insufficient information about SOC and SVHC in raw materials, manufacturing and final products.	Upstream and downstream value chain	Continued to assess our chemical impacts in our business and value chain. Continued strengthening our internal governance structure to ensure clarity in data collection and to steer strategic initiatives related to the prioritisation and management of chemical substances in our value chain.
Support the implementation of advanced sustainable chemical management practices and pollution prevention measures in our supply chain, starting with chemical intensive industries and activities, to reduce exposure to SOC and SVHC during manufacturing and disposal.	Upstream value chain	Further developed our strategic direction for chemicals covering the full product lifecycle, including the production of raw material, manufacturing of final material and products, distribution, product use and end-of-life.
Develop a substitution and minimisation scheme for all SVHC and prioritised SOC, as well as all Per- and Polyfluoralkyl Substances (PFAS), to reduce exposure to those substances during manufacturing and disposal.		

TARGETS RELATED TO POLLUTION (E2-3)

We do not have specific targets for air pollution because our overall approach focuses on ensuring that the actions we take to address climate change also contribute to reducing air pollutants. Rather than optimising solely for either greenhouse gas emissions or air pollution, we aim for integrated solutions that deliver broader environmental and health benefits.

We currently do not have targets in place for SOC and SVHC. However, by verifying compliance with our product manufacturing requirements and supplier code of conduct, we can track and evaluate how well our policies and actions limit the SOC and SVHC exposure to the environment in the value chain during manufacturing and disposal and monitor efforts to mitigate the risk associated with SOC and SVHC in our products.

POLLUTION OF AIR (E2-4)

Methodologies and assumptions
Only some manufacturing sites of IKEA Industry emit substantial pollutants to the air. Non-greenhouse gas air pollutants of an individual manufacturing site are included in this metric if above the thresholds for releases of Annex II of Regulation (EU) 2024/1244, i.e., the Industrial Emissions Portal Regulation.

There are two measurement methods applied:

- Automatic continuous measurements, with devices being calibrated based on local requirements (e.g., European Norm QAL3 EN 14181). Such measurements provide a total annual air pollution mass in tonnes.

- Lab-tested air filters by third-party specialists, whereby European Norms for sampling and analysis of the respective pollutants are applied. As the periodicity of lab testing may differ from our financial year, the latest 12 months of test data in tonnes is included as best proxy.

Pollutants emitted to air in own operations

In tonnes	FY25
NH_3 (Ammonia)	24
NO_x (Nitrogen oxides)	464
NMVOC (Non-methane volatile organic compounds)	2,164
Total pollutants emitted to air in own operations	2,652

Four of our particle board and HDF board manufacturing sites emitted pollutants to air above the thresholds of Annex II of the Industrial Emissions Portal Regulation.

SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN (E2-5)

As a manufacturer, we concluded that the metric related to articles with substances of very high concern provides material information to our material IROs. However, we are not able to report on this metric. At the latest, this will be reported as from the year it is mandated by the ESRS.

Water (ESRS E3)

INTRODUCTION

Access to water is a growing global issue that directly affects our business and value chain. As a significant contributor to water use in our upstream value chain and own operations, we recognise our responsibility to manage this vital resource sustainably. To deliver on this responsibility, we are taking steps to reduce freshwater use, improve water security and quality, safeguard sustainable access to water, enhance freshwater ecosystems, support communities and collaborate with others to inspire widespread water action.

Material sustainability topics

The following material sustainability topic is identified:

Material sustainability topic	Category	IRO	Where in value chain
Water withdrawals	Negative impact	Unsustainable freshwater withdrawal	Upstream, own operations

In our upstream value chain, freshwater withdrawal can contribute to water scarcity and environmental degradation in regions where water resources are already stressed. However, negative impacts of freshwater withdrawals also relate to our own operations located in high-water stressed basins. When freshwater withdrawal surpasses ecological thresholds, it can cause severe environmental impacts.

POLICIES RELATED TO WATER (E3-1)

Relating to water and marine resources, we have the following policies in place:

Material sustainability topic	Policy
Water withdrawals	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages .

We have policies in place which outline our current actions and future ambitions across the value chain to decrease our negative impact related to unsustainable freshwater withdrawal upstream in our value chain and in our own operations.

Inter IKEA Group policy on environmental and social responsibility

This policy summarises our water agenda which has an initial focus on reducing freshwater use, where freshwater is defined as "blue" water in rivers, lakes and natural underground reservoirs. Focus is also on supporting water efficiency in manufacturing, enabling innovations like water recycling and rainwater harvesting, collaborating with suppliers and stakeholders to secure clean water, restoring ecosystems and mitigating flood risks. Requirements on all Inter IKEA Group sites include reviewing water withdrawal and consumption annually to identify potential improvements. This policy also includes expectations on new sites, such as designing and building new assets to enable rainwater harvesting and water recycling.

Supplier code of conduct

Requirements for suppliers related to water in our supplier code of conduct include tracking types of incoming water and how it is used, where, and by whom, and how wastewater is treated.

ACTIONS AND RESOURCES RELATED TO WATER (E3-2)

We take actions that contribute to our strategic objective to reduce negative pressures and impacts on nature across our business and value chain, while contributing to the protection, improvement and enhancement of natural ecosystems in our sphere of influence.

Below are our medium-term actions with a timeframe of now until 2030 to manage our material impacts related to unsustainable freshwater withdrawal. At this time we only have a target in place for manufacturing. To see the target these actions contribute to, see Targets related to water (E3-3).

Key action and outcome	Scope	FY25 examples and progress
Establish baselines and set reduction targets to reduce freshwater withdrawals connected to materials and manufacturing.	Upstream value chain	Reduction target set for manufacturing, see Targets related to water. Developed a water stewardship tool to support suppliers in developing action plans to reduce freshwater withdrawal and strengthen their overall water stewardship practices.
Integrate water-related metrics to measure	Upstream value chain	Continued to develop digital capabilities and business processes to

Key action and outcome	Scope	FY25 examples and progress
performance across our business and at our suppliers to reduce freshwater withdrawals connected to materials and manufacturing.		be able to follow up on manufacturing operations progress.

TARGETS RELATED TO WATER (E3-3)

Material sustainability topic	Target
Water withdrawals	By FY30, water withdrawals from the manufacturing of IKEA products is reduced by 50% within each of the 15 prioritised water-stressed river basins, and is reduced by 20% in the remaining locations, both compared to the baseline year FY19.

The target is supported by the identified policy objectives and actions connected to reducing freshwater withdrawal. These targets are absolute, measured in terms of total water withdrawals, and apply specifically to the manufacturing scope, which includes first-tier home furnishing suppliers, global food suppliers and components suppliers, including our own manufacturing sites. The geographical scope of the 15 prioritised water-stressed basins covers six countries, being China, Egypt, India, Pakistan, Thailand and Turkey.

The methodology for defining the target is based on an assessment conducted with World Wide Fund for Nature (WWF), considering water scarcity levels and sourcing volumes. The target is not legally mandated but is designed to be compatible with EU policy goals and frameworks such as the Science Based Targets for Nature (SBTN) and the Taskforce on Nature-related Financial Disclosures (TNFD). The target is grounded in scientific evidence, with ecological factors considered through WWF's guidance and ongoing assessments.

The current target focuses on water withdrawals in manufacturing and does not address further upstream activities such as raw material sourcing. As outlined in Actions and resources related to water (E3-2), we are working to establish baselines and set reduction targets for reducing our water withdrawals impact connected to materials.

WATER METRICS (E3-4)

We identified water withdrawals in own operations as a metric that provides material information. However, we are not able to report on this metric. At the latest, this will be reported as from the year it is mandated by the ESRS.

Biodiversity and ecosystems (ESRS E4)

INTRODUCTION

As an international home furnishing and food business, we rely on natural resources from sectors such as forestry, agriculture, aquaculture and inorganics across our business and value chain. Wood and cotton are amongst the materials with the highest sourcing volumes. Globally, the use of these natural resources and associated land-use changes are significant drivers of terrestrial biodiversity loss.

We are focused on actions to reduce negative pressures and impacts on biodiversity and ecosystems across our business and value chain.

Material sustainability topics

The material sustainability topics are listed in the figure below and explained in the following paragraphs.

Material sustainability topic	Category	IRO	Where in value chain
Impacts on the extent and condition of ecosystems	Negative impact	Raw material sourcing can negatively impact ecosystems	Upstream
	Financial risk	Deforestation and traceability compliance costs	Own operations
Impacts and dependencies on ecosystem services	Negative impact	Negative impact on ecosystem services from unsustainable agriculture practices	Upstream
	Financial risk	Disruption of ecosystem services causing biobased material shortages and price increase	Upstream

Raw material sourcing, its extraction, harvesting and management, can lead to deforestation, and ecosystem fragmentation and degradation. Raw materials are needed throughout our supply chain and in our own operations.

Increasingly stringent regulation seeks to ensure that primary deforestation-linked commodities do not contribute to deforestation and forest degradation. Compliance is critical to our business and value chain. However, it is likely to lead to increased operational and supply chain costs.

Unsustainable agriculture practices can also negatively impact ecosystem services, such as soil fertility, water retention and water quality. We work with forestry and agricultural production as our key focus areas for reducing our negative impacts on ecosystems.

The negative impacts on ecosystem services are closely connected to identified material financial risks. If ecosystem services are disrupted, the supply of raw materials, food ingredients, fresh water and water flow for energy production that is relied upon by our business and value chain will be impacted, leading to increased competition over resources and higher costs.

POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS (E4-2)

Relating to biodiversity and ecosystems, we have the following policies in place:

Material sustainability topic	Policy
Impacts on the extent and condition of ecosystems	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct
Impacts and dependencies on ecosystem services	*Currently not addressed in policies*

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 23-25.

We are working towards reducing our contribution to biodiversity loss and safeguarding our business operations. We have policies in place connected to our material impact and risk relating to the impacts on the extent and condition of ecosystems.

These policies address direct impact drivers such as climate change and pollution contributing to biodiversity loss, influencing both the condition of species related to wood and the overall health and extent of ecosystems. Additionally, these policies promote the traceability of

products, components and raw materials derived from forestry, ensuring transparency regarding their actual or potential impacts on biodiversity and ecosystems throughout the value chain. By promoting production and sourcing from ecosystems that are managed to preserve or enhance biodiversity, these policies also support sustainable land-use practices, agriculture and efforts to combat deforestation.

