

A man in a blue IKEA uniform with 'Hej!' on the back, standing on a solar panel roof looking at a tall IKEA sign.

IKEA

Hej!

Ingka Group Net Zero Transition Plan FY25



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EUR 41.8 billion
total revenue

162,293
co-workers

3.1 billion
online visits

574
Customer meeting points in 31 countries

35
Ingka Centres meeting places in 13 countries

[Read more about Ingka Group](#)

[Read more about IKEA Retail](#)

[Read more about Ingka Centres](#)

[Read more about Ingka Investments](#)



“Being climate smart is also resource smart, cost smart, and business smart.”

Love the past, create the future

We are in the most important decade of humankind when it comes to climate action.

The science is clear. The climate crisis is a living reality that impacts millions of people every day – families, businesses and entire countries. The time has come to move from commitments to action – with speed and scale. The clock is ticking.

At IKEA, sustainability is a part of our DNA and vision of creating a better everyday life for the many people. As the largest home furnishing retailer, we have both the opportunity and responsibility to use our size and scale to side with the many people, especially those with thin wallets. One of the biggest barriers for individual action is cost, sustainability can't be a luxury for the few – a sustainable lifestyle needs to come at an affordable price, supporting people to save not only energy and waste, but also money. Being climate smart is also resource smart, cost smart, and business smart.

Our commitment goes beyond our own business and how we meet our customers. At Ingka Group, we are committed to the Paris Agreement and did set science-based targets already in 2018. During 2024, our key climate targets were validated by the Science Based Targets Initiative,

resulting in our updated IKEA and Ingka climate ambition “Net Zero and Beyond”. Our commitment is to reduce our climate footprint by 50% by 2030 (compared to our FY16 baseline year) and by at least 90% by 2050. Already today we have achieved a reduction of 30.1% across scope 1,2 and 3.

To build on the emissions reductions we have already achieved, this climate transition plan presents a roadmap for decarbonisation across all aspects of our value chain. It is based on deep dive analysis of our emission categories, and our climate risks and opportunities. We have a solid plan with clear actions, yet climate change is highly complex, and we don't have all the answers. At the same time, we are transparent about our challenges, dependencies and innovation gaps and take a leading role in conversations and collaborations that will support us in delivering to our goals.

Climate change has no borders and the only way to transition to net zero is together – across the public and private sectors – we must collaborate across industries and with governments and customers to drive action. This is the only way to create meaningful impact and systemic shifts.

As stubborn optimists, we have the power to shape the future – a future good for both people and the planet. The solutions are already out there, and even if words can inspire, let's make action speak the loudest.

Most things remain to be done. Glorious future, as our founder Ingvar Kamprad, used to say.

Jesper Brodin
President and CEO,
Ingka Group

Karen Pflug
Chief Sustainability Officer,
Ingka Group





The value of climate transition plans

Climate transition plans play a vital role in turning net zero commitments into practical actions that ensure businesses decarbonize effectively while preserving resilience across their value chains.

They demonstrate a company's commitment to addressing climate change while maintaining accountability to stakeholders. Companies that implement robust, actionable transition plans are better positioned to drive meaningful progress and maintain competitiveness in a low-carbon future.

As Ingka Group's first transition plan, this represents a promising and important milestone. Underpinned by strong ambition, the plan presents a considered and clear roadmap to net zero, supported by defined science-based metrics and SBTi-validated targets. This provides a strong framework for integration into broader corporate strategy. It is transparent in its recognition of key dependencies and anticipated challenges on its path to net zero. This forward-thinking strategy



reflects the company's value of realizing lasting change and competitive resilience both across and beyond Ingka's value chain as it advances on its transition journey.

The contingencies for Ingka Group's success are not unique – an enabling policy environment and aligned financial markets are essential to advancing meaningful climate action. Collaborative efforts, such as those fostered by communities like WBCSD, are vital in bridging these gaps, offering a platform for shared insights, advocacy, and coordinated action to support and accelerate progress. Against this backdrop, Ingka Group still has opportunities to advance in key areas of its transition journey and we look forward to tracking its progress as it continues to address these challenges and drive forward its commitments.

We recognize that the plan is not static and will evolve to reflect the continually changing regulatory environment, emerging climate science, and the lessons learned from implementation. Future iterations of Ingka Group's transition plan should focus on

presenting progress against clear performance indicators and clarity on the financial commitments. By setting clear benchmarks for performance and pairing them with well-defined strategies, the company can further instill confidence in its ability to navigate the complexities of the transition and bring its stakeholders with it on a credible transition to net zero.

This leadership sets a valuable example, and other companies are encouraged to take similarly proactive steps to articulate their own commitments and accelerate the global transition toward a sustainable future.

Warm regards,

Peter Bakker
President & CEO,
World Business Council for
Sustainable Development
(WBCSD)



The youth perspective

We are the Ingka Young Leaders Forum – a group of activists and professionals aged under 30, committed to advancing environmental and social justice.

Over the past four years, we have engaged with Ingka Group in a manner that balances collaboration with critical oversight, working together to advance systemic solutions for people and the planet. We commend Ingka for taking a leading role in publishing its climate transition plan, in collaboration with Inter IKEA Group, setting an important example for other companies to follow for transparency and accountability in this urgent fight against climate change.

Good practices observed in the climate transition plan:

- High transparency: Ingka demonstrates a strong commitment to transparency in this climate transition plan by clearly outlining the assumptions made, identifying gaps in data, and acknowledging areas where further progress is needed. This approach reflects its dedication to addressing challenges and making true progress.
- Responsible approach to offsets: We commend Ingka's commitment to achieving

net zero emissions without using carbon offsets, emphasizing systemic reductions over compensatory measures.

- Just transition focus: We recognize Ingka's commitment to a just transition, and encourage more efforts to make sustainable products affordable, support SMEs in adopting green practices, and enhance resource efficiency through the circular economy. These initiatives promote environmental sustainability and contribute to economic equity and job creation, particularly in vulnerable communities.

Areas to improve for the next version of the climate transition plan:

- The recent breach of the 1.5°C threshold underscores the urgency for decisive and accelerated action. Timelines for achieving net zero must be advanced significantly, complemented by robust interim targets set

at no more than five-year intervals across all emission scopes.


- We encourage Ingka and Inter IKEA Group to deepen their collaboration, formalize systemic advocacy efforts, and strengthen supplier partnerships, while adopting more rigorous, sustainability-focused procurement practices to accelerate meaningful climate action.
- The right incentive structures are essential to translating climate transition goals into action across the entire organization. We suggest linking variable employee compensation, including executive pay, to progress against interim targets. This alignment could drive greater accountability in achieving all the climate transition goals.

Zhilin Xiao, Kami Krista, Michael Backlund, Ridhima Pandey on behalf of the Young Leaders Forum.





[Our commitment to net zero](#) | [Our climate targets](#) | [Our value chain](#) | [Our climate footprint](#)

An aerial photograph of an IKEA store. The roof is covered with a large array of solar panels. The building's facade is blue with the yellow IKEA logo and the text 'Home furnishings' in white. The text 'Our climate targets and footprint' is overlaid in large white letters on the left side of the image.

Our climate targets and footprint



Our commitment to Net Zero

The science is clear. To limit global warming to 1.5°C, we collectively need to cut greenhouse gas emissions in half by 2030, and reach net zero emissions by 2050. We're committed to playing our part.

"Net Zero and Beyond" is the climate ambition for the entire IKEA value chain and franchise system. This includes Inter IKEA Group, Ingka Group, and other IKEA franchisees¹.

Our approach aligns with the Paris Agreement and its goal to limit global temperature rises to 1.5°C above pre-industrial levels. We have set science-based carbon reduction targets to drive progress on our commitments which are explained on page 9.

Net Zero and Beyond

1. Reducing greenhouse gas emissions

We are committed to halving absolute greenhouse gas emissions across the entire IKEA value chain by FY30 (compared to our FY16 baseline) and reaching net-zero emissions by FY50. Net zero means an absolute reduction

of at least 90% of full value chain emissions (without using carbon offsets) and neutralising the remaining 10% of emissions by removing and storing carbon from the atmosphere.

2. Removing and storing carbon

We will remove and store carbon from the atmosphere through responsible forest and agricultural management practices within the IKEA value chain and by prolonging the life of products and materials.

3. Going beyond IKEA

We will contribute to additional emissions reductions in society. We will lead by example and engage proactively with stakeholders advocating for climate policies in line with the science of 1.5°C.

What's covered in this plan?

Our transition plan focuses on the actions we'll take to halve emissions by 2030. This is the first key stage on the journey to net zero.

Our plan also shows how we contribute to emissions reductions beyond our value chain including through investee companies, stakeholder engagement and advocacy. We aim to quantify this impact in the future as credible external methodologies are developed.

We are developing our approach to removing and storing carbon and exploring the use of nature-based solutions to support climate adaptation. Initial data on some carbon removal

activity is included on page 32 and we will report more fully in future iterations of this plan.

A holistic approach

Climate change is one of the biggest challenges of our time, with profound implications for society, the environment, economic stability, and social wellbeing. Tackling it requires a holistic approach and we take into account a range of inter-connected issues. Actions to reduce emissions should also positively impact people and other environmental priorities.

- **Just transition** – We are developing our approach to a just transition, aiming to evaluate the impacts of our environmental commitments and targets on people, and to engage with those most affected by climate change. Read more on page 59.
- **Nature and biodiversity** – We consider the potential impacts on biodiversity of our climate mitigation actions and look for climate solutions that have a positive impact on nature. We will be reporting in more detail on this area in future iterations of our plan.
- **Adaptation** – We are developing our approach to climate adaptation, starting by deepening our understanding of the physical risks to our business and how to build resilience against these, see page 52.
- **Circular economy** – We aim to integrate circular principles into our business so resources can be continually reused and repaired, or recycled as a last resort. Reducing waste and resource use directly supports emissions reductions.

Our emission categories



Materials



Food ingredients



Production



Product transport



Construction



Goods and services used in own operations



Own operations



Mobility



Product use at home



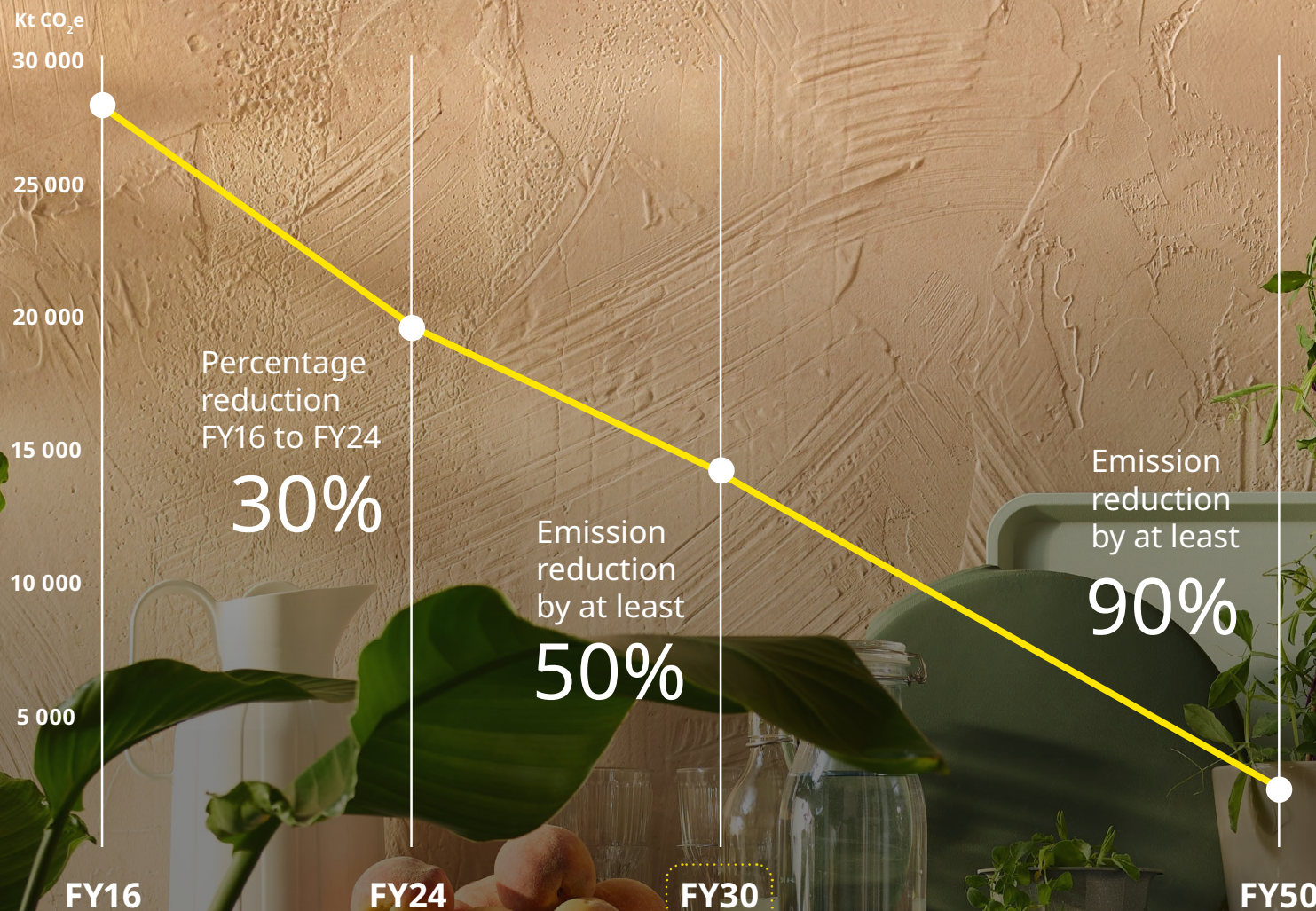
Product end of life



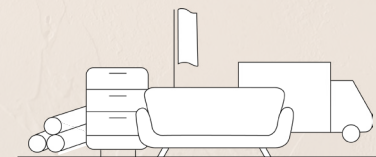
Investments



Ingka Group's path to net zero



1 Reducing greenhouse gas emissions



2 Removing and storing carbon



3 Going beyond IKEA



net zero

Net zero means an absolute reduction of at least 90% of full value chain emissions (without using carbon offsets) and neutralising the remaining 10% of emissions by removing and storing carbon from the atmosphere.