Further work is needed to develop policies to address the disruption in provisioning, supporting or regulating ecosystem services, causing biobased material shortages and price increases. We also need to expand our policies related to direct impact drivers on biodiversity loss over and above climate change and pollution. We develop policies related to material physical and transition risks, and the social consequences of biodiversity and ecosystem-related impacts.

We have not adopted policies relating to impacts on the extent and condition of ecosystems for raw materials other than wood. We have also not adopted a biodiversity and ecosystem protection policy covering operational sites owned, leased or managed in or near a biodiversity sensitive area.

Inter IKEA Group policy on environmental and social responsibility

This policy summarises the biodiversity agenda which includes three focus areas:

- Reducing our contribution to biodiversity loss.
- Building resilient ecosystems essential to both nature and our business.
- Supporting societal action by engaging with relevant partners to scale awareness and action on biodiversity.

Inter IKEA Group sites are required to assess and identify negative impacts on biodiversity, with assessments resulting in an action plan when relevant. The assessment should be grounded in an understanding of the local context of the site, or where the negative impact occurs due to our business operations. These assessments will be done according to an internal working method, which is currently under development.

Additionally, the policy covers deforestation, which includes expectations connected to land use and raw materials including:

- Compliance with the European Union Deforestation-free Regulation for all in-scope commodities.
- The identification and elimination of all other raw material sources that may potentially be linked to deforestation and the conversion of natural ecosystems across our global supply chain.

Supplier code of conduct

On top of the requirements of the Inter IKEA Group policy on environmental and social responsibility, our suppliers are required to prevent severe environmental pollution and report any instances immediately to us. Business activities must avoid high conservation value areas unless these areas are certified according to a system recognised by us. Before utilising forest materials, suppliers should identify high-risk sources and provide evidence of risk mitigation in line with our specifications. Additionally, sourcing practices must exclude virgin and pre-consumer recycled forest materials from regions involved in social conflicts, intact high-value forests, deforested areas, locations with genetically modified species or sources under sanctions. To ensure traceability and compliance, suppliers must also document the species and harvest locations of forest materials according to

our established guidelines. Additional requirements for agriculture related to biodiversity and ecosystems are under development.

In addition to the supplier code of conduct, we require our suppliers to – where justified – comply with various commodity-specific certification schemes.

ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS (E4-3)

We take actions that contribute to our strategic objective of reducing negative pressures and impacts on nature across our business and value chain.

In the figure below are our medium-term actions with a timeframe of now until 2030 to manage our impacts and risks linked to raw material sourcing, deforestation, traceability, unsustainable agriculture practices and the disruption of key ecosystem services. We currently do not have targets in place related to biodiversity and ecosystems. To see how we track effectiveness, see Targets related to biodiversity and ecosystems (E4-4).

TARGETS RELATED TO BIODIVERSITY AND ECOSYSTEMS (E4-4)

Currently, we do not have biodiversity and ecosystems-specific targets in place. However, we are continuing our work to further assess dependencies and our material impacts and risks to identify relevant indicators and metrics, establish baselines and set targets for biodiversity across our upstream value chain, based on global methodologies.

Compliance with our supplier code of conduct requirements, internal requirements and certification schemes such as Forest Stewardship Council (FSC), Better Cotton and the Roundtable on Sustainable Palm Oil is

verified through internal audits, third-party audits and certification-based assessments.

Key action and outcome	Scope	FY25 examples and progress
Improve our ability of tracing raw materials to the source, to identify potential negative impacts on ecosystems.	Upstream value chain	Developed additional supplier code of conduct requirements for forestry and agriculture related to traceability. Process for supplier engagement and implementation to be established in FY26.
Address connections between IKEA products and primary deforestation-linked commodities, to secure no forest degradation, deforestation and conversion of natural ecosystems.	Upstream value chain	Continued to implement forensic methods to verify sources of wood.
Strengthen methods for responsible management of forest and agricultural commodities, to mitigate negative impacts on ecosystems and ecosystem services.	Upstream value chain	Initiated a climate- and biodiversity-smart forestry project that will explore, test and scale improved forestry practices, strengthening climate resilience and minimising negative impacts on biodiversity. Commenced a three-year regenerative coffee pilot project in Brazil, partnering with local farmers across 1,000 hectares in the Cerrado region to test techniques focused on reducing water consumption and improving soil health, and evaluate different regenerative agriculture metrics.
Identify and define nature-based solutions for mitigating environmental challenges to reduce risk of biobased material shortages and price increases.	Upstream value chain	See climate- and biodiversity-smart forestry project example above.
Further assess dependencies and our material impacts and risks to establish baselines and set targets for biodiversity across our upstream value chain, based on global methodologies.	Upstream value chain	Assessed parts of the value chain according to steps 1 and 2 of the Science Based Targets Network (SBTN) methodology.

ENTITY-SPECIFIC METRICS ON BIODIVERSITY AND ECOSYSTEMS

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Methodologies and assumptions

Percentage of wood and paper either FSC or recycled
The materials included in the scope of this metric are:

- Cubical meter roundwood equivalent wood and paper purchased by us and our first-tier suppliers for manufacturing of IKEA products, including wood and paper in semi-finished products, components and by-products used in manufacturing.

The following materials are currently excluded from the scope of this metric:

- Bamboo, rattan and cork used in IKEA products.
- Packaging materials used for IKEA products and in our own operations.
- Wood and paper in retail equipment and products used in own operations.
- Fuel wood used in our own operations or upstream value chain.
- Wood materials of particle boards manufactured by IKEA Industry sites for non-IKEA products.

Recycled wood and paper can originate from pre- and post-consumer recycled materials streams, including secondary wood processing operations and reprocessed wastepaper. Virgin manufacturing by-products and discarded waste materials are not considered to be recycled.

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Percentage of wood and paper either FSC or recycled

	FY25
% of wood and paper either FSC or recycled	96.5%

Our suppliers are required to have an FSC certificate and source materials that are either FSC certified or recycled. In exceptional circumstances, we accept a supplier that does not have an FSC certificate resulting in 3.5% of wood and paper not being FSC certified or recycled.

We only consider FSC-certified materials as sufficiently contributing to the reduction of negative biodiversity and ecosystems impacts.

The total volume of wood and paper used for manufacturing of IKEA products was 14.7 million cubical meter roundwood equivalent, split in 81% virgin fibres and 19% recycled fibres.

Virgin fibres originate from the following countries:

Slovakia 3% · Vietnam 3% · Latvia 3% · Czech Republic 3% · Finland 2% · France 2% · New Zealand 1% · Romania 3% · Germany 6% · Sweden 8% · China 11% · Lithuania 12% · Poland 29% · Other countries 13%
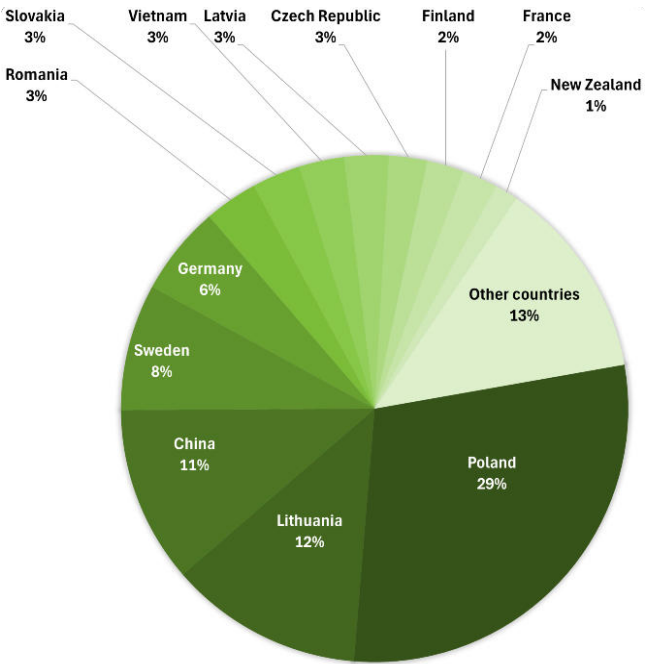
Resource use and circular economy (ESRS E5)

INTRODUCTION

Transitioning towards a circular business is a fundamental, system-wide shift that affects every aspect of our business. This includes the products and services we develop and offer, the materials we source, and how we enable our consumers and end-users to prolong the life of our products and materials. This means designing our products according to our Circular Design Principles, striving to move away from the use of virgin non-renewable materials, developing products and services that enable consumers' and end-users' participation in the circular economy, and reducing waste in our downstream value chain.

Material sustainability topics
The material sustainability topics are listed in the figure below and explained in the following paragraphs.

Approximately 25% of the weight of raw materials used for our products is currently virgin, non-renewable. The extraction of these materials can cause damage to the environment and depletion of resources that cannot be regenerated.

Waste associated with product disposal negatively impacts the environment, worsened by the large volume of products sold and the number of markets operated in. While accurate data on waste generation in our downstream value chain is limited, it is likely that a significant share of sold furniture ends up in landfills or is incinerated, based on European and American furniture waste statistics.

Packaging is generated across our value chain, with a part of this packaging consisting of plastic. Although we have limited data on downstream waste, we expect that plastic packaging waste will often end up in landfills, or as litter when mismanaged.

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY (E5-1)

Relating to resource use and circular economy, we have the following policies in place:

Material sustainability topic	Policy
Resource inflows	Inter IKEA Group policy on environmental and social responsibility
Waste	

General
For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 23-25.

We have policies in place which anchor our actions across the value chain to decrease the negative impact of sourcing non-renewable raw materials and the waste generated from the high volume of our products sold.

We do not have a policy addressing packaging design and waste. However, through our Packaging Direction we anchor the movements towards reducing plastic waste. For further information, see Actions and resources related to resource use and circular economy (E5-2) on page 42.

Inter IKEA Group policy on environmental and social responsibility
This policy ensures that IKEA products are designed and developed in accordance with our Circular Design Principles, increasing the use of recycled and renewable materials and enabling products and materials to be kept in circulation through processes such as reusing, repairing, refurbishing and recycling.