Our climate targets

We have set ambitious near- and long-term targets covering scope 1, 2 and 3 emissions. These were approved and validated by the Science Based Targets initiative (SBTi) in April 2024, confirming that they align with the 1.5°C pathway of the Paris Agreement.

Our targets were developed in collaboration with Inter IKEA Group. As separate legal entities, Ingka Group and Inter IKEA Group have separate SBTi validated targets. As the largest franchise retailer of IKEA products (accounting for 87.8% of IKEA sales in FY24), we also contribute to achieving Inter IKEA Group's targets.

Our science-based targets

Our main science-based targets cover our value chain footprint except for emissions from customer travel which are covered by our optional (additional) SBTi approved target. Customer travel emissions are not currently included in the SBTi Corporate Net Zero Standard.

Our targets are set based on our financial year which runs 1 September – 31 August. FY30 finishes on 31 August 2030, while FY50 finishes on 31 August 2050. Read more about our targets on page 7. We disclose performance against climate targets in our Annual Summary and Sustainability Report FY24, pages 50, 51 and 55.



Ingka Annual Summary and Sustainability Report FY24

Our overall net zero target

Ingka Group commits to reach net zero greenhouse gas emissions across the value chain by FY50.

Near-term targets – 2030

Ingka Group commits to reduce absolute scope 1, 2 and 3 GHG emissions 50% by FY30 from a FY16 base year.

Ingka Group commits to reduce absolute scope 1 and 2 GHG emissions 85% by FY30 from a FY16 base year.

Ingka Group commits to increase active annual sourcing of renewable electricity from 69.7% in FY16 to 100% in FY25 and to continue active annual sourcing of 100% renewable electricity up to FY30.

Long-term targets – up to 2050

Ingka Group commits to reduce absolute scope 1, 2 and 3 GHG emissions 90% by FY50 from a FY16 base year.

Optional SBTi approved target

Ingka Group commits to reduce optional absolute scope 3 GHG emissions from downstream transportation and distribution from customer travel 40% by FY30 from a FY16 base year.

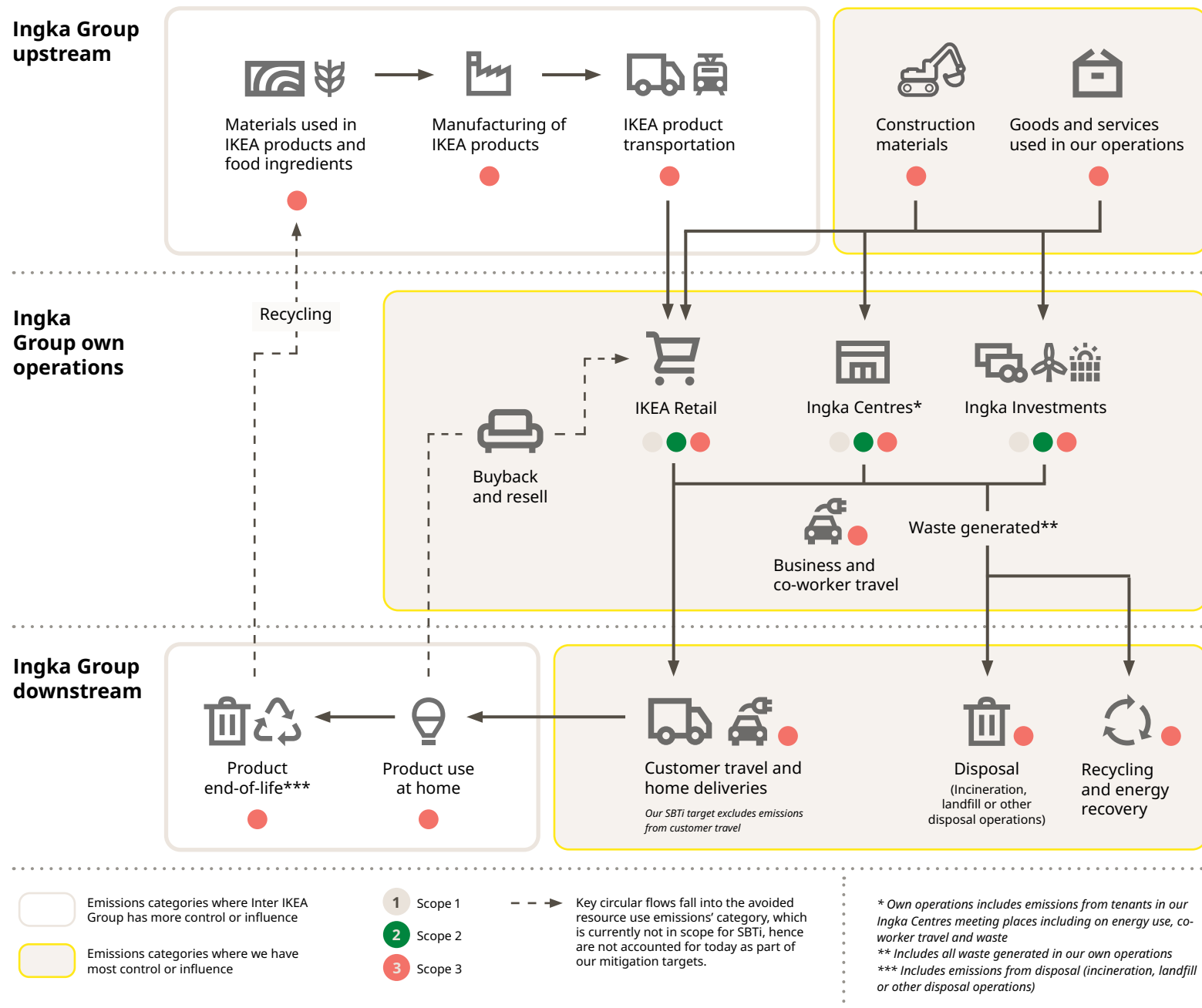




Our value chain

This diagram provides a high-level overview of emission sources across our value chain. We have most control over the emissions categories outlined in yellow.

The diagram also highlights key circular flows, with more information on circularity provided in our [Annual Summary and Sustainability Report](#) and in the [IKEA Climate Report](#).





Our climate footprint

Our climate footprint covers the value chain for all three Ingka businesses – IKEA Retail, Ingka Centres and Ingka Investments.

Our total value chain climate footprint was 21.5 million tonnes CO₂e in FY24. This includes emissions from customer travel (1.8 million tonnes CO₂e). Our main SBTi target is based on our footprint excluding customer travel (19.7 million tonnes), since these emissions are not covered by the SBTi methodologyⁱⁱ.

The baseline for our targets is FY16 but we also show our footprint in FY24 to reflect emissions reductions we have already achieved. We update our footprint and measurement approach regularly as we improve our data and to reflect changes to external methodologies for calculating greenhouse gas emissions.

About our footprint in FY24

Our IKEA Retail business accounts for around 97% of our value chain footprint, Ingka Centres around 2% and Ingka Investments around 1%. On a regional basis, our footprint is currently largest in Europe, 72% of emissions, which reflects the scale of our business in this region. This is

followed by North America (17%), Asia (8%) and Oceania (2%).

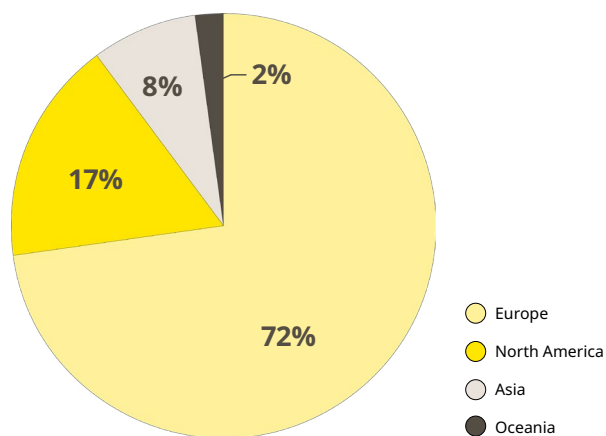
Our most significant emission categories areⁱⁱⁱ:

- Materials (the raw materials used to make the IKEA range).
- Use of products by our customers.
- Mobility (customer and co-worker travel and home deliveries).
- Product end-of-life impacts (emissions associated with the disposal of products by our customers).
- Production (the manufacture of the IKEA range).

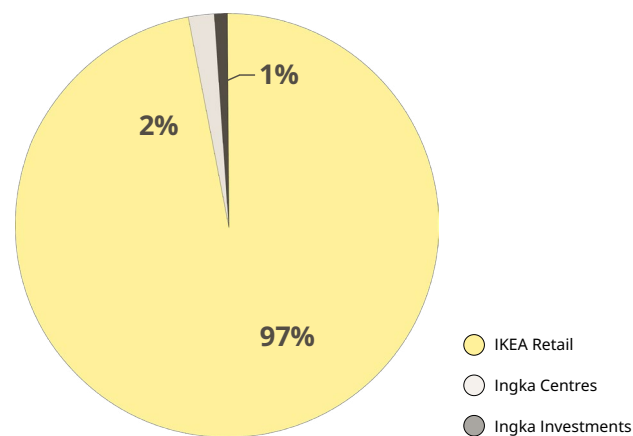
Inter IKEA Group, who supply the IKEA range, takes the lead on tackling emissions relating to the design, manufacture, food ingredients, upstream transport, use of our products, and

product end-of-life (as outlined on pages 33, 36, 38, 40, 42 and 44) and we work very closely with them on emissions reduction as well as with our other suppliers and partners.

Climate footprint by region



Climate footprint by business unit



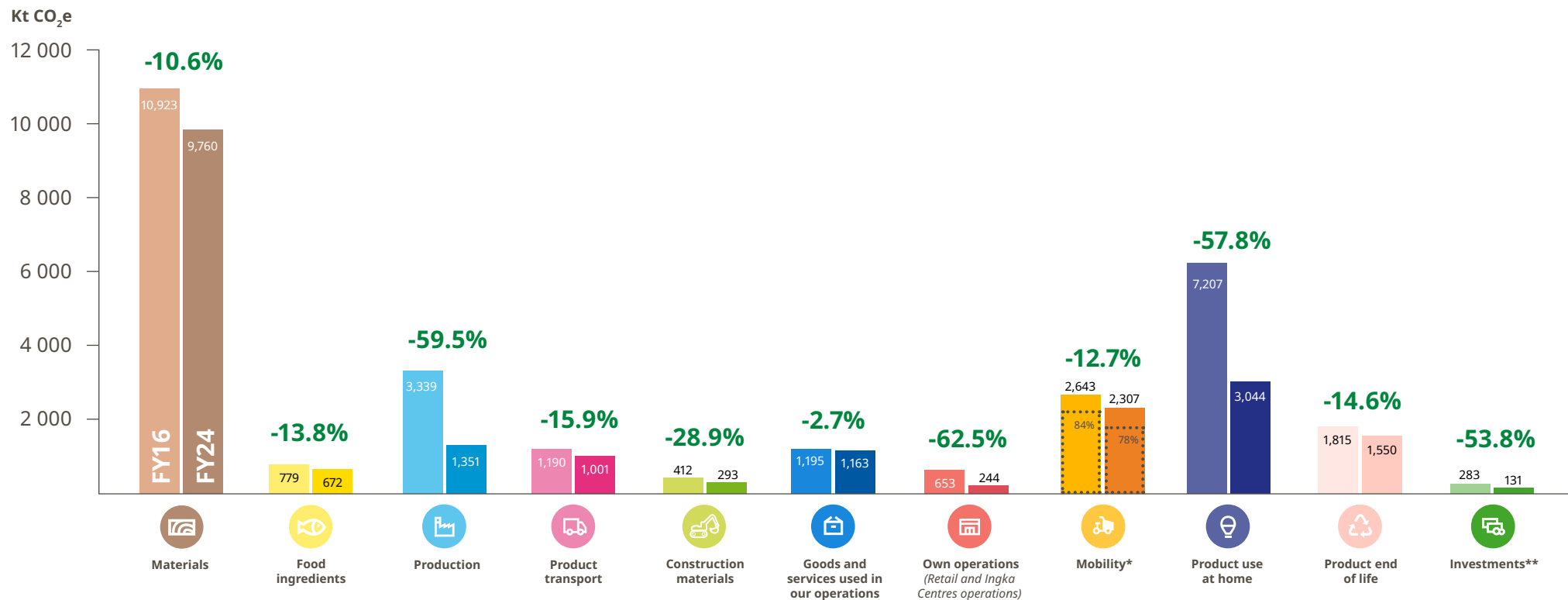
Regional split is based on an allocation of the global climate footprint across our retail markets





Ingka Group's Climate Footprint

Our total FY24 value chain footprint is 21.5 million tonnes of CO₂e. This includes customer travel emissions of 1.8 million tonnes of CO₂e. In this graphic we report the progress on our total value chain footprint, showing emissions in FY16 and FY24 for each category. Our SBTi target scope excludes customer travel emissions.