Material sustainability topic	Category	IRO	Where in value chain
Resource inflows	Negative impact	Sourcing of non-renewable raw materials can cause resource depletion	Upstream
Waste	Negative impact	High volume of products sold leads to waste at end of life	Downstream
	Negative impact	High volume of products that are packaged contributes to plastic packaging waste	Downstream

ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY (E5-2)

We take actions that contribute to our strategic objective to transition towards a circular business by prolonging the lifespan of IKEA products and materials through applying Circular Design Principles and offering products and services that aim to make it possible to reuse, repair, refurbish and recycle.

Below are our medium-term actions to manage our impacts related to the sourcing of non-renewable raw materials and our high volume of products leading to waste. All actions have a timeframe of now until 2030, except for replacing single-use plastic packaging materials which has a timeframe of now until 2028. To see what targets our actions related to resource use and circular economy contribute to, see Targets related to resource use and circular economy (E5-3) on page 43.

Key action and outcome	Scope of impact	FY25 examples and progress
Accelerate innovation and development activities for recycled and renewable materials, to support the transition away from virgin non-renewable raw materials.	Upstream value chain	Launched the DVÄRGSTUBB glass set, made with at least 50% recycled glass. FRAKTA bag now made with more than 90% recycled material, where at least 70% comes from packaging waste from the food and plastic industrial sources.
Develop new products and improve existing ones according to our Circular Design Principles, to ensure our products can be reused, repaired, refurbished and recycled.	Downstream value chain	Developed the VÅLFJÄLLET mattress with separable parts allowing for easy recycling.
Develop and implement roadmaps to ensure our products progress towards fulfilling applicable circular design criteria.	Downstream value chain	Started the development of a new circular roadmap tool to support our product development teams.
Replace single-use plastic packaging material in our consumer packaging, to reduce packaging waste.	Downstream value chain	Started the replacement of plastic packaging for fitting bags and duvets with paper-based packaging.

TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY (E5-3)

Relating to resource use and circular economy, we have set the following targets:

Material sustainability topic	Target
Resource inflows	By 2030, the share of recycled and renewable content across our IKEA home furnishing product range is at least 90%.
Waste	By 2030, the average circular fulfilment score across our IKEA home furnishing product range is at least 90%.

By 2030, the share of recycled and renewable content across our IKEA home furnishing product range is at least 90%

The target is based on our Material Directions, which are internal roadmaps that drive the material transformation and the development of strategically important materials. The purpose of the Material Directions is to reduce resource depletion and lower the environmental footprint by minimising the use of virgin, non-renewable materials. The Material Directions are updated annually.

The target is based on the share of recycled and renewable content – by weight – in materials used in IKEA home furnishing products as procured from suppliers, and materials procured by IKEA Industry. Home appliances are excluded from the target.

Although the target mitigates an impact in the upstream value chain, activities contributing to the realisation of the target take place in our own operations and upstream value chain.

We are not able to report on current progress. At the latest, this will be reported as from the year it is mandated by the ESRS.

The target is not legally mandated.

By 2030, the average circular fulfilment score across our IKEA home furnishing product range is at least 90%

The target aims to prolonging the lifespan of IKEA home furnishing products and materials used in these products by applying our Circular Design Principles, which set the preconditions for reducing waste. Our Circular Design Principles are used by IKEA home furnishing product development teams to ensure that these products are designed from the very beginning to be reused, repaired, refurbished and recycled.

The average circular fulfilment score indicates the progress the design of an IKEA home furnishing product has achieved towards fulfilling all criteria linked to its applicable Circular Design Principles. The average circular fulfilment score is weighted by quantities of IKEA home furnishing products sold in IKEA retail sales locations in the financial year. Home appliances are excluded from the target.

Although the target mitigates an impact in the downstream value chain, activities contributing to the realisation of the target take place in our own operations and upstream value chain.

We are not able to report on current progress. At the latest, this will be reported as from the year it is mandated by the ESRS.

The target is not legally mandated.

RESOURCE INFLOWS (E5-4)

We are not able to report on any resource inflows metrics. At the latest, these will be reported as from the year it is mandated by the ESRS.

RESOURCE OUTFLOWS – WASTE (E5-5)

Apart from the average circular fulfilment score, we have not yet identified another metric that provides material information on our negative impact from downstream waste.

EU Taxonomy

We have not yet finalised our impact assessment of the latest EU Taxonomy regulation, i.e., (EU) 2026/73 of 4 July 2025. Therefore, EU Taxonomy disclosures are omitted from this sustainability statement. At the latest, EU Taxonomy disclosures will be reported as from the year it is mandated by the ESRS.

Social disclosures
Own workforce (ESRS S1)

INTRODUCTION

We fully recognise that the success of our business relies on our talented team. Our own workforce includes all employees with an employment contract with Inter IKEA Group, self-employed contractors stemming from a one-person company and with physical and/or digital access to an Inter IKEA Group site, and temporary workers provided by an employment agency. Our own workforce includes those working primarily in our manufacturing sites, stores, warehouses and offices. We are dedicated to respecting human rights within our own workforce, in accordance with the UN Guiding Principles on Business and Human Rights, while continually striving to offer decent and meaningful work.

Material sustainability topics
The material sustainability topics are listed in the figure below and explained in the following paragraphs.

We strive to create an inclusive and safe workplace, supporting our own workforce's ongoing learning and development. Our continued efforts to enhance equality, diversity and inclusion positively impact our own workforce's wellbeing. Equal opportunities, inclusive practices, and accessible facilities are crucial factors in ensuring job satisfaction. Accessible training and upskilling opportunities offered to our employees further boost work motivation and wellbeing by enhancing employment security and employability.

With a large share of our own workforce working in owned manufacturing sites and warehouses, we acknowledge the potential negative impacts of these high-risk environments. The nature of the work, which involves machinery, chemicals, on-site traffic and challenging physical conditions, necessitates rigorous and stringent standards, protocols and safety measures being actively monitored. Despite these precautions, injuries and fatalities can occur if safety measures are not properly implemented or not adhered to.

POLICIES RELATED TO OWN WORKFORCE (S1-1)

Relating to own workforce, we have the following policies in place:

Material sustainability topic	Policy
Diversity and equal treatment	Inter IKEA Group policy on recruitment and onboarding
	Inter IKEA Group policy on wellbeing and a healthy work environment
Health and safety	Inter IKEA Group policy on safety and security
Training and skills development	*Currently not addressed in policies*

General
For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 23-25.

We have various policies addressing the material impacts related to our own workforce, such as the Inter IKEA Group policy on recruitment and onboarding, the Inter IKEA Group policy on wellbeing and a healthy work environment as well as the Inter IKEA Group policy on safety and security. They are all developed to consider the interests of our own workforce, and they cover key areas such as equality, diversity, inclusion, non-discrimination, prohibition of violence and harassment, and health and safety.

The Inter IKEA Group Code of Conduct also includes requirements with respect to own workforce. However,

Material sustainability topic	Category	IRO	Where in value chain
Diversity and equal treatment	Positive impact	Improved work environment and equal opportunities for all through actions focusing on equality, diversity and inclusion	Own operations
Training and skills development	Positive impact	Improved employability, career development opportunities and job satisfaction due to accessible training and upskilling opportunities	Own operations
Health and safety	Negative impact	Physical health and safety risks due to high-risk working environments	Own operations

our other policies more thoroughly address our related material impacts.

During policy reviews and updates, input is sought from local unions and our European Works Council, ensuring that the voices and interests of our employees are considered.

Inter IKEA Group policy on human rights

We are committed to respecting human rights and we have a zero-tolerance policy against violations of fundamental human rights, as stipulated in our Inter IKEA Group policy on human rights and the Inter IKEA Group Code of Conduct. Our commitments articulated in those policies include, but are not limited to, freedom of association, access to a safe working environment, zero tolerance towards discrimination or any forms of forced and child labour. The Inter IKEA Group Code of Conduct and the Inter IKEA Group policy on employment standards explicitly prohibit forced and child labour. Human trafficking is currently not explicitly covered but we are actively reviewing relevant policies to ensure it is addressed in an appropriate manner. The Inter IKEA Group Code of Conduct guides our actions and expectations forming part of a mandatory code of conduct training.

Our policy on human rights and other policies are aligned with internationally recognised standards, including the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. By considering recommendations from various international instruments, we maintain a proactive stance in upholding human rights within our own operations, regardless of where we operate. Through a detailed human rights review of our workforce-related policies and practices, we identified how to continually integrate human rights and international standards into our own operations. We oversee compliance with these international standards by employing individuals tasked with overseeing human rights and labour standards.

Our policy on human rights emphasises our commitment to human rights due diligence, detailing the approach to identifying, mitigating and preventing risks, while also addressing grievance and remediation processes. Through our raise a concern platform, we have a process in place allowing our own workforce to escalate negative human rights impacts.

Diversity and equal treatment

Our commitment to diversity and equal treatment as well as our standpoints and approaches are integrated into several of our internal policies, especially the Inter IKEA Group policy on recruitment and onboarding and the Inter IKEA Group policy on wellbeing and a healthy work environment.

Inter IKEA Group policy on recruitment and onboarding

This policy addresses how we, in order to continue to grow responsibly, want to embrace all dimensions of diversity and attract, recruit, develop and retain talents that reflect the demographics of the societies where we operate. We have a zero tolerance towards discrimination. We commit to hiring and treating our own workforce in a fair manner that does not discriminate with regards to racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or any other dimension of a person's identity.

This policy is dedicated to actively including individuals from groups at particular risk of vulnerability. We achieve this through diverse channels and partnerships with agencies that share our values. We ensure our hiring teams and shortlists are diverse and accommodate for candidates with disabilities. By collaborating with local partners, we support marginalised groups, such as refugees, and create opportunities for young workers and interns.

Inter IKEA Group policy on wellbeing and a healthy work environment

Through this policy, we aim to create a work atmosphere where everyone feels valued and can be themselves. We commit to securing the wellbeing of all our own workforce and providing a healthy and safe work environment from a physical, organisational and social perspective. This policy also establishes our zero-tolerance stance on harassment within Inter IKEA Group.

Health and safety

Inter IKEA Group policy on safety and security

Through this policy, we ensure to safeguard our own workforce by creating an environment that supports and empowers everyone to consistently make safe and secure choices. This policy focuses on preventing workplace accidents and promoting a safe work atmosphere. It outlines our strategy for managing health and safety across all own operations, identifying ways to eliminate or reduce the risk of occupational injuries for our global workforce. This initiative is complemented by the Inter IKEA Group policy on wellbeing and a healthy work environment.

The policy ensures a consistently safe environment for our own workforce, requiring effective and continual safety and security programs to enhance awareness and understanding. Our commitment to risk prevention is essential for achieving a secure workplace and therefore, prevention of safety and security incidents will always guide our workplace. We perform comprehensive risk assessments, routines, reviews and incident reporting, and provide precautions, equipment and training to minimise safety and security risks. The policy also specifies measures to be implemented.

ENGAGEMENT WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES, EXISTENCE OF CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS OR NEEDS AND APPROACHES TO REMEDY (S1-2)

Engagement with own workforce and workers' representatives

Engaging with our own workforce is a crucial aspect of our people-related strategy. This engagement allows us to monitor their sentiment, identify and address issues as they arise, and gather insights on opportunities to enhance their satisfaction and wellbeing. Our global

People & Culture manager is ultimately responsible for ensuring consistency and alignment of our global engagement process with our values.

We engage with our own workforce through various channels, as indicated in the figure below.

Channel	Engagement
Annual employee MyView Baseline Survey and occasional topic surveys	These surveys collect feedback on a variety of topics, such as leadership, safety and security, workplace harassment as well as equality, diversity and inclusion. The results are shared within our business and with People & Culture management for review and analysis, enabling them to draw conclusions and insights to act upon.
European Works Council (EWC)	We host a two to three-day conference twice a year where employee representatives are consulted and informed about upcoming business developments and people topics. In addition to these conferences, we maintain the flexibility to connect at least bimonthly with the select committee, an elected body that represents the EWC in these meetings to be informed or consulted on topics between the conferences. Our approach to the EWC is guided by a agreement that aligns with EU directives.
Local unions	We involve local employee representatives in discussions about specific topics. We engage directly when needed, such as when new or revised policies might affect our employees.
Regular development talks (Me-talks) throughout the year	These talks foster open communication, allowing for personalised feedback, and enabling our employees to express their aspirations and concerns.
Workplace assessments	Engaging in workplace assessments enables us to involve our own workforce in evaluating and improving their work environment. By seeking input and addressing concerns, these assessments demonstrate our commitment to our own workforce wellbeing and foster a participative culture where everyone contributes to a safe and positive workplace.
Functional meetings	These meetings focus on sharing information with our own workforce and listening to their input.
Raise a concern	Our raise a concern platform empowers our own workforce to voice their issues or grievances confidentially, ensuring that we address their concerns promptly and maintain an open and transparent work environment.
Exit interviews	Exit interviews are included in our offboarding process for employees who leave Inter IKEA Group. We aim to offer these interviews to every departing employee, though participation is optional. This allows us to gather valuable feedback from departing employees, helping us understand their experiences and identify areas for improvement to enhance workplace satisfaction and engagement.
Site visits	Management visits various sites, providing our own workforce the opportunity to engage directly and participate in dialogue.

Channels for own workforce to raise concerns or needs

We believe that raising concerns, regardless of size, is crucial for maintaining safe and successful workplaces. It enables problem-solving, support for our own workforce and learning from mistakes. We have a well-established raise a concern platform, available in 30 languages, accessible internally and externally. This platform outlines who can report, what topics are covered, how to report and what happens afterwards, focusing on breaches of the Inter IKEA Group Code of Conduct, or applicable laws or regulations.

Our own workforce has the following ways to raise concerns:

- Speak up in person: We encourage open dialogue, allowing concerns to be raised directly with those involved, managers, or colleagues in Legal & Governance, People & Culture, or Ethics & Integrity functions. Local ethics representatives are available in the European Economic Area countries.
- Use the raise a concern platform: For situations where speaking in person is difficult, the platform offers online forms or direct phone lines for reporting concerns anonymously or with a name.

Concerns are processed responsibly and respectfully. Ethics concerns arising from interactions with managers or internal audits are shared with the Ethics & Integrity function for handling.

The raise a concern platform and the Inter IKEA Group Code of Conduct communicate the steps followed once a concern is raised, being triaging the issue, followed by an inquiry to determine if the concern has merit and requires further investigation. Concerns are assessed based on potential impacts – people, financial, legal and brand – across three levels, being low, medium or high. Ethics & Integrity representatives review concerns, while selected managers decide on remedies. The process is confidential, involving people only on a need-to-know basis. For high-risk cases, our Ethics Committee oversees and recommends actions. Investigations focus on identifying root causes and implementing controls or process improvements to prevent recurrence. We gain significant insights from these investigations, and we monitor and document this knowledge to enhance the effectiveness of our methods.

Dedicated Ethics & Integrity representatives are responsible for the raise a concern platform, which includes a dashboard for monitoring cases across 12 indicators, revealing trends and specifics. The Ethics & Integrity function reports twice a year to our Ethics Committee, which oversees the high-risk cases, and reports are shared with the Audit Committee and external auditor. Every two to three years, the procedure and methods are reassessed and updated. Communication campaigns are periodically rolled out, with a new one planned for FY26 alongside the Inter IKEA Group Code of Conduct update, to enhance awareness of the raise a concern platform. A survey measuring trust in the system will be conducted about one year after this relaunch.

The raise a concern platform explicitly prohibits retaliation, reiterating this in confirmation messages on the raise a concern platform, encouraging reporters to contact the Ethics & Integrity function if they experience any retaliation.

Approaches to remedy

Health and safety are crucial for everyone in our own workforce but are especially vital for more than 10,000 employees and non-employees in higher-risk roles on our manufacturing sites, where machinery, chemicals, site traffic and demanding physical conditions pose significant challenges. To manage these risks, we have implemented rigorous standards and preventive measures. We undertake a root cause analysis for all incidents of note. The findings of the root cause analysis are used to ensure that any negative effects of an incident or accident are not repeated and the root cause is removed. Further, we share lessons across our business to remove the likelihood of that incident or accident happening elsewhere. In case of any accident that occurs, we follow national legislation in handling, resolving and rehabilitating.

ACTIONS AND RESOURCES RELATED TO OWN WORKFORCE (S1-3)

Relating to our own workforce, we have taken the key actions mentioned below. No targets are in place with respect to these key actions.

Material sustainability topic	Key action	Scope
Diversity and equal treatment	Inclusion Survey	Employees
	Let's talk Inclusion series	Employees
	Succession planning	Employees
Training and skills development	Streamlined methods for documenting performance and career development review	Employees
	MyLearning access for all employees at IKEA Industry	Employees of IKEA Industry
Health and safety	Development of health and safety standards	Own workforce
	Development of a global incident reporting tool	Own workforce

Diversity and equal treatment

Inclusion survey

The Inclusion Survey was created and shared to all employees within Inter IKEA Group. The intent of this initiative was to gather comprehensive data to better understand the employees' perceptions of inclusion and fairness in their workplace. By analysing responses, the survey helps to identify possible trends related to different identity groups, highlighting areas of success as well as those requiring improvement. This information serves as a foundation for informed decision making about priority areas and updates to policies and investments aligned with our equality, diversity and inclusion plans. Though the survey has already been completed, plans are in place to conduct it again in FY27 to ensure consistent progress tracking. Results from the survey are reviewed and utilised at all applicable business levels to ensure continued enhancement of workplace inclusion.

Let's talk Inclusion series

We initiated a live-streamed event, engaging over 4,000 employees in a panel discussion on various inclusion topics led by our employees. This event invited reflection, connection and dialogue, and was accessible to all employees in Inter IKEA Group. The aim is to engage more employees in discussions about inclusion, fostering the understanding that inclusion is an integral part of all our activities and nurturing our culture. We intend to host four live-streamed events in FY26. To evaluate the effectiveness of this action, we monitor the participation rates and collect feedback for continuous improvement.

Succession planning

To ensure long-term business continuity, we are developing a robust succession process that supports us in having the right people with the right capabilities in key roles. Our objective is to cultivate a diverse and strong successor pipeline that aligns with our business goals.

Throughout FY25, we have been systematically working with succession planning to reinforce our approach for key roles. We conducted two meetings with the Management Team to anchor our ways of working and calibrate the successor pipeline. We identified 73 key roles across all core businesses and mapped out the successor pipeline. Notably, the gender balance within the successor pipeline stands at 47% male and 53% female, with the aspiration to achieve a balanced ratio of 50/50 and have two successors per key role. As a permanent aspect of our talent management capability, it ties into the "Competence for growth" focus area of our people-related strategy for 2030. We track our progress through calibration meetings held throughout the year and develop enablers like talent review and talent approach initiatives to structure our succession planning efforts.

Training and skills development

Streamlined methods for documenting performance and career development review
We apply a streamlined method for documenting our annual performance and career development review using our global People & Culture management platform. This action was initiated in prior years and aims to ensure that this review is captured in a consistent way across Inter IKEA Group. In FY25, we introduced this method for the employees of the Delft store in the Netherlands. We also initiated the introduction for employees in Germany, which will be completed in FY26. Progress will be tracked via key initiatives specific to the German implementation process. Upon completion, outcomes will be used to evaluate the system's effectiveness and efficiency in documenting the annual performance and career development review.

This action involved approximately 925 employees at the Delft store and 275 in Germany. Only IKEA Baltics retains its own performance and career development method following its acquisition in FY25.

The criteria to be entitled for the performance and career development review have been broadened to include more employee groups, resulting in increased participation.

MyLearning access for all employees at IKEA Industry
This action has the goal to provide all IKEA Industry employees with access to MyLearning by FY28. MyLearning is our global platform covering compliance training, mandatory training and skills development training. Activities associated with this action include training local administrators and superusers to facilitate effective use and management of the platform. Progress

and tracking of this action will be led by IKEA Industry to ensure timely completion and alignment with overall learning goals.