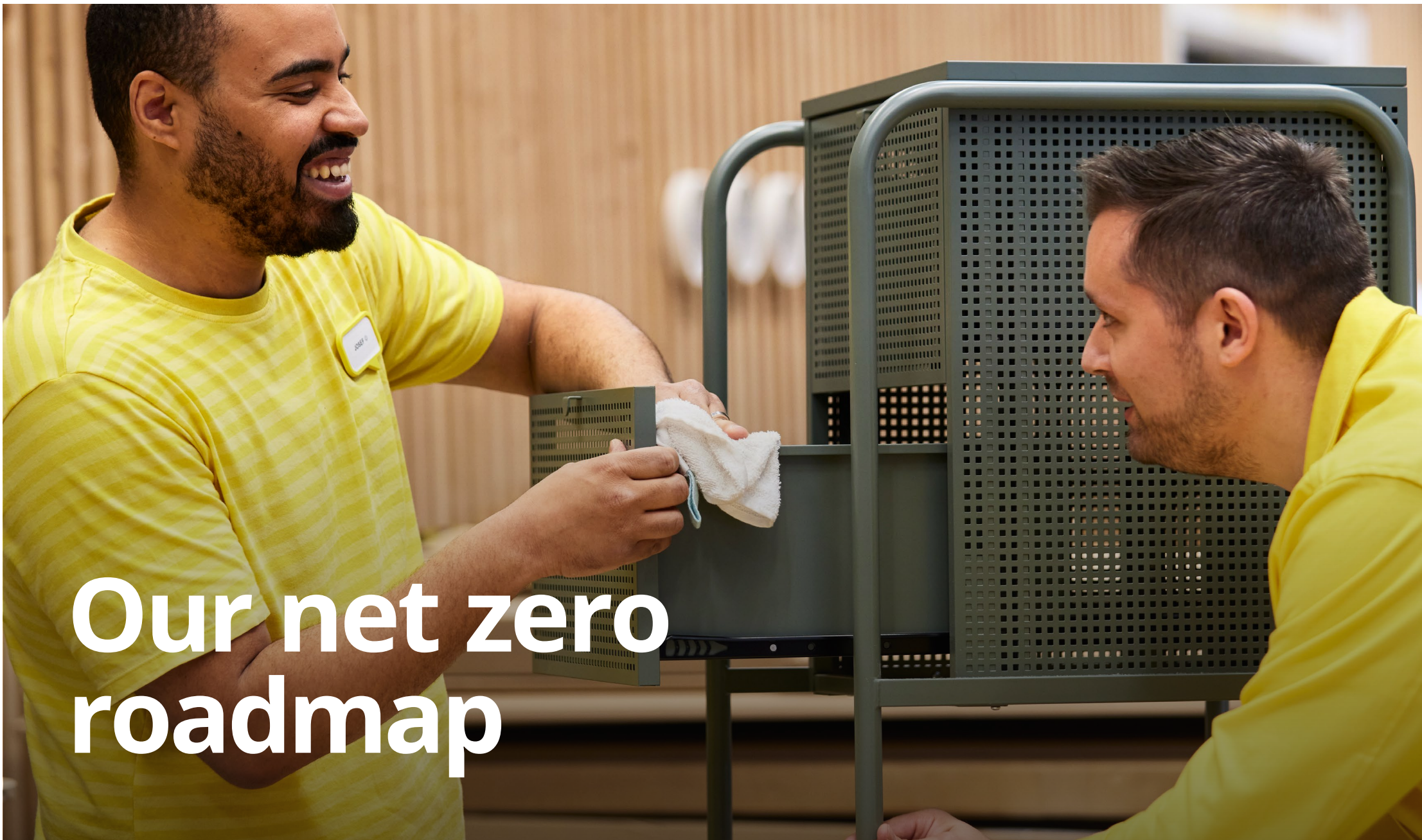


The main exclusions are explained in the note on scope for each emissions category, and restatements are explained in our [Annual Summary and Sustainability Report FY24](#) page 113, 114 and 115.

..... **Mobility**
XX% Emissions from customer travel

*Percentages represent customer travel emissions

**Increased scope compared to FY23 [Annual Summary and Sustainability Report](#) (ASSR), based on FY22 figures



Our net zero roadmap



Our roadmap to 2030

The first phase of our net zero journey is to halve our emissions by 2030 compared to our FY16 baseline. We've developed a roadmap for each emissions category, outlining the actions we will take within our business and in collaboration with Inter IKEA Group and our suppliers and partners.

For each emissions category our roadmap identifies the key actions we will take to reduce emissions. Greater detail is provided on emissions categories over which we have more control (operations, construction materials, goods and services used in our operations, mobility, investments). Emissions categories over which Inter IKEA Group has more control (materials, food ingredients, production, product transport, product use at home, product end of life) are summarised with more information provided in the [Inter IKEA Climate Report](#).

Dependencies

Reducing emissions is complex and elements of our plan are dependent on external factors such as regulation, technological development, action by our partners and suppliers, and changes in

consumer behaviour. We summarise some of our key dependencies throughout this roadmap.

Action by governments is essential to create the preconditions for the net zero transition. We engage with governments and advocate for policy change. Our key advocacy positions are summarised on page 56.

Innovation and efficiency gaps

We have identified many of the actions we will take to reach our 2030 targets, but our targets are ambitious and therefore some gaps remain. These are summarised in this plan and include:

- **Innovation gaps:** Long-term technology challenges that need to be addressed to enable the transition to net zero. Our decarbonisation plans are increasingly integrated with our innovation and development process.
- **Efficiency gaps:** Process and implementation challenges that are yet to be resolved. We address these by scaling up existing solutions, embedding our transition plan into our business planning and reducing the amount of estimated data.



The impact of growth

Business growth and changes in strategy impact our emissions and can mean we need to work harder to achieve absolute reductions. For example, new store openings can impact our operational emissions and those related to construction and customer and co-worker travel, while the growth in omnichannel retailing can increase emissions from home delivery but may reduce those related to customer travel to stores. To date, we have made progress on decoupling growth from emissions reducing our climate footprint by 30.1% across scope 1, 2 and 3 since FY16¹ while growing our revenue by 23.7%². We aim to maintain and further increase this trend.

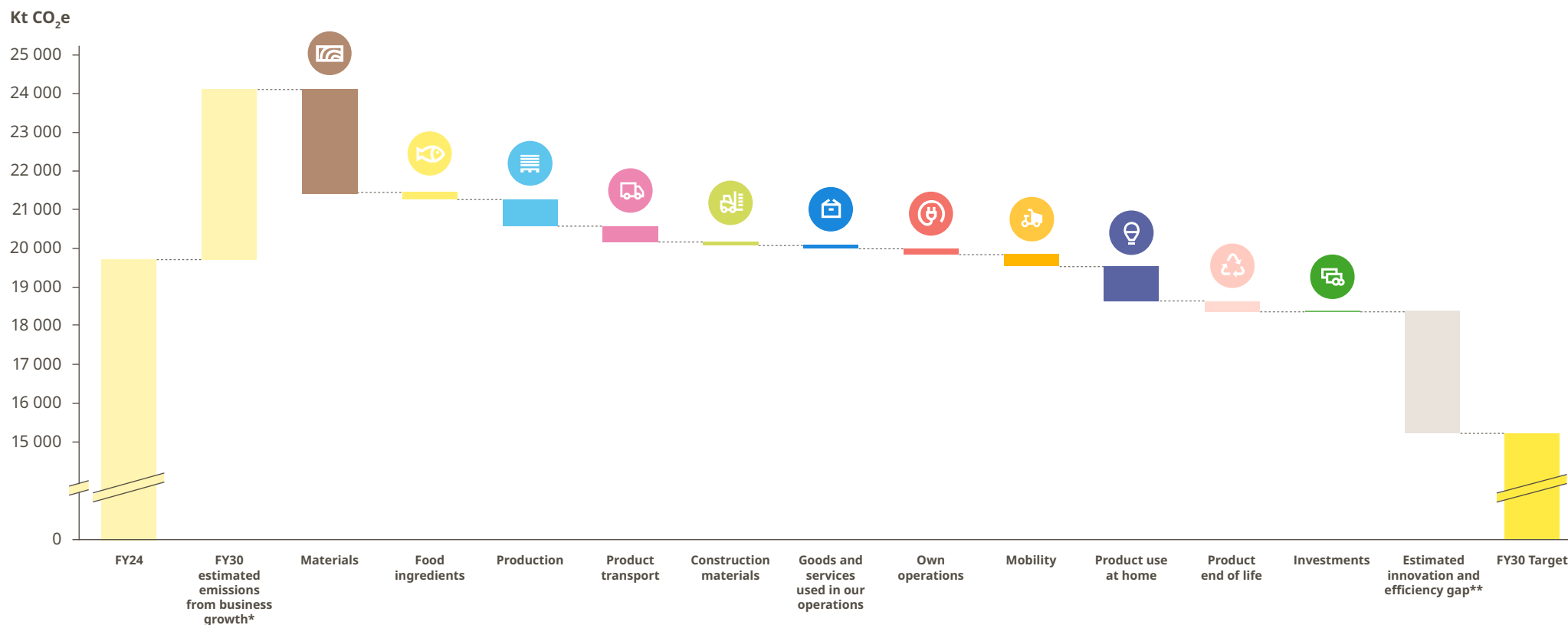
¹Excludes emissions from customer travel.

²These trends reflect the impact of carbon reduction measures across our value chain as well as changes to our business operations, sales, inflation and supply chain disruption.



Expected reductions

In Ingka Group value chain up to FY30



*Based on our retail business growth projection from our mid-term financial plan, which is currently under development and review, and an estimated decoupling factor

**The innovation and efficiency gap represents the amount of GHG emissions for which we need to develop new or scale existing solutions



Key actions towards net zero



Refurbishing, repurposing,
and renovating existing
buildings with

better material

choices

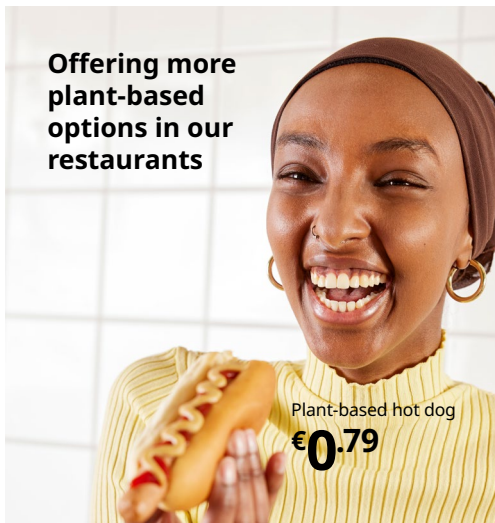


Phasing out fossil fuels and
striving towards

100%

renewable energy (electricity,
heating, cooling and fuels) across
the IKEA value chain (by 2030)

Offering more
plant-based
options in our
restaurants



Plant-based hot dog
€0.79

Increase investments in asset
classes that have a

lower carbon

footprint



Engaging with our

suppliers

to set emission reduction
targets

Retrofitting units with

renewable

heating and cooling



Developing

circular services

to enable customers to prolong
the life of products



Achieving more than

90%

of home deliveries made by
zero-emissions vehicles by 2028



Own operations

Operational emissions are a relatively small proportion of our value chain footprint (1%).

They are a priority for reduction since they are in our operational control, and tackling them encourages action by suppliers and partners to reduce their own emissions.

The majority of emissions in this category relate to heating and cooling our stores, centres and warehouses, so reductions will be driven by energy efficiency improvements and phasing out fossil fuels from heating and cooling.

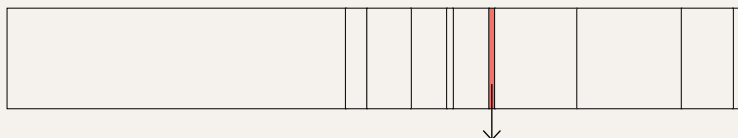
What have we achieved so far?

We've reduced absolute emissions from our operations by 62.5% since FY16 by producing renewable energy on-site, sourcing renewable electricity, improving energy efficiency in our buildings and installing renewable heating and cooling systems in some units. In FY24, we sourced renewable electricity for our retail sites and meeting places in 28 countries, 97% of total electricity use. Of this, 7.9% is generated by on-site PV panels on 283 of our sites. The closure of our retail business in Russia also contributed to emissions reductions since this accounted for 12.6% of our non-renewable energy consumption in FY16^w.