Health and safety

Development of health and safety standards
In FY25, we introduced detailed standards defining our safety and security requirements, processes and systematic approach. These standards capture best practices implemented throughout our business, aiming for a unified approach to safety and security. They provide clear guidance and instructions on achieving the objectives outlined in the Inter IKEA Group policy on safety and security. These standards are designed to be ongoing and do not have a specific timeframe. We continually assess our effectiveness with our safety and security standards through our safety and security reviews which are regularly undertaken on a site level. Further to this, data provided by our incident reporting tool will be used to evaluate the implementation and gaps in the standards.

Development of a global incident reporting tool
With the introduction of our new global incident reporting tool in FY25, we are now able to track incidents comprehensively for the first time. The tool was launched across our business, except for IKEA Baltics and IKEA Industry, which already have their own tools in place. Prior to the tool's release, we standardised reporting types, incident categories and severity levels, and provided training to those responsible for handling the reports. This tool enhances our understanding of the risks we face and allows us to refine our safety and security programmes more effectively. Although incident reporting is currently active, we will continue to foster a reporting culture in the upcoming years. As we accumulate data, we will analyse

trends and compare different sites. A comprehensive dataset will help us evaluate the effectiveness of our safety measures and develop key risk and performance indicators as necessary. Efforts are underway to integrate IKEA Baltics into our incident reporting tool.

TARGETS RELATED TO OWN WORKFORCE (S1-4)

Relating to our own workforce, we have set the following targets:

Material sustainability topic	Target
Diversity and equal treatment	By 2030, female and male representation in Supervisory Board and Management Board is at least 40%.
	By 2030, have equal representation of male and female in Management Team.

We have a large representation of women in our manager and other employee base, as we want to be an equal, diverse and inclusive business. Specifically, in response to Dutch legislation in respect of gender diversity in corporate boards, we have set a target of at least 40% male and female in the Management Board and the Supervisory Board by the end of 2030. In addition, we have set a target on members of our Management Team. The target is to have equal representation of male and female for this body by the end of 2030.

CHARACTERISTICS OF OUR EMPLOYEES (S1-5)

Methodologies and assumptions
Unless otherwise stated, all figures are reported in headcount at 31 August. Headcount data is based on our global People & Culture management platform and the local People & Culture management platforms of the acquired retail operations of IKEA Baltics. The split by country and region is based on the primary working location of the employee.

Headcount by gender is based on the gender indicated by employees in the platforms mentioned above, being male, female or transgender, unless local legislation would forbid that possibility. For this metric, transgenders are reported as "other". Employees who did not select a gender or did not want to disclose their gender are reported as "not reported".

The numerator of the employee turnover calculation includes all employees who left Inter IKEA Group during the year, voluntarily or non-voluntarily. The denominator of the employee turnover calculation is based on the average of the headcount at the start and end of the financial year.

We did not apply estimates in the reporting of the characteristics of our employees.

Headcount by gender

	FY25	FY24
Male	15,166	13,913
Female	12,575	11,024
Other	–	–
Not reported	21	26
Total headcount at 31 August	27,762	24,963

Currently, no employees disclosed their gender as "other".

Headcount by country and region

	FY25	FY24
Poland	9,215	8,769
Sweden	5,951	5,518
Slovakia	2,240	2,134
Portugal	1,841	1,834
The Netherlands	1,537	1,437
Lithuania	1,393	671
Hungary	667	605
Estonia	483	–
Latvia	480	–
Switzerland	478	448
Germany	273	273
Italy	166	180
Czech Republic	150	156
Romania	84	88
Türkiye	76	75
Europe	25,034	22,188
China	2,081	2,127
Rest of Asia	402	392
Asia	2,483	2,519
Americas	245	256
Total headcount at 31 August	27,762	24,963

Inter IKEA Group acquired the IKEA retail operations in Estonia, Latvia and Lithuania in FY25, which explains the increase in headcount in these countries. See also Description of our business model and value chain on page 9.

Headcount by contract type

	Male	Female	Not reported	Total FY25	Male	Female	Not reported	Total FY24
Permanent employees	14,019	11,469	17	25,505	13,080	10,156	24	23,260
Temporary employees	1,147	1,106	4	2,257	833	868	2	1,703
Total headcount at 31 August	15,166	12,575	21	27,762	13,913	11,024	26	24,963
Of which:								
Non-guaranteed employees	5	1	7	13	5	2	12	19
Full-time employees	14,494	11,539	11	26,044	13,397	10,317	13	23,727
Part-time employees	667	1,035	3	1,705	511	705	1	1,217

A large share of our employees is engaged in manufacturing operations. This part of the business is characterised by significant seasonality and volatility, which requires the use of temporary contracts to address higher short-term work demands. According to the Inter IKEA Group policy on employment standards, temporary contracts should be issued only for work that is temporary in nature, such as projects, temporary high-work demand or coverage for long-term leave.

We also strive to offer employment solutions that meet business needs and the individual life situations of our employees. This is why we aim to facilitate flexible work arrangements by offering part-time job opportunities, to foster a diverse and inclusive work environment. Particularly, employees of the Netherlands make use of this.

Employee turnover

	FY25	FY24
% of total employee turnover	11.0%	11.3%

CHARACTERISTICS OF NON-EMPLOYEES IN OUR OWN WORKFORCE (S1-6)

We are not able to report on this metric. At the latest, this will be reported as from the year it is mandated by the ESRS.

DIVERSITY METRICS (S1-8)

Methodologies and assumptions

Unless otherwise stated, all figures are reported in headcount at 31 August. For further information on the composition of the Supervisory Board, Management Board and Management Team, see Composition and diversity on page 4.

The gender ratio for managers and for other employees is based on our global People & Culture management platform and the local People & Culture management platforms of the acquired retail operations of IKEA Baltics. Managers are defined as employees having one or more direct reports, excluding the members of the Management Team.

Gender distribution of management

At 31 August	FY25	% of total	FY24	% of total
Supervisory Board *	7		6	
Female	2	29%	2	33%
Male	5	71%	4	67%
Management Board	2		3	
Female	0	0%	0	0%
Male	2	100%	3	100%
Management Team	9		10	
Female	6	67%	5	50%
Male	3	33%	5	50%

* Supervisory Board members are not employees of Inter IKEA Group.

Gender ratio, % female

At 31 August	FY25	FY24
Total headcount	45.3%	44.2%
Of which:		
Managers	39.0%	37.3%
Other employees	46.0%	45.0%

The movement in female employees and managers since FY24 is largely due to the acquisition of Retail Baltics, which has more female than male employees and managers.

We are committed to achieve a gender balance for managers. Our focus is on IKEA Industry that has a lower proportion of female managers. When excluding IKEA Industry, the percentage of female managers is 47.8% (FY24: 46.2%).

PERSONS WITH DISABILITIES (S1-11)

We are not able to report on this metric. At the latest, this will be reported as from the year it is mandated by the ESRS.

TRAINING AND SKILLS DEVELOPMENT METRICS (S1-12)

Methodologies and assumptions

Employees participate in our annual performance and career development review cycle. The numerator of the metric equals to the employees at 31 August with their annual review cycle completed within the financial year. The denominator is equal to the total headcount at 31 August as disclosed at Characteristics of our employees (S1-5) on page 51.

Performance and career development reviews

	FY25	FY24
Agreed number of performance and career development reviews per employee	1	1
% of employees that participated in performance and career development reviews	86.4%	86.2%

The participation rate in the performance evaluation is not 100%, mainly because of employees that either left Inter IKEA Group before or joined after the performance development review process. In addition, some employees are not eligible due to various contractual and situational factors, such as limited hours from on-demand roles, short-term positions like summer jobs, internships, apprenticeships, long-term leave, or transitioning out of employment or into retirement.

Training hours

We are not able to report on this metric. At the latest, this will be reported as from the year it is mandated by the ESRS.

HEALTH AND SAFETY METRICS (S1-13)

We are not able to report on below data points:

- Cases of work-related ill-health, including fatalities.
- Number of days lost to work-related injuries, accidents and ill-health.

At the latest, these will be reported as from the year it is mandated by the ESRS.

Methodologies and assumptions
Everyone in our own workforce is covered by the policies in our Policy House. The policies that address health, safety and security are jointly seen as our health and safety management system. For further information, see Policies related to own workforce (S1-1) on page 45-47.

At IKEA Industry, health and safety incidents are registered in its safety and security platform. All employees can register an incident in this platform. Non-employees and other workers do not have access to the platform, but can register an incident through an employee. Local safety and security departments review registered incidents and classify these as accident in case of death, injury, loss of consciousness or medical treatment beyond first aid. Travel of employees is work related, except for commuting arranged by employees themselves.

An accident is counted multiple times if more than one person was affected.

The rate of work-related employee accidents equals to the number of accidents divided by total hours worked by employees multiplied by 1,000,000, indicative for the number of accidents per 500 FTE.

Covered by health and safety management system

	FY25	FY24
% of own workforce covered by our health and safety management system	100%	100%

Fatalities – IKEA Industry

	FY25	FY24
Number of fatalities from work-related injuries – IKEA Industry	1	–
Of which:		
Own workforce	–	–
Other workers working on IKEA Industry's sites	1	–

The scope of this metric is only IKEA Industry, which represents the majority of our employees. We are not able to report on fatalities from work-related injuries in our other core businesses. At the latest, these will be reported as from the year it is mandated by the ESRS.

In FY25, a value chain worker lost his life as a result of an accident while performing work activities on our site. Each accident and fatality is a source of grief for the people concerned as well as their families, friends and colleagues. Each incident is a renewed call for us to keep improving and ensuring a safe and healthy work environment.

Work-related accidents – IKEA Industry

	FY25	FY24
Number of work-related employee accidents – IKEA Industry	132	114
Rate of work-related employee accidents – IKEA Industry	4.3	3.9

The scope of this metrics is only IKEA Industry, which represents the majority of our employees. We are not able to report on work-related accidents in our other core business. At the latest, these will be reported as from the year it is mandated by the ESRS.

REMUNERATION METRICS (S1-15)

Methodologies and assumptions
The unadjusted gender pay gap is the difference between the average pay levels of female and male employees, expressed as a percentage of the average pay level of male employees. Employees that did not report their gender are excluded.

The adjusted gender pay gap corrects for the effects of country of employment and job grade, by using a weighted-average calculation. In this calculation, the pay gap and number of employees in each country-job grade combination are considered.

The annual total remuneration ratio equals to the remuneration of the highest-paid individual divided by the median remuneration for all employees, excluding the highest-paid individual.

The remuneration metrics are based on the employees and their pay levels at 31 August.

Currently, the calculation of the remuneration metrics is limited to the following elements:

- Base wages and salaries.
- If applicable, additional wages and salaries such as holiday payments and 13 months.
- If applicable, guaranteed allowances such as meal allowances and housing allowances.
- If applicable, bonuses and other short-term incentives.

Gender pay gap

	FY25
Unadjusted pay gap between female and male employees	-1.2%
Adjusted pay gap between female and male employees	2.4%

The unadjusted gender pay gap shows that female employees earn 1.2% more than male employees based on a pay comparison without considering countries of employment, job grades levels or workforce composition.

As we have diverse business operations across many countries, the unadjusted gender pay gap does not fully reflect the difference in pay between female and male. Particularly the predominance of male employees in manufacturing roles in IKEA Industry – earning less than the average pay – has a significant influence on the unadjusted gender pay gap.

We set pay according to country of employment and job grade. Therefore, including these factors in our pay gap analysis is essential to gain accurate insights. The adjusted gender pay gap shows that female employees earn 2.4% less than male employees.

Annual total remuneration ratio

	FY25
Annual total remuneration ratio highest-paid individual to median	71.5

Our median remuneration typically represents the pay of manufacturing workers in Poland, who constitute around a third of our total headcount.

INCIDENTS OF DISCRIMINATION AND OTHER HUMAN RIGHTS INCIDENTS (S1-16)

Methodologies and assumptions
The reported numbers of discrimination incidents and other human rights incidents are those raised in our raise a concern platform and that were (partly) substantiated after investigation by Ethics & Integrity representatives. Concerns that are directly raised to Ethics & Integrity, People & Culture, Legal, or Risk & Compliance representatives are reported in the platform as well. This also includes concerns raised to the National Contact Points for OECD Multinational Enterprises.

A fine or penalty is a payment to a third party, not being the individual(s) affected by the incident. A compensation for damages is a payment to the individual(s) affected by the incident and directly related to the incident. A settlement payment for the termination of an employee contract is not considered to be a compensation for damages.

Incidents of discrimination and other human rights incidents

	FY25
Number of substantiated incidents of discrimination, including harassment	10
Number of substantiated other human rights incidents	4
Amount of fines, penalties and compensation for damages as a result of substantiated incidents (in EUR)	–

Workers in the value chain (ESRS S2)

INTRODUCTION

It is essential that our upstream and downstream value chain partners respect human rights and children's rights, in line with the UN Guiding Principles on Business and Human Rights and the UNICEF Children's Rights and Business Principles.

We expect our value chain partners providing decent and meaningful work across our value chain, creating equal, diverse and inclusive work environments and opportunities. That is why we continually work to mitigate negative impacts and take action to strengthen the resilience of our value chain workers, with a focus on the most vulnerable and marginalised.

Material sustainability topics

The material sustainability topics are listed in the figure below and explained in the following paragraphs.

Material sustainability topic	Category	IRO	Where in value chain
Working conditions	Negative impact	Severe health impacts and loss of life from hazardous industry settings in the value chain	Upstream, downstream
	Negative impact	Forced labour concerns in the value chain	Upstream, downstream
Other work-related rights	Negative impact	Child labour concerns in the value chain	Upstream, downstream
	Financial risk	Supplier human rights violations damage our brand and operations	Upstream

Negative health and safety impacts in industrial settings occur in both our upstream and downstream value chain, in connection with known high-risk environments such as manufacturing, transportation and warehousing. Unsafe working conditions can lead to negative effects on people, including health issues and, in the worst case, permanent disability or loss of life. We have identified incidents relating to hazardous chemicals, road accidents and forklift incidents as examples of severe negative impacts on workers in our value chain.

While we work to improve our visibility of our value chain, we recognise that forced and child labour are likely to occur in certain high-risk geographies that our suppliers and franchisees operate in. No matter where we operate, we do not accept any form of child, forced or bonded labour anywhere in our value chain.

Human rights violations in our upstream value chain can cause material financial risks due to reputational damages and operational disruptions. Non-compliance with legislation can also result in legal, financial and reputational consequences for us.

POLICIES RELATED TO VALUE CHAIN WORKERS (S2-1)

Relating to value chain workers, we have the following policies in place:

Material sustainability topic	Policy
Working conditions	Inter IKEA Group policy on human rights
	Supplier code of conduct
	Franchisee code of conduct
Other work-related rights	Inter IKEA Group policy on human rights
	Supplier code of conduct
	Franchisee code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 23-25.

We are dedicated to respecting and promoting human rights across our value chain. The Inter IKEA Group policy on human rights anchors our actions to prevent, mitigate, address and remediate negative human rights impacts in our value chain. This includes negative impacts of hazardous industry environments upstream and downstream, and forced and bonded labour and child labour concerns downstream and upstream. Human trafficking is currently not explicitly covered but we are actively reviewing the relevant policies to ensure it is addressed in the most appropriate manner.

We are integrating the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises into our policies and ways of working.

Inter IKEA Group policy on human rights

This policy sets clear expectations and the roles and responsibilities needed to make our commitment to respect human rights a living reality. Commitments include:

- Respecting international human rights standards wherever we operate.
- Embedding respect for human rights of value chain workers and continually enhancing our sustainability due diligence systems and processes.
- Continually and proactively identifying how our business activities and decisions across the value chain may negatively impact human rights and take effective action to prevent and mitigate such impacts.
- Addressing our negative human rights impacts in a way that is effective and meaningful to affected rights holders.
- Being transparent about how we work with human rights and the actions we take.
- Being outspoken about our point of view and using our influence to reduce negative impacts and promote human rights.

Respecting human rights is a responsibility we take together with our suppliers and franchisees. Therefore, we continually work to integrate relevant human rights standards into the codes of conduct we have for our suppliers and franchisees.

This policy details the requirements for how we work with our supplier code of conduct in our supplier relationships.

Finally, this policy requires that our franchisee code of conduct reflects relevant requirements, at a minimum, international human rights standards and that it takes a vulnerable group perspective (e.g., children).

Supplier code of conduct

Our supplier code of conduct mandates that children are protected, fundamental labour and human rights are respected, and workers' health and safety are protected.

Franchisee code of conduct

Our franchisee code of conduct mandates that franchisees do not use, employ or support child labour, or forced, bonded, prison or involuntary labour. Franchisees are required to have effective routines in place to prevent and mitigate the risk of child labour and to ensure responsible recruitment of migrant workers. It also mandates that all franchisee buildings are designed and constructed in such a way that they provide a safe and healthy environment for value chain workers, consumers or anyone present at a franchisee building, and that routines are in place to maintain these environments.

ENGAGEMENT WITH VALUE CHAIN WORKERS, EXISTENCE OF CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS OR NEEDS AND APPROACHES TO REMEDY (S2-2)

Engagement with value chain workers

We have two main processes in place that support our engagement with workers throughout our value chain, being our supplier code of conduct and our franchisee code of conduct.

The Management Board has the overall responsibility for ensuring that engagement with value chain workers happens and that results have an impact on our approach.

Supplier code of conduct (IWAY)

Our process for engaging with our upstream value chain workers is primarily through IWAY verification activities, which most often occur at first-tier suppliers. A risk-based approach is taken to prioritise at which suppliers the verification activities are done. The goal of these verification activities is to confirm IWAY requirements are met, using a sampling method. The highest focus is put on requirements such as forced and bonded labour, child labour, minimum legal wage, reliable system for working hours, severe occupational health and safety hazards, and severe environmental pollution. It is also verified whether suppliers have a structured dialogue with workers and communicate IWAY further in our supply chain. IWAY verification activities are performed by our sustainability specialists and independent third-party auditors and take place announced or unannounced.

Interviews with workers are an integral part of each verification activity. Workers are confidentially

interviewed about their working and social conditions. Workers are also encouraged to share any concerns they might have in relation to their work at the supplier.

If non-conformity with any IWAY requirements is identified, suppliers are required to do a root cause analysis and implement corrective actions, given a maximum period of 90 days.

The results of verification activities are analysed to identify gaps and focus areas for future verifications and learning offers for suppliers.

Apart from verification activities, suppliers are offered training to increase their capability to identify any issues not only on their premises but also further in the supply chain, if applicable. We also offer training focused on responsible recruitment of migrant workers or how to verify IWAY compliance at sub-contractors on-site (e.g., cleaning services, catering providers and maintenance). In some regions, suppliers' networks are established. Suppliers meet to discuss various topics and issues such as how to increase workers' engagement or how to improve health and safety conditions.

Franchisee code of conduct (IConduct)

There is no direct engagement with downstream value chain workers. However, IConduct describes how we work with franchisees through self-assessments and subsequent feedback reviews to determine actions needed to be taken by the franchisee to live up to the requirements.

Franchisees are required to inform their workers of the rights to join, or not to join, or form an association of their choice, to seek representation and bargain collectively

without fear of reprisal, interference, intimidation or harassment.

Even though there is no direct engagement with workers working at franchisees, engagement activities occur in a systematic and regular way with the designated responsible person within the franchisee's People & Culture team. There is also regular and systematic engagement with the International Organisation of Migration on the topic of responsible recruitment of migrant workers, with specific focus on geographies with higher risk. No engagement occurs with franchisees workers legitimate representatives.

Channels for value chain workers to raise concerns or needs

In both our supplier and franchisee codes of conduct, we require that a grievance mechanism is provided to employees.

We also provide our raise a concern platform to report observed or experienced breaches of the Inter IKEA Group Code of Conduct or laws or regulations. This platform is available online and is accompanied by guidance materials. Anyone who experiences or observes misconduct by our own workforce in a work-related context can use this platform. The raise a concern platform is available to all workers throughout our value chain.