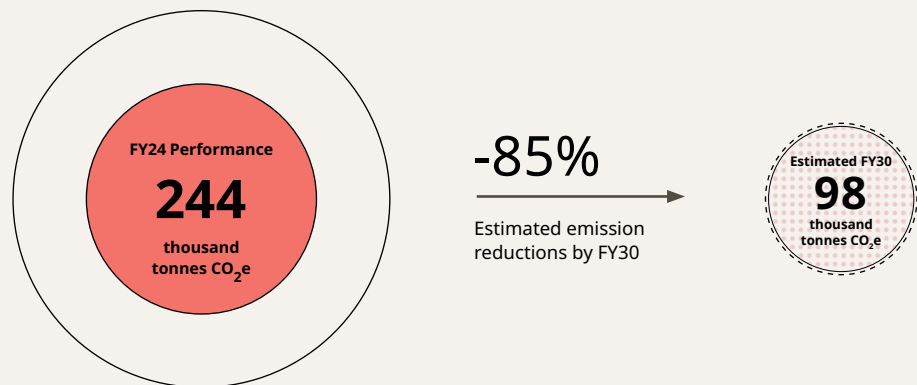


Own operations: Road to 2030



Own operations made up **1%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY16** (652.6 thousand tonnes CO₂e)
- Identified emissions with current actions
- **We are here FY24** (244.4 thousand tonnes CO₂e)
- Estimated FY30 performance



A note on scope

Emissions from our operations include all scope 1 and 2 emissions (eg from electricity sourcing and fuel use) as well as some categories of scope 3 emissions linked to our daily operations such as operational waste and the emissions associated with producing and distributing the energy we buy (scope 3 categories 3, 5, 8 and 13). In FY24, one retail warehouse in Russia was still in the process of being sold and emissions from this unit are included. Emissions from Ingka Centres in Russia are excluded from our FY24 data and baseline following the sale of our Russian shopping centres in 2023.

Key actions to 2030

Renewable electricity

We aim to switch to 100% renewable electricity in our operations by 2025. The majority of renewable electricity is currently sourced from contracts with grid suppliers backed by renewable energy attribute certificates (these are purchased from our own wind and solar farms where possible).

Our priority is to increase on-site renewable energy generation and to move our operations in India and South Korea to renewable electricity contracts. In these countries, there are challenges relating to the availability and affordability of renewable electricity and its accessibility for corporate use. We are engaging with regulators and advocacy groups including RE100 and Asia Clean Energy Coalition to support policies that address this.

Where we supply electricity to tenants in our meeting places (shopping centres), we ensure it is renewable. In locations where our tenants manage their own electricity contracts, we are encouraging them to switch to renewable electricity through green lease clauses. Over 20% of lease agreements now include green lease clauses.

In some locations (including many city centre stores) we lease the buildings we use. Where it is not possible to manage our own electricity, we engage with landlords on shifting to renewable electricity supplies.

Renewable heating and cooling and better energy choices

Many of our older heating and cooling systems are gas-fired and we are replacing these with systems

powered by renewable electricity. In the first phase, we expect to invest around EUR 1.5 billion in heat pumps and other renewable technologies as well as energy efficiency improvements. We require renewable heating and cooling systems to be installed at all new sites that we own^v and to be used in replacing existing systems at end-of-life.

Our electricity use will increase by 2030 due to the electrification of heating and cooling and projected business growth. To mitigate this, we are focusing on energy efficiency measures and will have an annual energy action plan for every building. We are also improving insulation, switching to LED lighting, and installing smart meters and building management systems that improve how we can monitor and control energy use.

More sustainable refrigerant gases

Small quantities of refrigerant gases can escape from fridges/ freezers and cooling and heating systems (including heat pumps) particularly during maintenance. This accounts for 11% of emissions from own operations.

We are switching to refrigerants with a lower global warming potential starting with a project to replace refrigerants in kitchen equipment in the EU. We will then extend this to our locations worldwide, as equipment becomes more widely available in our markets. We also focus on ways to improve maintenance and life cycle management of cooling systems to reduce leakages of refrigerants.

Reducing upstream energy use

These emissions arise when the electricity we buy is produced and distributed. They are not in our operational control, but will reduce in



line with any reductions in our overall electricity purchasing (eg as a result of energy efficiency or on-site generation). They will also reduce as national grids further decarbonise.

Innovation and efficiency gap

We are still developing our roadmap for around 1% of emissions from our own operations, including those from operational waste. Our goal is to reduce our operational waste and strive to recycle 100% of waste generated in our own operations by 2030. We have seen a small decrease in waste volumes (5%) since FY16, despite business growth due to actions such as reducing food production waste, increasing the number of returned, recovered and ex-display products sold through our As-Is areas and working with construction partners to minimise waste and increase recycling. We will continue to scale up these efforts as well as investing in innovation.

We're currently recycling around 77% of operational waste but it is proving challenging to increase this, particularly as access to recycling infrastructure varies significantly between countries. We are focusing on improving waste segregation and working with suppliers to find local approaches to increase recycling rates. In our Ingka Centres business we are rolling out training for our tenants to help to increase recycling.

Key dependencies

Access to renewable electricity – improved availability of renewable electricity for corporate purchase will be needed in countries such as India and South Korea to help us to meet our targets.

Availability of technologies and equipment across markets – we need technologies such as heat pumps and low GHG refrigerants to become available at scale across our markets. Access to skills, for example, qualified heat pump installers and maintenance companies will also be important.

Grid decarbonisation – we expect national grids in our main markets to continue to transition to renewable electricity however, the rate of progress varies across markets. We will continue to work with advocacy groups including RE100 and ACEC to push for regulation that accelerates this transition.

Grid capacity - With the societal move towards electrification, electric grid capacity is coming under pressure. This could limit our ability to roll out electrification projects which depend on access to extra capacity. To mitigate this risk we are investing in on-site and off-site renewable generation and advocating for rapid grid upgrades, increased energy storage and energy efficiency incentives.

Recycling infrastructure and policy incentives - recycling infrastructure is not well developed in some markets which reduces opportunities to divert waste from landfill. Supportive government policies and investment will be needed and in the EU we have advocated for harmonised waste management tools, such as an EU Extended Producer Responsibility (EPR) scheme for mattresses.



Case study: Copenhagen store

Our city centre store in Copenhagen, Denmark, which opened in 2023, has been designed to reduce emissions through a heat reuse and night cooling system. The store has a rooftop solar array with 1,450 sqm of solar PV panels that provide 25% of its electricity and has achieved BREEAM outstanding certification.

A quarter of the store's façade is covered with green planting and a new public roof garden park with 250 trees and shrubs is helping to cool the store and promote biodiversity. The store is located in central Copenhagen making it accessible for more than a million people within 20 minutes by bike, public transport or car. It has parking for over 500 bikes and customers who can't fit their purchases on their own bikes, can borrow an IKEA cargo bike or have their items delivered directly to their home.





Beyond our value chain

Our off-site investments in wind and solar farms help us to reduce our own climate footprint (providing 51.7% of electricity use in FY24 either directly or via the purchase of renewable energy attribute certificates) and contribute to reductions in society by increasing renewable generation capacity. Ingka Investments has invested, or committed to invest, EUR 4.2 billion in wind and solar farms and wider renewable investments to date with a target to reach EUR 7.5 billion by 2030.

We offered IKEA energy services to help customers use and produce renewable energy at home in 7 countries in FY24. We aim to extend this to more countries, but currently face challenges in doing so relating to partner companies we are working with, cost of living concerns, changes in government subsidies for consumers, and policies that prevent customers from selling excess energy generated back to the grid.



Construction materials

Emissions relating to materials and waste from construction projects accounted for 1% of our value chain footprint in FY24.

We will tackle these emissions through better materials choices – using materials more efficiently and selecting those with lower embodied carbon - as well by increasing the number of buildings we renovate and refurbish rather than building new. Together with Inter IKEA Group (who develop the design concept for our stores) we are developing a set of sustainable construction principles to guide our approach.

What have we achieved so far?

Our emissions from construction materials were 28.9% lower in FY24 compared with FY16 but can vary significantly year on year, depending on the number of construction projects completed.



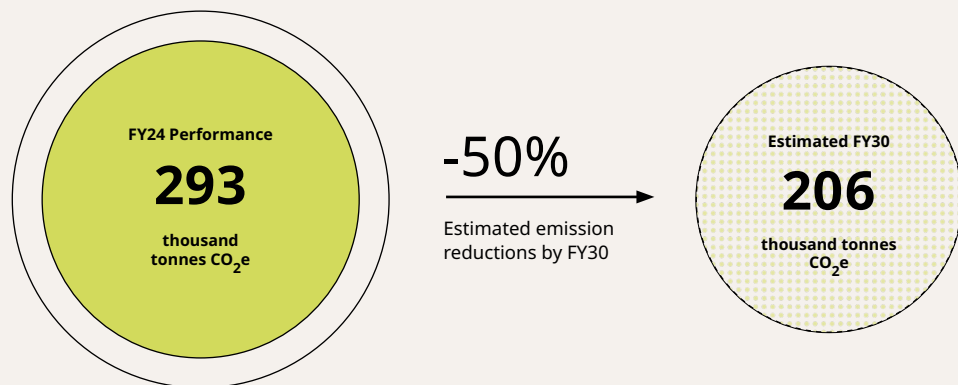


Construction materials: Road to 2030



Construction materials made up **1%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY16** (412.0 thousand tonnes CO₂e) ○ Identified emissions with current actions
- **We are here FY24** (292.9 thousand tonnes CO₂e) ● Estimated FY30 performance



A note on scope

Includes emissions relating to construction materials from scope 3 category 2 and emissions from construction waste. Emissions from fit-outs and construction consultancy services are included in Goods and services used in our operations on page 22. Emissions from energy use on construction sites are excluded. We currently use global emissions factors to estimate emissions in this category. We aim to improve our data to reflect the specific construction materials we purchase which will help us track the impact of our reduction efforts. Although construction projects can last several years, emissions in this category are currently recorded on completion of the project rather than throughout the construction process. We aim to improve our data reporting process to address this.

Key actions to 2030

Real estate strategy

Through our real estate strategy, we aim to reduce the number of buildings we build from scratch and increase the number we renovate and refurbish. This can significantly reduce emissions, and is a particular priority for city centre locations in Europe where we are more likely to have the option of refurbishing existing buildings. See case study on page 23.

We require new construction and refurbishment projects to achieve at least a BREEAM Very Good rating (or equivalent standard), with around half of the BREEAM credits linked to emissions reduction. We include sustainability criteria in our briefs and contracts for architects and construction partners.

We aim to minimise construction waste and increase recycling. This can support emissions reductions but is challenging in markets which lack recycling infrastructure. We are improving data on construction waste to help us monitor performance and set reduction targets.

Better material choices

To reduce emissions, we are focusing on:

- Resource efficiency in building design and construction to reduce the overall volume of materials used.
- Selecting materials and building components that have been produced with lower embodied carbon while meeting all safety and quality standards.
- Designing for disassembly, reuse and recycling of materials at the building's end of life.

We are starting to conduct life cycle assessments for new construction projects. This enables us to compare the carbon impact of different material and design choices and identify the most cost-effective carbon reduction options. Cement and concrete, steel and insulation are priority materials due to their widespread use in construction and high embodied carbon which can be challenging to reduce. We are engaging with suppliers on product innovation such as concrete mixes with less cement. We are integrating recycled steel into more construction projects, and exploring the potential to use more steel manufactured using renewable energy or hydrogen.

We are improving our data on embodied carbon in construction materials and using Environmental Product Declarations to understand and compare the impact of different products. Increasingly we ask suppliers to share emissions data with us and are integrating emissions reduction into the materials requirements in construction tender processes. However, high-quality lower carbon options are not yet widely available for all materials across our markets.

Key dependencies

Technological innovation – Further technological innovation is needed to tackle emissions from construction materials. For example, the International Energy Agency has reported that use of Carbon Capture Use and Storage (CCUS) will be crucial to reducing emissions in the cement sector.

Sector decarbonisation plans – Construction material industry groups are developing their

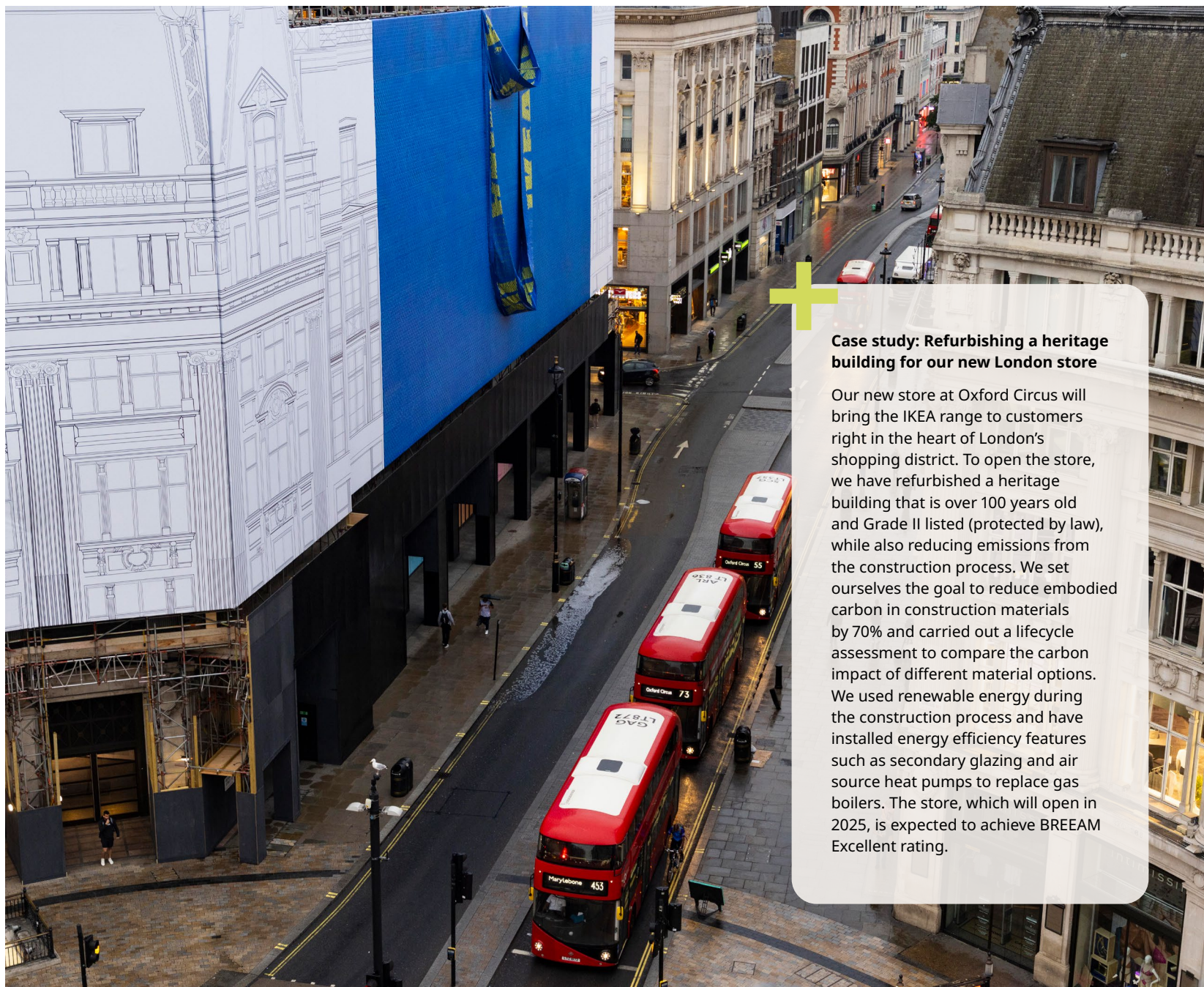


approaches to reducing emissions and we are engaging with them to inform our approach.