Additionally, we are piloting the use of our raise a concern platform with workers of our suppliers to raise concerns when their employer is not complying with the supplier code of conduct. Pilots are running in Vietnam, the United States and the Netherlands together with selected suppliers, where we will be sharing information to create

awareness amongst workers on (breaches of) our supplier code of conduct and speaking up.

We strive to engage value chain workers and provide the opportunity for people to bring serious non-compliance issues with the Inter IKEA Group Code of Conduct, our supplier code of conduct, our franchisee code of conduct, and applicable laws and regulations to our attention.

Approaches to remedy

The approach to remedy concerns raised can vary by case and situation. This is dependent on many factors including the nature of the concern and anonymity. In some cases, external advisors assist in an investigation. We inform the person who raised the concern about the progress and status of the case during the remediation, until the closing of the case.

ACTIONS AND RESOURCES RELATED TO VALUE CHAIN WORKERS (S2-3)

We take actions that support our strategic objective to contribute to a fair and equal society through respecting and promoting human rights, improving decent and meaningful work, and striving towards diversity and inclusion in our value chain.

Below are our medium-term actions with a timeframe of now until 2030 to manage material impacts and risks related to severe health impacts and loss of life from hazardous industry settings, forced labour and child labour concerns in our value chain and supplier human rights violations. We currently do not have targets in place related to workers in the value chain. To see how we track effectiveness, see Targets related to workers in the value chain (S2-4) on page 61.

Key action and outcome	Scope	FY25 examples and progress
Further develop and implement due diligence processes across our value chain to further assess human rights risks and act on identified issues.	Upstream and downstream value chain	Developed and piloted Inter IKEA Human Rights Impact Assessment methodology in three different sourcing countries regarding different sectors and materials. Updated the franchisee code of conduct with increased attention to child safeguarding, children's rights and responsible recruitment of migrant workers.
Further develop our grievance mechanism to address observed or experienced misconduct in our value chain with particular attention to severe health impacts, forced labour and child labour.	Upstream and downstream value chain	Further strengthened our procedure for receiving and responding to issues within our value chain, by raising awareness of our grievance mechanism in our upstream value chain.
Support and secure safe and healthy working conditions for everyone in our value chain.	Upstream and downstream value chain	Developed training packages for suppliers and franchisees, prepared together with external strategic partners with a focus on high-risk geographies. Continued competence building for suppliers and franchisees. Ongoing evaluation of compliance with the supplier and franchisee codes of conduct, resulting in identification of needed actions.
Offer safe and meaningful opportunities for young workers, to prevent child labour in our value chain.	Upstream and downstream value chain	Continued projects in Southeast Asia to create decent work opportunities for local young workers.

TARGETS RELATED VALUE CHAIN WORKERS (S2-4)

Currently, we do not have targets in place related to workers in the value chain. However, we continue to assess dependencies and our material impacts and risk to establish baselines and set targets.

Assessing the effectiveness of policies and actions for workers in the value chain in relation to our material impacts, risks and opportunities are carried out through verification activities of our franchisee code of conduct and our supplier code of conduct.

We require our franchisees to complete a self-assessment verifying compliance with our franchisee code of conduct. These assessments are performed regularly, with the frequency being determined by a risk-based approach. This information is reviewed by us to assess compliance across franchisees and identify areas of improvement.

Approximately 20% of our first-tier suppliers is annually reviewed for compliance with our supplier code of conduct. This involves full or focused verifications, gap assessments, supplier-led verification and third-party audits. Additionally, suppliers are required to complete internal self-verifications annually, which are then reviewed by us.

In addition to verification activities, we also request information from suppliers and franchisees, including the composition of their workforce such as the presence of migrant workers.

ENTITY-SPECIFIC METRICS ON VALUE CHAIN WORKERS

We have not yet identified a metric that provides material information on our negative impacts and financial risks.

Consumers and end-users (ESRS S4)

INTRODUCTION

We make sure that our products are safe and durable. For all our products, we consider the consumer and end-user's safety throughout the entire process, from the design to the daily use of the product.

Material sustainability topics

The following material sustainability topic is identified:

Material sustainability topic	Category	IRO	Where in value chain
Personal safety of consumers and end-users	Negative impact	Inadequate product safety can significantly harm end-users	Downstream
	Financial risk	Brand damage, loss of sales and compliance costs from shortcomings in product compliance, quality and safety	Downstream

As our products are widely used around the world, we acknowledge the risk of harm to consumers and end-users occurring. While we always prioritise product safety and have implemented numerous measures to ensure our design processes address all safety aspects, unforeseen incidents may still occur.

In the event of a failure to provide quality products or accurate and sufficient labelling and product information, harm to consumers can have significant financial consequences for us. Shortcomings in product compliance, quality and safety can cause reputational damage to the IKEA Brand, which may lead to the loss of sales, litigation costs and fines.

POLICIES RELATED TO CONSUMERS AND END-USERS (S4-1)

Relating to consumers and end-users, we have the following policy in place:

Material sustainability topic	Policy
Personal safety of consumers and end-users	Inter IKEA Group policy on product compliance

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on page 23-25.

Our supplier and franchisee codes of conduct also include requirements with respect to personal safety of consumers and end-users. However, our policies more thoroughly address our related material impact and risk.

Inter IKEA Group Policy on product compliance

The Inter IKEA Group policy on product compliance defines our approach to ensuring product quality, safety, regulatory compliance and sustainability across our product range. Its key objective is to ensure that all products and product-related digital services are safe, compliant and responsibly communicated throughout their lifecycle. It covers all operations, geographies and lifecycle stages within our value chain.

The policy addresses actual and potential risks such as consumer harm, regulatory breaches and reputational damage. It also identifies opportunities for improved product trust and quality assurance.

Implementation is monitored through internal controls, product approval processes, risk assessments, deviations and incidents tracking, and continuous improvement practices.

While not formally linked to external standards, the policy is operationally aligned with principles from ISO 9001 (quality management systems) and contributes to meeting relevant product compliance and safety regulations.

The policy integrates stakeholder interests primarily through consumer feedback, incident data and regulatory engagement. While direct stakeholder involvement in policy formulation is limited, insights from consumer and end-user safety concerns and legal compliance are key inputs in defining and updating the policy.

The policy mandates consumer and end-user safety to be the highest priority. Product safety is integrated from the earliest development stages, including consideration of foreseeable risks. Product information and communication must be complete, correct and compliant at all times.

The policy requires deviations being detected, corrected and subsequently prevented as early as possible in the product lifecycle. We notify relevant authorities in line with legal and internal obligations.

ENGAGEMENT WITH CONSUMERS AND END-USERS, EXISTENCE OF CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS OR NEEDS AND APPROACHES TO REMEDY (S4-2)

Engagement with consumers and end-users

We currently do not have a centralised process for engaging directly with consumers or end-users on impacts. Engagement occurs primarily through our franchisees and our own stores, who interface directly with consumers and capture feedback through structured and informal channels. This includes IKEA Family programmes, return data, consumer and end-user service logs, and local market research.

Where product issues arise – such as safety concerns or misleading information – these are escalated through our deviation management process, which is designed to ensure timely response and mitigation. In such cases, consumer feedback may inform risk assessments and corrective actions, although this is not yet embedded as a formal engagement process.

Currently, we do not have a consumer ombudsman or equivalent structure to represent affected consumers in strategic decision making. However, opportunities to strengthen feedback loops and engagement are under review.

No formal process exists to engage specifically with vulnerable or marginalised consumers, such as children, people with disabilities or low-income groups. Product safety for children is prioritised through internal design standards and test protocols, and accessibility is considered in selected product design and

communication decisions, but not yet through structured stakeholder engagement.

We acknowledge the importance of meaningful consumer engagement in identifying and managing material impacts. A formalised process on this topic is under development.

Channels for consumers and end-users to raise concerns or needs

Consumers and end-users raise concerns through our retail channels, including our own stores. Franchisees are contractually obliged to forward complaints relevant to product compliance to us without delay. Product complaints are handled by our Deviation Management team, which includes an on-duty team available 24/7 for urgent cases.

We ensure that clear routines are in place for cooperation and data sharing regarding consumer feedback as collected by franchisees. This is embedded in governance documents and steering mechanisms between us and the franchisees. We support franchisees by providing expertise, escalation protocols and guidance to ensure consistency and speed in handling deviations.

All reported deviations are tracked in a central system with logging, prioritisation and resolution documentation. We monitor patterns across markets and product types to identify systemic risks. While end-user trust in these mechanisms is not yet measured formally, the consistency of escalation and the high responsiveness of the deviation management process help ensure concerns are addressed promptly. Effectiveness is further reinforced through internal audits and continuous improvement processes.

As complaints are mediated via retail channels, there is no explicit consumer-side non-retaliation policy governed by us. However, we expect all franchisees to uphold high standards of ethical conduct and fair treatment, following the franchisee code of conduct.

Approaches to remedy

We provide remedy for consumer and end-user impacts through our deviation management process. This process is activated whenever concerns or complaints are escalated from the retail level, covering a wide range of issues, including product safety, quality and regulatory compliance. The process is designed to ensure timely and proportionate action based on the severity and urgency of each case. Remedies may include corrective actions, product recalls, redesigns or communications to consumers. Effectiveness is monitored through issue resolution timelines, recurrence tracking and cross-functional review.

ACTIONS AND RESOURCES RELATED TO CONSUMERS AND END-USERS (S4-3)

Effectiveness of our policies is tracked by monitoring incident recurrence rates, resolution times, consumer and end-user complaint themes and regulatory compliance findings. In serious cases, cross-functional reviews are triggered within deviation handling process.

We have not identified specific actions that provide material information. However, we have a continuous product recall process in place that aims to remove an unsafe or unsuitable product from the market. The main goal of this process is to promptly warn and inform consumers and employees about an unsafe or unsuitable

product and the associated risk, and asking them to stop using the product to secure public health and safety.

While our ambition is that our products meet internal and external expectations to have no product deviations, we recognise that product deviations incidents may still occur in a business serving many consumers and end-users. Some product deviations require the product recall process to be activated. In such cases, the product recall process is a critical tool to address and mitigate identified risks.

No human rights incidents have been reported in recent years. Isolated product deviations have occurred and were addressed through established corrective processes.