Materials efficiency regulation – We expect the EU Green Deal to incentivise materials efficiency and reductions in construction waste, creating a supportive policy environment.

Beyond our value chain

We aim to support decarbonisation in the construction sector through our purchasing and our investments. For example, we have made a minority investment in a materials innovation company which has developed a chemical process for reducing the carbon footprint of concrete by up to 40%.



Case study: Refurbishing a heritage building for our new London store

Our new store at Oxford Circus will bring the IKEA range to customers right in the heart of London's shopping district. To open the store, we have refurbished a heritage building that is over 100 years old and Grade II listed (protected by law), while also reducing emissions from the construction process. We set ourselves the goal to reduce embodied carbon in construction materials by 70% and carried out a lifecycle assessment to compare the carbon impact of different material options. We used renewable energy during the construction process and have installed energy efficiency features such as secondary glazing and air source heat pumps to replace gas boilers. The store, which will open in 2025, is expected to achieve BREEAM Excellent rating.



Goods and services used in own operations

The goods and services we buy to run our business (known as indirect procurement) account for around 5% of our value chain footprint.

To reduce emissions, we are working to motivate and support our suppliers to set science-based carbon reduction targets and developing decarbonisation roadmaps for significant materials and procurement categories. Achieving consistent supply chain emissions reductions across all our locations will take time due to our large and diverse global supplier base.

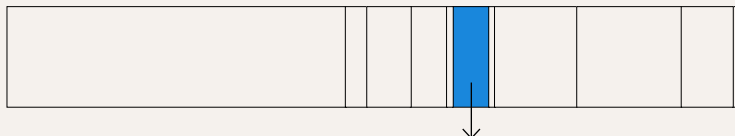
What have we achieved so far?

Emissions from indirect procurement have decreased by 2.7% against our baseline, reflecting the use of less carbon intensive goods and services in some procurement categories. For example, we now use digital channels for more of our marketing rather than paper-based materials.



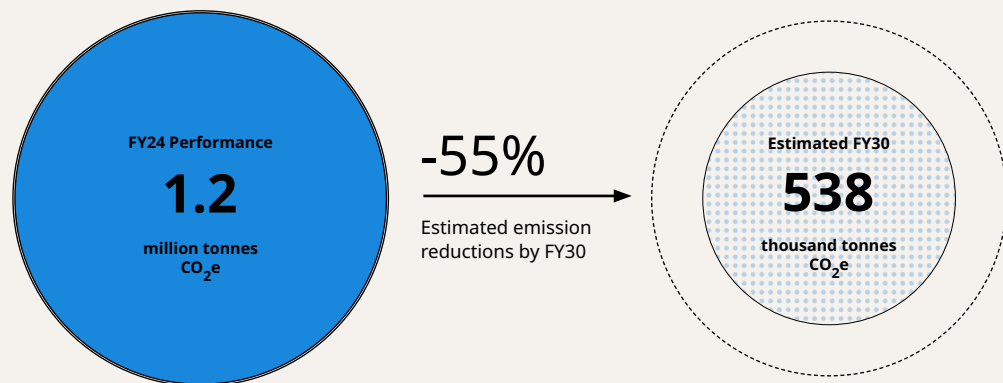


Goods and services used in own operations: Road to 2030



The goods and services we buy to run our business account for around **5%** of our value chain footprint.

- **Baseline FY16** (1.2 million tonnes CO₂e)
- **We are here FY24** (1.2 million tonnes CO₂e)
- Identified emissions with current actions
- Estimated FY30 performance



A note on scope

This category relates to scope 3 category 1 emissions. It excludes emissions from construction and fit outs (see Construction materials page 21) and travel and fleet (see mobility on page 27). We currently use spend-based data to estimate our emissions in this category which makes it more difficult to track the impact of our actions. We aim to move towards more quantity-based data over the next few years (see below).

Key actions to 2030

Better supplier choices

We are engaging with suppliers on emissions reduction.

Our priority is for strategic suppliers (around 60 of our most important indirect suppliers) to set emissions reduction targets. At the end of FY24, 51% had committed to a SBTi validated net zero target and 69% to a near-term SBTi validated target. Our next step is to engage preferred and tactical suppliers, a wider group of around 700 businesses. We are updating our approach to reflect SBTi supplier engagement guidelines.

There are many small and medium-sized suppliers (SMEs) in our supply chain but these businesses often have fewer resources to devote to carbon reduction efforts. We are developing our approach to engaging SMEs, including using our existing IWAY Supplier Code of Conduct. See more on page 89 in our [Annual Summary and Sustainability Report](#).

Better material choices

When establishing decarbonisation roadmaps for key categories and materials, our initial focus has been on: logistics and equipment, media and marketing, IT hardware and platforms. Actions to date include:

- Purchasing green steel for our warehouse racking, see case study, page 26.
- Increasing our use of recycled or FSC certified wood and paper.
- Working with suppliers to increase the energy efficiency of IT hardware and kitchen equipment in our restaurants.

From FY25, we will be expanding our focus to other categories, starting with service providers in areas such as facilities, security, IT, finance and HR. Alongside this, we will be working with suppliers to obtain more detailed emissions data at product level, enabling us to better understand our footprint, track progress and identify further priority categories for emissions reduction. We are also exploring opportunities to improve data sharing on product emissions across our industry.

Innovation and efficiency gap

Further innovation is needed to reduce the carbon footprint of key procurement categories. We identify innovation opportunities through dialogue with our suppliers and the work of our development and innovation teams. We share innovation examples across Ingka Group and with suppliers through regular meetings and annual supplier days to encourage wider adoption.

Key dependencies

Availability and scalability of lower-emission materials and technologies: We need access to lower carbon materials at scale across our different markets. Improvements in traceability and adoption of digital passport systems will also be important.

Action by suppliers and availability of data:

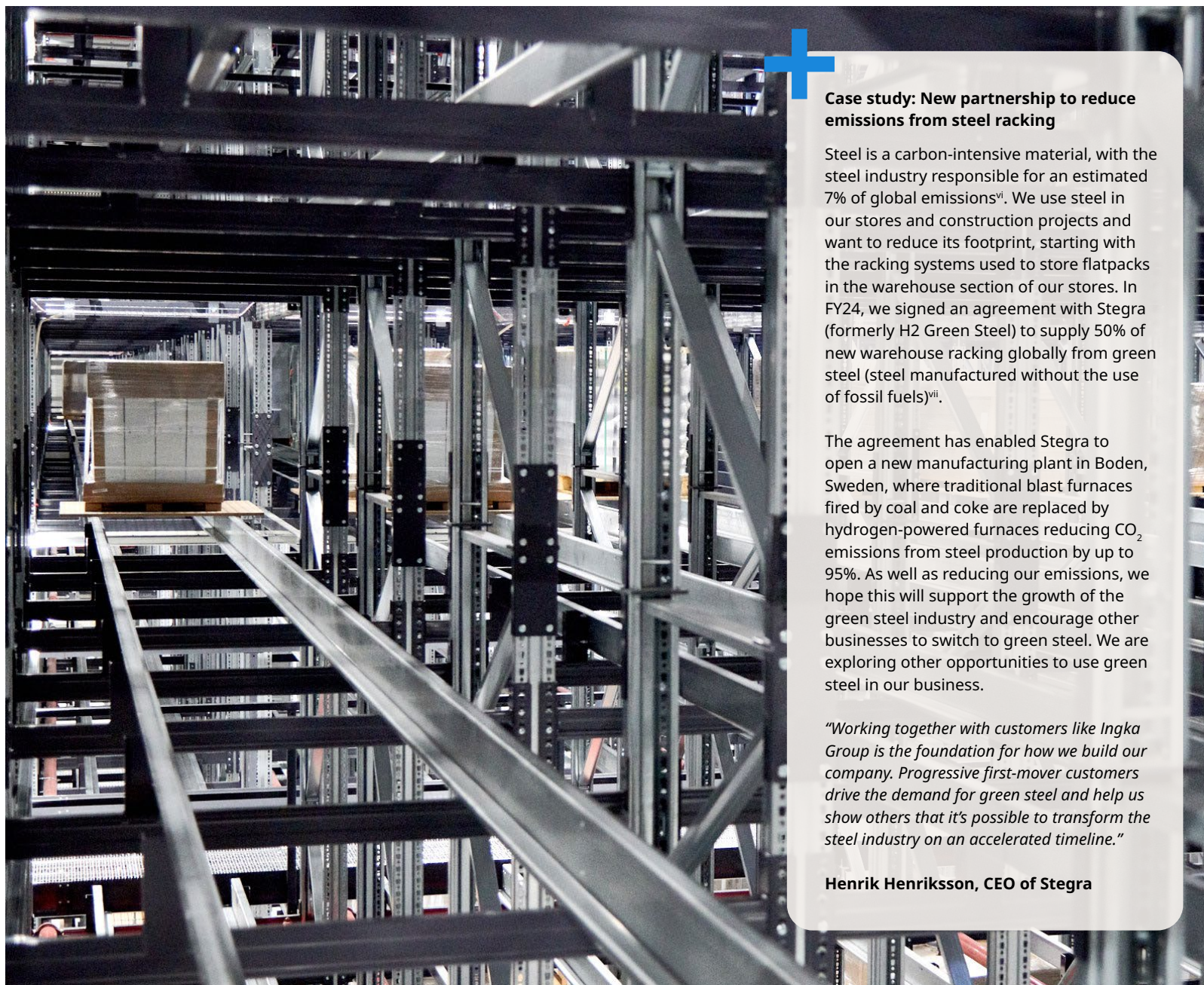
We are reliant on our suppliers setting and achieving their own science-based targets. We will need better and more consistent embodied carbon data from suppliers to enable us to monitor progress.



Action by regulators: We anticipate that regulation and policy incentives will play an important role in encouraging supplier action on carbon reduction and will influence how quickly low-carbon technologies become available.

Beyond our value chain

Our procurement activities can help to drive change beyond our own supply chain. For example, we hope that by supporting the development of lower carbon technologies such as green steel we can increase uptake and enable suppliers to scale up production.



Case study: New partnership to reduce emissions from steel racking

Steel is a carbon-intensive material, with the steel industry responsible for an estimated 7% of global emissions^{vi}. We use steel in our stores and construction projects and want to reduce its footprint, starting with the racking systems used to store flatpacks in the warehouse section of our stores. In FY24, we signed an agreement with Stegra (formerly H2 Green Steel) to supply 50% of new warehouse racking globally from green steel (steel manufactured without the use of fossil fuels)^{vii}.

The agreement has enabled Stegra to open a new manufacturing plant in Boden, Sweden, where traditional blast furnaces fired by coal and coke are replaced by hydrogen-powered furnaces reducing CO₂ emissions from steel production by up to 95%. As well as reducing our emissions, we hope this will support the growth of the green steel industry and encourage other businesses to switch to green steel. We are exploring other opportunities to use green steel in our business.

"Working together with customers like Ingka Group is the foundation for how we build our company. Progressive first-mover customers drive the demand for green steel and help us show others that it's possible to transform the steel industry on an accelerated timeline."

Henrik Henriksson, CEO of Stegra



Mobility

Mobility, accounts for 11% of our total value chain footprint, including home deliveries, customer and co-worker travel and business travel.

The majority of emissions in this category 78% are from customer travel but emissions from delivery have grown in significance over the last few years as online orders have increased.

Reducing emissions from mobility will largely be driven by increased availability and use of electric and alternative fuel vehicles by our customers, co-workers and home delivery teams and partners. Although we expect further improvements in electric vehicle (EV) and alternative fuel technology over the next decade, we believe it's important to act now to reduce emissions using the technologies already available. We are also focusing on actions that support customers and co-workers to adopt more sustainable modes of transport, opening locations that are closer to our customers and working with delivery partners to improve efficiency and achieve zero emissions home deliveries.

What have we achieved so far?