TARGETS RELATED TO CONSUMERS AND END-USERS (S4-4)

We track and analyse the number and nature of product recalls as part of our quality and product compliance management. However, we do not set numerical targets for recall reduction. Instead, our focus is on ensuring that every recall – when needed – is executed in a timely, appropriate and effective manner.

We continually improve our product recall process, including the identification of issues, cross-functional investigation, regulatory coordination and overall execution. Our goal is to protect our consumers and end-users and build trust through transparency and accountability.

ENTITY-SPECIFIC METRIC ON CONSUMERS AND END-USERS

Methodologies and assumptions
A product recall is counted when a public action is launched on affected markets for products that are either purchased or manufactured by Inter IKEA Group. A single recall could consist of multiple products.

Number of product recalls

	FY25	FY24
Number of product recalls	7	4
Number of markets affected by these product recalls	60	63

In both FY25 and FY24, IKEA products were sold in 63 markets.

Governance disclosures

Through our double materiality assessment, we concluded that business conduct is not a material sustainability topic. Business conduct includes corporate culture, anti-corruption and bribery, protection of whistle-blowers, animal welfare, political influence and management of relationships with suppliers.

We also did not identify any other governance-related material sustainability topic.

Reference table

Section	Exposure Draft Amended ESRS Standard	Disclosure Requirement		Reference to sustainability statement
General disclosures (ESRS 2)	General disclosures (ESRS 2)	BP-1	Basis for preparation of the sustainability statement	Page 3
		GOV-1	The role of the Supervisory Board, Management Board and Management Team	Page 4
		GOV-3	Statement on due diligence	Page 7
		GOV-4	Risk management and internal controls over sustainability reporting	Page 8
		SBM-1	Strategy, business model and value chain	Page 9
		SBM-2	Interests and views of stakeholders	Page 12
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 16
		IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Page 18
		IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Page 20
		GDR-P	General disclosure requirement for policies	Page 23
		GDR-A	General disclosure requirement for actions and resources	Page 26
		GDR-M	General disclosure requirement for metrics	Page 26
		GDR-T	General disclosure requirement for targets	Page 26
Environmental disclosures	Climate change (ESRS E1)		Introduction	Page 27
		E1-1	Transition plan for climate change mitigation	Page 27
		E1-2	Climate-related risks and scenario analysis	Page 27
		E1-3	Resilience in relation to climate change	Page 28
		E1-4	Policies related to climate change	Page 28
		E1-5	Actions and resources related to climate change	Page 29
		E1-6	Targets related to climate change	Page 30
		E1-7	Energy consumption and mix	Page 30
		E1-8	Gross scopes 1, 2, 3 GHG emissions	Page 30
		E1-9	GHG removals	Page 30
	Pollution (ESRS E2)		Introduction	Page 31
		E2-1	Policies related to pollution	Page 32
		E2-2	Actions and resources related to pollution	Page 33
		E2-3	Targets related to pollution	Page 34
		E2-4	Pollution of air	Page 34
		E2-5	Substances of concern and substances of very high concern	Page 34

Section	Exposure Draft Amended ESRS Standard	Disclosure Requirement		Reference to sustainability statement
Environmental disclosures	Water (ESRS E3)		Introduction	Page 35
		E3-1	Policies related to water	Page 35
		E3-2	Actions and resources related to water	Page 36
		E3-3	Targets related to water	Page 36
		E3-4	Water metrics	Page 36
	Biodiversity and ecosystems (ESRS E4)		Introduction	Page 37
		E4-2	Policies related to biodiversity and ecosystems	Page 37
		E4-3	Actions and resources related to biodiversity and ecosystems	Page 39
		E4-4	Targets related to biodiversity and ecosystems	Page 39
			Entity-specific metrics on biodiversity and ecosystems	Page 40
	Resource use and circular economy (ESRS E5)		Introduction	Page 41
		E5-1	Policies related to resource use and circular economy	Page 41
		E5-2	Actions and resources related to resource use and circular economy	Page 42
		E5-3	Targets related to resource use and circular economy	Page 43
		E5-4	Resource inflows	Page 43
		E5-5	Resource outflows - waste	Page 43
	EU Taxonomy			Page 44
Social disclosures	Own workforce (ESRS S1)		Introduction	Page 45
		S1-1	Policies related to own workforce	Page 45
		S1-2	Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy	Page 47
		S1-3	Actions and resources related to own workforce	Page 49
		S1-4	Targets related to own workforce	Page 50
		S1-5	Characteristics of our employees	Page 51
		S1-6	Characteristics of non-employees in our own workforce	Page 52
		S1-8	Diversity metrics	Page 53
		S1-11	Persons with disabilities	Page 53
		S1-12	Training and skills development metrics	Page 53
		S1-13	Health and safety metrics	Page 54
		S1-15	Remuneration metrics	Page 55
		S1-16	Incident of discrimination and other human right incidents	Page 56

Section	Exposure Draft Amended ESRS Standard	Disclosure Requirement		Reference to sustainability statement
Social disclosures	Workers in the value chain (ESRS S2)		Introduction	Page 57
		S2-1	Policies related to value chain workers	Page 57
		S2-2	Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy	Page 58
		S2-3	Actions and resources related to value chain workers	Page 60
		S2-4	Targets related to value chain workers	Page 61
			Entity-specific metrics on value chain workers	Page 61
	Consumers and end-users (ESRS S4)		Introduction	Page 62
		S4-1	Policies related to consumers and end-users	Page 62
		S4-2	Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy	Page 63
		S4-3	Actions and resources related to consumers and end-users	Page 64
		S4-4	Targets related to consumers and end-users	Page 64
			Entity-specific metric on consumers and end-users	Page 64
Governance disclosures				Page 65

List of data points that derive from other EU legislation

Section	Exposure Draft Amended ESRS Standard		Data point that derives from other EU legislation	Reference to sustainability statement
General disclosures (ESRS 2)	General disclosures (ESRS 2)	GOV-1	Percentage of board members who are independent	Page 4
		GOV-1	Board's gender diversity	Page 4
		GOV-3	Statement on due diligence	Page 7
		SBM-1	Involvement in activities related to fossil fuel activities	Not material to us.
		SBM-1	Involvement in activities related to chemical production	Not material to us
		SBM-1	Involvement in activities related to controversial weapons	Not material to us.
		SBM-1	Involvement in activities related to cultivation and production of tobacco	Not material to us.
		IRO-2	Risk of incidents of forced labour	Page 20
		IRO-2	Risk of incidents of child labour	Page 20
		GDR-P	Human rights policy commitments	Page 24
Environmental disclosures	Climate change (ESRS E1)	E1-1	Transition plan for climate change mitigation	Page 27
		E1-6	GHG emission reduction targets	Page 30
		E1-7	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	We are not able to report this datapoint.
		E1-7	Energy consumption and mix	We are not able to report this datapoint.
		E1-8	Gross Scope 1, 2, 3 GHG emissions	We are not able to report this datapoint.
		E1-9	GHG removals and carbon credits	We are not able to report this datapoint.
		E1-11	Exposure of the benchmark portfolio to climate-related physical risks	We are not able to report this datapoint.
		E1-11	Location of significant assets at material physical risk	We are not able to report this datapoint.
		E1-11	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	We are not able to report this datapoint.
		E1-11	Degree of exposure of the portfolio to climate-related opportunities	We are not able to report this datapoint.
	Pollution (ESRS E2)	E2-4	Amount of material pollutants emitted to air, water and soil	Page 34
	Water (ESRS E3)	E3-1	Water-related policies	Page 35
		E3-1	Policy covering areas at water risk, including areas of high-water stress	Page 35
		E3-4	Total water recycled and reused	Not material to us.

Section	Exposure Draft Amended ESRS Standard		Data point that derives from other EU legislation	Reference to sustainability statement
Environmental disclosures	Biodiversity and ecosystems (ESRS E4)	E4-2	Policy covering sites in or near biodiversity-sensitive areas	Page 37
		E4-2	Sustainable land / agriculture practices or policies	Page 37
		E4-2	Sustainable oceans / seas practices or policies	Not material to us.
		E4-2	Policies to address deforestation	Page 37
		E4-5	Activities negatively affecting biodiversity-sensitive areas	Not material to us.
		E4-5	Land degradation, desertification, soil sealing	Not material to us.
		E4-5	Operations that affect threatened species	Not material to us.
	Resource use and circular economy (ESRS E5)	E5-5	Non-recycled waste	Not material to us.
		E5-5	Hazardous waste and radioactive waste	Not material to us.
Social disclosures	Own workforce (ESRS S1)	S1-1	Processes and measures for preventing trafficking in human beings	Page 46
		S1-1	Occupational risk prevention policy or management system	Page 46
		S1-2	Grievance mechanism, including employee-related matters	Page 48
		S1-13	Rate of work-related accidents	Page 54
		S1-13	Number of days lost to injuries, accidents, illness	We are not able to report this datapoint.
		S1-15	Unadjusted gender pay gap	Page 55
		S1-15	Annual total remuneration ratio	Page 55
		S1-16	Incidents of discrimination	Page 56
		S1-16	Human rights incidents	Page 56
	Workers in the value chain (ESRS S2)	S2-1	Processes and measures for preventing trafficking in human beings	Page 57
		S2-1	Code of conduct	Page 58
		S2-2	Grievance mechanism	Page 59
		S2-3	Human rights incidents	We are not able to report this datapoint.
	Affected communities (ESRS S3)	S3-2	Grievance mechanism	Not material to us.
		S3-3	Human rights incidents	Not material to us.
	Consumers and end-users (ESRS S4)	S4-2	Grievance mechanism	Page 63
		S4-3	Human rights incidents	Page 64

Section	Exposure Draft Amended ESRS Standard	Data point that derives from other EU legislation		Reference to sustainability statement
Governance disclosures	Business conduct (ESRS G1)	G1-1	Policies consistent with United Nations Convention against Corruption	Not material to us.
		G1-1	Protection of whistle-blowers	Not material to us.
		G1-4	Convictions and Fines for violation of anti-corruption and anti-bribery laws	Not material to us.
		G1-4	Actions to address breaches of Standards of anticorruption and antibribery	Not material to us.