We've reduced emissions in this category by 12.7% since FY16, despite a significant increase in online sales. Key factors contributing to this reduction include:



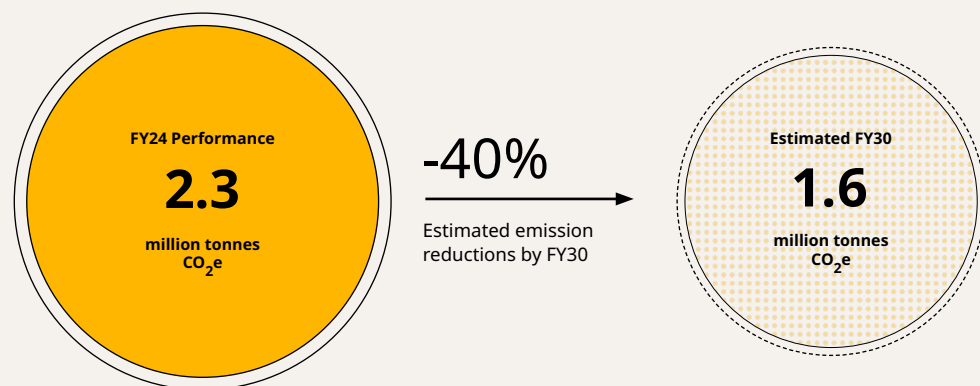


Mobility: Road to 2030



Mobility, accounts for **11%** of our total value chain footprint.

- **Baseline FY16** (2.6 million tonnes CO₂e)
- Identified emissions with current actions
- **We are here FY24** (2.3 million tonnes CO₂e)
- ⦿ Estimated FY30 performance



A note on scope

This category includes emissions relating to home deliveries, co-worker travel and business travel (scope 3 emissions categories 6,7,9) and emissions from customer travel. Customer travel emissions are excluded from our main target, see page 9 for details. Our data currently excludes emissions from customer travel to our city centre locations and Plan and Order points and emissions from small parcel deliveries. We are working to address this. Emissions from fuel used in the vehicles we own are included in our operational emissions, page 17. Some mobility emissions relating to Ingka Centre tenants (tenant owned vehicles and tenant delivery services) are excluded.

- More customers using electric or fuel-efficient vehicles. We are supporting this societal shift through the installation of EV charging points in all our customer car parks with 7,195 installed to date.
- More customers ordering online enabled by our shift to omnichannel retailing, which has reduced travel to our stores.
- Switching 41% of home deliveries to zero emission vehicles and investing in innovative delivery solutions using lower carbon transport methods.

rental to help customers take their purchases home if they visit us without a car (see case study on page 19). In our expansion plans, we will ensure that new meeting points have good public transport connectivity.

The shift to city centre locations, public transport connectivity and greater use of EVs will also reduce emissions from co-worker commuting. Many of our markets run initiatives such as car-pooling, bike-to-work, and public transport subsidies and we are exploring how to increase consistency across our markets.

Zero emissions deliveries

Our target is to achieve more than 90% of home deliveries made by zero-emissions vehicles by 2028^{viii}. To reach this goal we are focusing on:

- Engaging with truck manufacturers on the development of their EV ranges and testing new vehicles as they are developed.
- Supporting (including financially) our third-party delivery partners to increase use of electric and alternative fuel vehicles.
- Route optimisation to reduce distances travelled by home delivery vehicles.
- Innovative local schemes, such as our partnership with Box2Home in Paris, see case study on page 29.
- Insourcing some home deliveries using our own zero emission delivery vehicles.

We have a dedicated implementation manager working on expanding zero emission home deliveries in each of our countries, supported by a central team.

Key actions to 2030

Travel to our stores and meeting places

We expect emissions from customer travel to reduce by 40% by 2030, in line with our optional (additional) SBTi target. This will largely be driven by:

- Opening more city centre locations that enable customers to visit us on foot or via public transport. We require our new smaller stores to be within 5 minutes walking distance of public transport.
- Increasing uptake of EVs and improved vehicle efficiency which will reduce emissions from customer travel.
- Further reductions in customer travel as a result of growth in online and remote sales as well as more pick-up options closer to where customers live.

We will be further expanding the number of EV charging points in our car parks as well as rolling out services such as car, trailer and cargo bike



Business travel

We aim to reduce emissions from business travel by focusing on:

- Encouraging co-workers to meet online or to use lower carbon transport methods for business trips. For example, by changing our policies to prevent co-workers travelling by air for one-day trips.
- Working with travel industry partners to make it easier to book train tickets for domestic and cross border journeys.
- Engaging with the rail industry on improvements to scheduling, connections and booking procedures that can make rail travel easier for business travellers.

Our initial focus is on countries in the EU with good transport links. For example, in France and Spain we have developed an air to rail policy that moves domestic trips from air to rail travel where the journey time is 3.5 hours or less and we will be working with our travel partners to extend this to other markets.

Innovation and efficiency gap

Our data currently excludes small parcel deliveries which account for a small portion of last mile home delivery emissions but we are working to address this.

Key dependencies

Access to EVs and charging infrastructure:

To achieve our targets we are reliant on a significant increase in the use of electric vehicles by customers, co-workers and delivery partners across our markets. This in turn, relies on

suitable EVs being available at the right price, supported by sufficient charging infrastructure. We are working with organisations such as EV100 and advocating for the EU and other regions to further increase investment in charging infrastructure and for supportive regulation.

Development of alternative fuels: Further technological development of hydrogen and other alternative fuels will be needed to reduce emissions from some deliveries as well as business travel.

Regulatory changes: Regional, national and local regulation will play an important role in creating the conditions for increased uptake of EV and alternative fuel vehicles. We support and advocate for policies such as low emission zones in cities, the EU Alternative Fuels Infrastructure Regulation and low carbon fuel standards in the US and around the world.

Beyond our value chain

We want to play our part in creating the net zero cities of the future where zero emission transport is accessible and affordable for all. For example, through Ingka Investments, we hold minority investments in businesses such as Waabi, which is using generative AI to enable driverless autonomous trucks (which is expected to improve efficiency and reduce fuel usage) and DST, the largest EV operations platform in China.



Case study: Innovating for zero emission deliveries

We're exploring different electric vehicle options across our markets to support the transition to all electric deliveries. Since 2022, we've been partnering with Box2Home to use the river Seine for home deliveries in Paris. Orders are delivered by boat across the city with electric vehicles making the final delivery to customer homes. The partnership has reduced delivery times, contributes to reducing traffic congestion and results in up to five times fewer CO₂ emissions than road delivery as well as avoiding around 300,000 kilometres of journeys on Parisian roads each year. In India and Australia we've used small three-wheeled EVs (known as tuk-tuks or rickshaws), to deliver smaller items from some of our stores, reducing emissions and congestion on busy streets.





Investments

Ingka Investments purchases assets, manages companies, and operates strategic businesses to preserve and create value for Ingka Group and IKEA.

This category includes emissions from our Business Development and Venture, Circularity and Financial Market Investments portfolios. Together these account for around 1% of our value chain emissions. Some significant categories of investment (such as sovereign bonds) are not yet included because there is no generally accepted methodology for calculating these emissions (see note on scope).

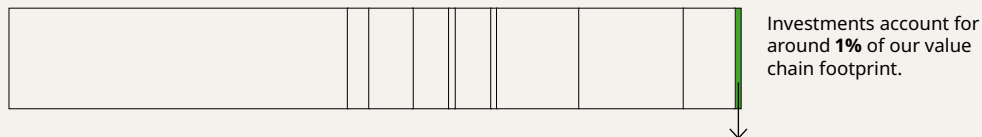
It will be challenging to further reduce absolute emissions from investments by 2030 as we expect to increase the amount invested in physical assets and businesses over this period^{ix}. Up to 2030 we will be focused on:

- Increasing the overall proportion of investments allocated to asset classes which have a lower carbon footprint.
- Aligning our investment strategies to the Paris Agreement and our carbon reduction targets, starting with our Financial Market Investments portfolio.
- Improving emissions data so we can identify reduction opportunities and monitor emissions intensity.
- Supporting investee companies to measure and report their emissions and embark on emissions reductions.

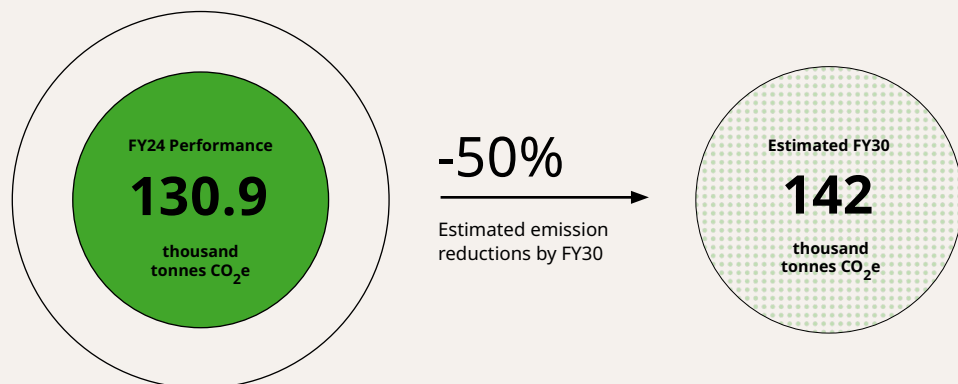




Investments: Road to 2030



- **Baseline FY16** (283.0 thousand tonnes CO₂e)
- Identified emissions with current actions
- **We are here FY24** (130.9 thousand tonnes CO₂e)
- Estimated FY30 performance



A note on scope

Investments covered by this category account for 32% of the value of our investments made. It includes scope 1 and 2 emissions from investments where we do not have operational control and scope 3 emissions from investments where we do have operational control. Scope 1 and 2 emissions from investments where we have operational control are excluded and reported in our Operations emissions category. Within our Financial Market Investments portfolio, we have excluded investments from financial instruments where measurement methodologies are still in development/ have not been approved by the GHG Protocol. This includes investments in sovereign and sponsored government bonds, private debt and equity funds, derivatives, covered bonds and asset-backed bonds. We are looking to engage with other stakeholders, such as the Partnership for Carbon Accounting Financials (PCAF) to address and stay up to date with methodologies. As agreed methodologies are established for these investment categories, we aim to integrate the related emissions into our targets and reporting. Emissions and removals in our forestland portfolio are excluded but reported on page 32. We expect our reported data to change over the next few years as we add more investment categories and obtain better emissions data from investee companies.

What have we achieved so far?

We have reduced emissions in this category by 53.8% since FY16. This is partly due to actions we have taken such as divesting from some companies in more carbon intensive sectors, and partly due to having more accurate data for FY24 emissions compared to prior years because more investee companies now disclose emissions data.

Key actions to 2030

Integrating climate change into portfolios and investment decisions

We are increasing the overall proportion of investments allocated to long-term asset classes which have a lower carbon footprint such as our investments in renewable energy generation and circularity.

We are working to integrate Environmental, Social, Governance (ESG) factors including climate change into our negative screening and due diligence processes, and have recruited ESG specialists to join our investment team. It is our policy not to make or hold direct investments in fossil fuel businesses.

Our next step is to establish criteria that our investment teams can use to evaluate the climate impact of new investment opportunities and prioritise investments based on the amount of carbon reduced per net Euro spend. This will start with our FMI portfolio, and we will be developing our methodology for aligning the

portfolio strategy with the Paris Agreement and our carbon reduction targets. We will apply what we learn from this process to our other portfolios.

We are also integrating digital tools to help us capture and monitor investee emissions and engaging directly with some investees in our private markets portfolio on emissions reduction and setting science-based reduction targets. Our ability to influence existing investees varies, according to our financial and operational control. We will initially focus on companies where we have more control and for companies



Case study: Investing in The Green Dairy

The Green Dairy is an innovative business based in Sweden that supplies our plant-based dairy products and soft-ices. We've invested in the business since 2012, enabling it to develop its manufacturing processes and to expand the range of crops used to include oats and fava beans. Now, we're supporting The Green Dairy on its next step, to develop a new high-quality protein powder from the part of the crop currently left over after processing. The business is also investing in improvements to its manufacturing plant, such as energy reuse, reducing the climate impact of the manufacturing process. This is one example of our approach to investing with impact – identifying businesses that offer innovative solutions to environmental challenges and supporting them to grow.



where we don't have control, we will seek to engage together with our co-investors, to maximise impact.

Innovation and efficiency gap

We haven't yet identified all the actions needed to reduce emissions from investment in line with our target. We will continue to develop our approach as we build the capacity of our investment teams for managing climate risks and opportunities and will share updates in future editions of this plan.

Key dependencies

Measurement methodologies and access to data:

Approved emissions measurement methodologies are needed for investments such as sovereign bonds and government sponsored bonds to enable us to track these emissions and include them in our baseline and reduction target. We will also need access to more data on emissions from our investee businesses.

Access to skills and competencies: We will be developing the competencies of our investment teams to integrate climate change into decision-making and will rely on our investee businesses to develop their own competencies for emissions reductions, measurement and reporting.

Regulation: Evolving regulatory requirements and carbon taxes are likely to influence future investment choices. Carbon taxes will present risks, such as the impact of price rises for fuel, electricity, and raw materials, as well as opportunities to invest in new technologies that support the net zero transition.

minority investor in the business since 2017 and our investment has contributed to Morssinkhof Rymoplast doubling its plastic recycling capacity to 515,000 tonnes per year.

- RetourMatras – we have a significant minority investment in this mattress recycling business. In FY24, RetourMatras recycled over 1 million mattresses avoiding over 90,000 tonnes of CO₂e. RetourMatras converts the polyurethane (PU) foam from recycled mattresses into repolyol, a key ingredient for new foam which is now used in 31 IKEA upholstery and mattress product lines.
- Bureo – we have a small minority shareholding in this business (via the Ocean 14 Capital Fund) which turns end of life fishing nets into high-quality recycled nylon for clothing. This reduces CO₂ compared with virgin nylon and prevents plastic from entering the oceans.
- Submer – we have a small minority shareholding in this business (via Planet First Partners) which has developed a single-phase immersion cooling technology that reduces the energy and water needed to cool data centres.

These investments do not act as offsets to our net zero commitments but do contribute to accelerating global progress towards a net zero world. Our ongoing discussions with peers, industry organisations and policymakers also reflect our commitment to shaping the emerging field of responsible investment.

We intend to use credible external frameworks such as SBTi's Beyond Value Chain Mitigation to start to quantify the impact of our investments on emissions reduction beyond our value chain.

Beyond our value chain

It is estimated that USD 8.4 -10.4 trillion per year is needed up to 2050 to fund the transition to a net zero world^{xi}. However, there is currently a significant gap between committed levels of funding and what is needed to limit global warming to 1.5°C .

We are playing our part in addressing this gap through our investments in areas such as materials innovation, renewable energy generation, circularity and recycling infrastructure. We have invested or committed to invest EUR 4.2 billion in wind and solar farms and wider renewable investments since 2009, with a target to invest EUR 7.5 billion by 2030.

Our minority investments include:

- Morssinkhof Rymoplast – a group of plastics recycling companies and one of Europe's largest producers of high-end recycled raw materials. We have been a

Carbon emissions and removals from our forestland portfolio

We own 319,100 hectares of forestland in seven countries through Ingka Investments^x. In FY24, we calculated the emissions and carbon removals from our forestland portfolio for the first time using the 2022 GHG Protocol Land Sector and Removals Draft Guidance. Once published, we will be using the finalized GHG Protocol Land Sector and Removals Guidance to refine our calculations. Understanding these emissions and removals, will help us to develop our strategy and targets for carbon removal.

Our data for FY24 shows that emissions relating to our forestry portfolio were 43,106 CO₂e in FY24, while 675,519 tonnes of CO₂e was removed and stored by the forests we own.

We quantified the carbon removal potential of our forests by estimating the amount of carbon stored by the net growth of trees and roots (above and below ground biomass). While, the data has been externally assured, we aim to continuously work on improving the data that we use.

Our forestland portfolio contributes to our Forest, Land and Agriculture (FLAG) emissions and removals. Other FLAG emissions and removals are included in our value chain footprint (for example emissions associated with the production of raw materials used in our products and food) and we don't currently set separate targets for FLAG emissions and removals.



Materials

Materials account for 45% of the Ingka value chain footprint.

To reduce the climate footprint of materials, Inter IKEA Group is working to increase the share of recycled materials, use materials more efficiently and develop products with a lower climate footprint. It is also continuing to source materials from responsibly managed sources, such as wood certified by the Forest Stewardship Council® (FSC®). While lowering emissions is a key driver in materials choices, Inter IKEA Group also gives careful consideration to the implications of different materials for nature and people in the supply chain.

What have we achieved so far?

In FY24, the climate footprint from materials was 10.6% lower than our FY16 baseline. This reflects an increased use of recycled materials and those with lower embodied carbon and improvements in material efficiency.

Key actions to 2030

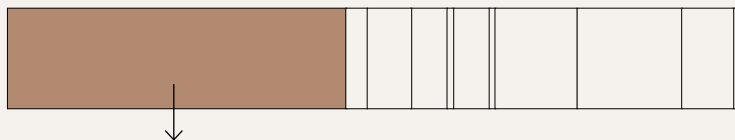
Up to 2030, Inter IKEA Group aims to reduce emissions from materials by focusing on:

- Significantly increasing the share of recycled content in IKEA products as part of



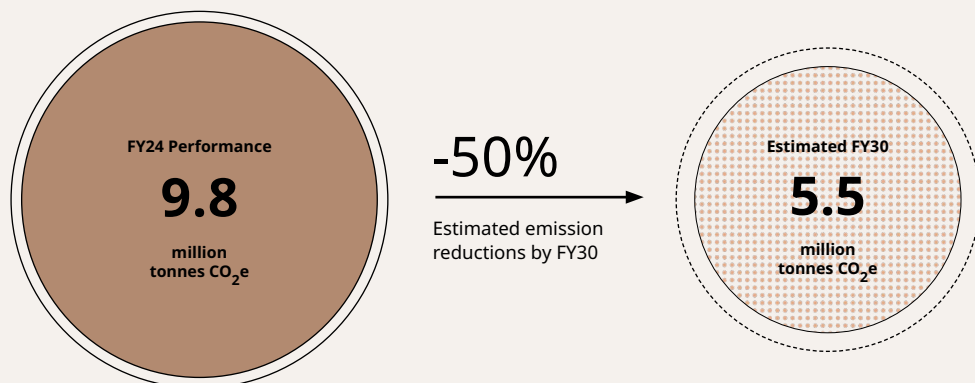


Materials: Road to 2030



Materials made up **45%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY16** (10.9 million tonnes CO₂e)
- **We are here FY24** (9.8 million tonnes CO₂e)
- Identified emissions with current actions
- Estimated FY30 performance



A note on scope

The climate footprint of materials includes the cradle-to-gate footprint from raw material extraction and all processing steps and transport up until the gate of our tier 1 suppliers where IKEA products are manufactured. Emissions are calculated taking into account the recycled and renewable content of materials, sourcing country and material company where data is available. In relation to material amounts, FY24 emissions from wood and paper-based materials are calculated based on data from the year. For other materials, we collaborate with direct suppliers amounts.

our aim to use only recycled and renewable materials.

- Building on our long-term focus on material efficiency, enabling more from less and reducing the amount of materials we use.
- Developing and selecting materials with a lower climate footprint during the design phase whenever possible.
- Securing a higher share of renewable energy in the material supply chain.
- Strengthening and expanding responsible forest and agriculture management practices.

Priority materials

There are five materials used today within the IKEA business that make up the largest share of emissions - wood, metals, textiles and comfort (filling and stuffing material), plastics and paper. Focusing on these materials will result in the most impactful reductions (see page 35).

Key dependencies

Improved data and traceability: To enable more accurate measurement of progress and understand emissions reduction opportunities, we need better and more consistent data from suppliers and strengthened traceability systems for primary and secondary raw materials.

Materials innovation, availability and scalability: Reducing emissions for materials depends on access to lower carbon materials consistently across the supply chain. Collaborations and coalitions are needed to

create opportunities and share the cost of innovation.

Renewable energy in supply chains: Increased use of renewable energy by suppliers will be needed to enable us to reduce emissions in this category.

Policy change: Harmonised government policies are needed to support progress including in relation to external carbon pricing, investment in renewable energy, phasing out fossil fuels, development of recycling infrastructure and accelerating circularity.





Metals	Wood	Textiles & comfort materials	Paper	Plastics
Metals are recyclable and essential for the IKEA range in fittings and cookware, but have the largest relative climate footprint of our materials.	Wood is the most widely used material in the IKEA range. It's part of our identity and Swedish heritage and includes particleboard, fibreboard, solid wood, layer glued and veneer.	Materials in textiles and comfort include textiles from across the home, like bed textiles, curtains, rugs and towels, as well as comfort materials with a plastic origin, such as foam in sofas and mattresses.	Paper is used in many ways across the IKEA offer – from packaging material and price tags to products such as paper foil, lampshades or home organisation products.	Plastics are found throughout the IKEA offer – from furniture and electronics to fittings and packaging material.
Inter IKEA Group is focused on:				
<ul style="list-style-type: none">Increasing recycled content in steel and aluminium.Using metals in a smarter way to increase material efficiency, for example, using high-strength steel which enables us to use less material while achieving the same properties.Using the right material for the right application such as using carbon steel instead of stainless steel in cases where there is no exposure to wet conditions or food contact.Exploring new steel production techniques to achieve lower emission steel.	<ul style="list-style-type: none">Moving from using fossil fuel-based glues to bond wood components and fibres to lower carbon glues, such as bio-based glues.Continuing to increase renewable energy use in board production.Focusing on resource efficiency for high-yield coatings, coverings, adhesives, and processes, reducing emissions by minimising waste and lowering energy consumption.	<ul style="list-style-type: none">Reducing the use of polyurethane foam.Reaching the full potential of recycled fibres (aiming for a minimum of 30% of cotton used across the IKEA range to be recycled cotton by 2030 and zero virgin fossil fuel-based polyester by 2025 where technically possible).Increasing the use of alternative natural and synthetic fibres (e.g. jute, flax, hemp, lyocell, viscose) which have a lower carbon footprint compared to virgin cotton.	<ul style="list-style-type: none">Optimising the mix of renewable and recycled feedstock.Consolidating volumes at paper mills with a lower CO₂ footprint.Investing in R&D with strategic partners for innovation.	<ul style="list-style-type: none">Maximising the usage of recycled materials – increasing the share of post-consumer feedstock.Using renewable based materials where recycled materials might not be appropriate such as for products with food contact and high-risk children's products.Aiming to have no virgin fossil fuel-based plastic in our products by FY30.Transitioning from plastic to paper in packaging and products.



Our role at Ingka Group

At Ingka Group, we aim to communicate to customers where renewable and recycled materials are used in the products they buy from us. This is part of the product information on our websites and in store and helps to build awareness of our approach and how using recycled and renewable materials can reduce environmental impacts compared with virgin raw materials. We look for opportunities to keep developing our communications in this area to further raise customer awareness.



Food ingredients

Food ingredients account for 3% of the Ingka value chain footprint.

Shifting towards more plant-rich diets is a vital step in addressing emissions from food, as well as working with partners in the supply chain to lessen the impacts that arise from how food is grown. Inter IKEA Group has a target to introduce more plant-rich food into the range and reduce red meat.

What have we achieved so far?

In FY24, the climate footprint from food ingredients was 13.8% lower than our FY16

Case study: Enabling customers to eat more plants and less meat

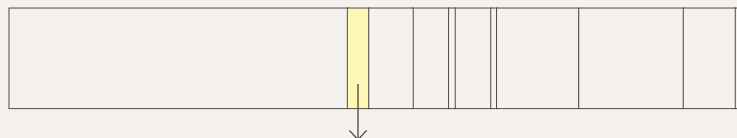
Our plant-based food includes plant-based balls, veggie balls, plant-based hot dogs, veggie hot dogs, plant-based soft ice and plant-based breaded nuggets. To further expand the range, we're also introducing 'plant-rich' options which use less meat per dish.

In Sweden, a plant-rich product named PANNBIFF was introduced in FY24. This patty, made with 50% minced beef and 50% plant-based ingredients sourced locally from yellow peas, reimagines the traditional Swedish dish. The PANNBIFF climbed to the sixth spot in sales at IKEA stores in Sweden during FY24.



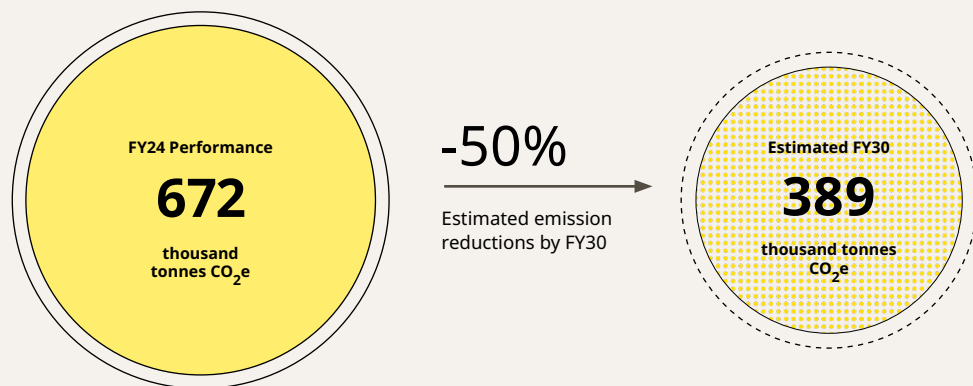


Food ingredients: Road to 2030



Food ingredients made up **3%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY16** (778.8 thousand tonnes CO₂e)
- Identified emissions with current actions
- **We are here FY24** (671.5 thousand tonnes CO₂e)
- Estimated FY30 performance



A note on scope

The climate footprint for food ingredients includes emissions from raw materials extraction and all processing steps and transport to the factory manufacturing the food products. A system is in place to measure the ingredients per product for the global food range. A majority of the market-specific range (dishes that are not sold across all our countries) is now also measured using the same system. Around 20% of the total weight sold is estimated due to lack of recipe-specific data.

baseline. This reflects an increase in sales of plant-based food and using food ingredients with a lower climate footprint.

Key actions to 2030

Up to 2030, Inter IKEA Group aims to reduce emissions from food by focusing on:

- Increasing the share of ingredients with a lower footprint (e.g., reducing red meat and increasing plant-based and plant-rich offerings).
- Continuing work to secure deforestation-free sourcing of food ingredients starting with palm oil, beef, coffee, cocoa and sugarcane by FY25¹.
- Inspiring and enabling consumers to choose foods with a lower emissions footprint, including working in partnership with franchisees and focusing on affordability to encourage more customers to choose plant-rich alternatives.
- Initiating the transition from conventional farming towards more responsible agriculture practices, such as regenerative agriculture, contributing to enhanced soil health for increased carbon sequestration and biodiversity.
- Reducing food waste across the IKEA value chain.

Key dependencies

Policy change: Policies are needed in our sourcing countries to incentivise regenerative

agriculture and reduce subsidies for harmful industrial farming practices.

Collaboration and partnerships: Continued collaboration and partnerships with industry stakeholders and innovative start-ups to develop scalable solutions for alternative proteins, regenerative farming practices, and innovative food products will be needed to support progress on emissions reductions.

Consumer behaviour: Driving consumer dietary shifts through awareness and education about sustainable agriculture and lower-emission food options will support emissions reductions.

Access to data: Improving data granularity and traceability down to the farm level will be necessary to enhance impact measurement, identify emissions reductions opportunities and address food waste and loss in the supply chain.

Our role at Ingka Group

We served food to around 665 million people last year and have a great opportunity to help customers eat more plants and less meat. To encourage people to opt for plant-based food, we make sure all our locations offer it at the same, or lower price than the meat-based alternatives (even when the cost of raw materials is higher). We are developing our data and measurement systems in this area to help us track progress on encouraging more consumers to choose plant-based options.

Ingka Investments is investing in companies in the plant-based food sector, helping them to develop their businesses and support the growth of the sector. Some of these companies may become suppliers to IKEA. An example is included on page 31.

¹IKEA is committed to no deforestation and no forest degradation across our primary deforestation-linked commodities (soy, palm oil, beef, leather, coffee, cocoa, rubber, and sugarcane), with a target date of December 31, 2025. All wood used in IKEA products is sourced from responsibly managed forests which do not contribute to deforestation. Commodities and products in scope of the European Union Deforestation-free Regulation (EUDR) will have to meet the corresponding timelines.



Production

Emissions from production (manufacturing of the IKEA range) accounted for 6% of the Ingka value chain footprint in FY24.

Inter IKEA Group is working to address these through a focus on increasing renewable energy and electricity use in the supply chain and at its own production sites.

What have we achieved so far?

In FY24, the climate footprint from production was 59% lower than our FY16 baseline. This is due to increased use of renewable electricity and renewable heating, cooling and fuels used in production.

Key actions to 2030

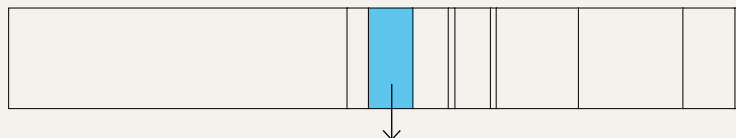
Up to 2030, Inter IKEA Group aims to reduce emissions from production by focusing on:

- Complete phase-out of on-site coal at seven remaining supplier factories by FY27 and working towards completely phasing out off-site coal by FY30.
- Promoting and supporting on-site renewable energy generation and consumption at supplier factories.



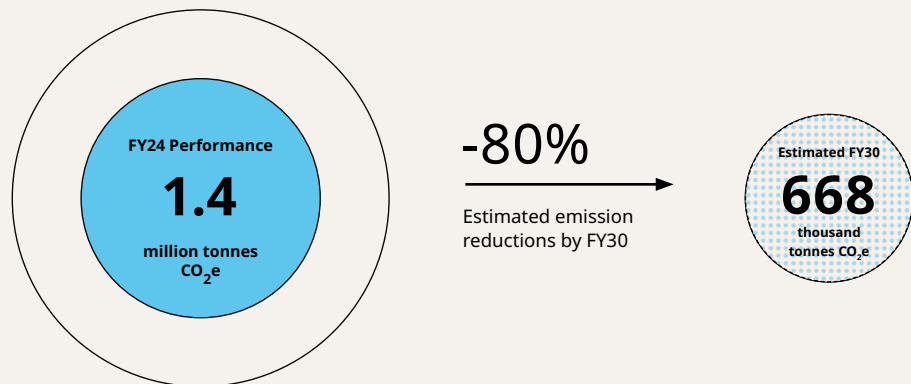


Production: Road to 2030



Production made up **6%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY16** (3.3 million tonnes CO₂e)
- **We are here FY24** (1.4 million tonnes CO₂e)
- Identified emissions with current actions
- Estimated FY30 performance



A note on scope

The climate footprint of production is the step in the supply chain where IKEA home furnishing or food products, components or printed media are produced. It also includes the IKEA owned factories operated by IKEA Industry and packaging and distribution units by IKEA Components. The footprint is measured as the scope 1 and scope 2 emissions of each tier 1 supplier or unit, as well as any connected fuel- and energy-related activities (scope 3, category 3).

- Achieving 100% renewable electricity in top 13 IKEA sourcing markets with the highest consumption of electricity by FY25 (representing 90% of overall electricity consumption in production).
- Speeding up electrification of production processes, heating and internal transport – moving towards increased adoption of electric boilers and heat pumps, wherever applicable.
- Continuing to improve energy efficiency through competence development and technology.

promote the adoption of renewable energy through improved power purchase agreement (PPA) infrastructure and expanded grids. PPAs directly fund and facilitate the development of new renewable energy projects, ensuring increased renewable generation capacity and reductions in greenhouse gas emissions. However, PPAs are not currently available in many sourcing markets.

Innovation and collaboration: Strong industry partnerships are needed to accelerate the development and scale up of renewable energy solutions, electrification technologies (such as heat pumps), and viable bespoke renewable energy solutions.

Key dependencies

Policy reform: Inter IKEA Group is advocating for policy reform to phase out fossil fuels and





Product transport

Emissions from product transport accounted for 5% of our value chain footprint in FY24.

To reduce emissions from product transport, Inter IKEA Group is focusing on supply chain efficiency, increasing the share of intermodal transport^{xiii} and use of electric vehicles and lower emission fuels, and working with others to support the development of zero-emission ocean shipping.

What have we achieved so far?

In FY24, the climate footprint from product transport was 15.9% lower than our FY17 baseline. This is due to an increase in the share of intermodal transport, scale up of in deployment of electric vehicles, increased use of biofuels and improved efficiency in areas such as vehicle loading and network optimization.

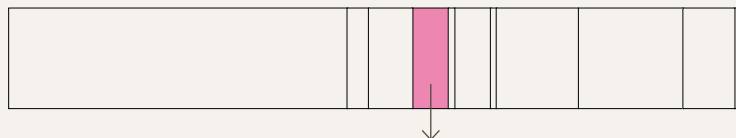
Key actions to 2030

- Collaborating with our service providers to reduce energy and fuel consumption,



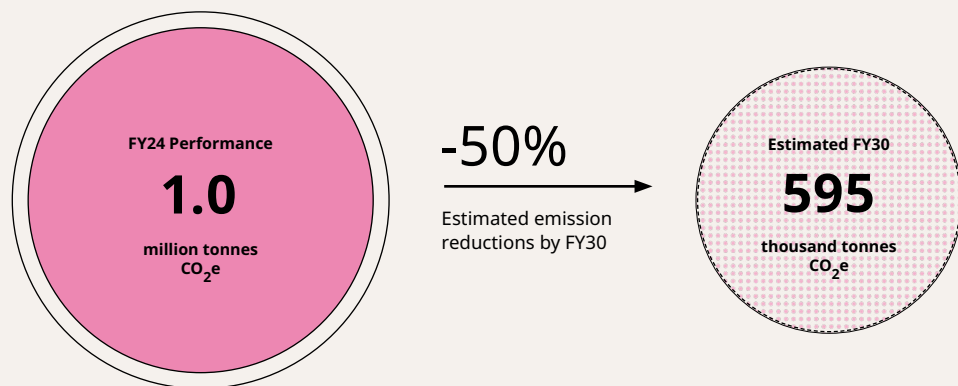


Product transport: Road to 2030



Product transport made up **5%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY17** (1.2 million tonnes CO₂e)
- Identified emissions with current actions
- **We are here FY24** (1.0 million tonnes CO₂e)
- Estimated FY30 performance



A note on scope

This category relates to upstream product transport, scope 3 category 4 emissions. The climate footprint of product transport is measured as any transport managed by IKEA Supply Chain Operations, IKEA Industry, IKEA Components and IKEA Marketing & Communication. This covers all product transport from Inter IKEA Group direct suppliers to any IKEA unit, as well as product transport between IKEA units.

increase equipment utilisation, and optimise our network.

- Continuing to increase the share of intermodal transport solutions.
- Deploying biofuels in the short-term, while moving towards zero-emission solutions.
- Consuming 100% renewable electricity in all logistics service units by calendar year 2025 and 100% renewable energy by 2030.
- Integrating innovations and new types of collaborations into our value chain.

Key dependencies

Technological innovation: Development and deployment of low or zero emission solutions for ocean shipping are needed on a global scale to enable decarbonisation of product transport. Innovative and collaborative projects across the public and private sector are needed to accelerate the development of EV charging infrastructure and green corridors.

Book-and-claim systems: We see mechanisms such as book-and-claim systems^{xiii} as a necessary short-term solution for the maritime industry while zero-emission vessels and fuels become more widely available. The Greenhouse Gas Protocol's Action and Market Instruments Working Group, is expected to provide clear guidance on the role of market-based mechanisms, such as book-and-claim, within net zero strategies.

Improved data: To ensure effective environmental impact monitoring and reporting, we need to work even more closely with our

suppliers to secure accurate and reliable primary data on transport options.

Collaboration of service providers:

Collaboration between service providers is essential for optimising the utilisation of transport networks including load efficiency, reducing empty miles, and improving route planning.

Improvements in rail networks: To enhance the efficiency and sustainability of transportation logistics and reduce dependency on road transport, improvements to rail networks, capacities and service levels are crucial.





Product use at home

Emissions from product use at home accounted for 14% of our value chain footprint in FY24.

To reduce these emissions, Inter IKEA Group is focusing on improving the efficiency of energy using products and phasing out use of fossil-fuel based paraffin in candles.

What have we achieved so far?

In FY24, the climate footprint from product use at home was 57.8% lower than our FY16 baseline. This reflects significant improvements in energy efficiency, including a 90% improvement in energy efficiency in the lighting range. Lower product sales of lighting products have also contributed to the reduction in emissions.

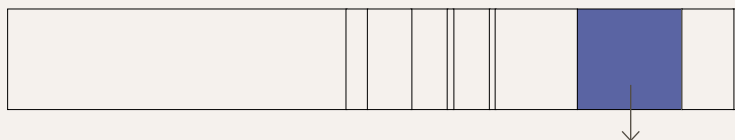
Key actions to 2030

- Continuing to improve the energy efficiency of our lighting range (aiming to increase the energy efficiency of top light source range SOLHETTA by 1.5x compared to today).



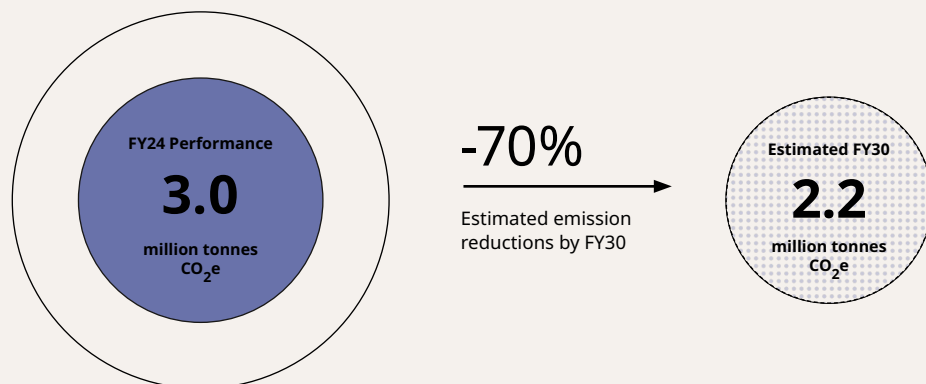


Product use at home: Road to 2030



Product use at home made up **14%** of the total IKEA value chain climate footprint in FY24.

- **Baseline FY16** (7.2 million tonnes CO₂e)
- **We are here FY24** (3.0 million tonnes CO₂e)
- Identified emissions with current actions
- ⊕ Estimated FY30 performance



A note on scope

The climate footprint of product use at home is based on the energy consumption for home use of IKEA lighting, home appliances and home electronics as well as the burning of candles. Energy consumption is measured in line with the GHG Protocol as the energy consumption through the product's lifetime. Emissions from smart home products are excluded.

- Aiming to improve energy efficiency by 10% for ovens, hoods, fridges and freezers.
- Phasing out fossil fuel-based paraffin in candles by FY30.

Key dependencies

Technological innovation: Further improvements in the energy efficiency of products like our lighting range and home appliances relies heavily on advancing technologies and innovative solutions. Further innovation is needed to reduce emissions and support compliance with evolving regulatory

standards on energy consumption. Partnerships with suppliers are also important to ensure the availability of the materials and components needed to effectively improve the energy efficiency of products.

Policy Reform: Inter IKEA Group is advocating for policies that support the acceleration of renewable energy in national power grids in its markets around the world. This will be key to further reducing emissions from product use at home.

Consumer behaviour: Reducing emissions from product use at home relies on consumers purchasing energy-efficient products and using them correctly.



Our role at Ingka Group

At Ingka Group, we use our communications to inspire customers to adopt sustainable habits at home. Our Sustainable Living Shops, for example, are spaces within our stores and online designed to build awareness about affordable products and actions that can help customers to use fewer resources. Saving energy at home is a key theme and products featured include energy-efficient smart home solutions and long-lasting LED lightbulbs.

Through Ingka Investments, we are investing in renewable energy generation which supports the decarbonisation of national grids.



Product end of life

Emissions from product end of life accounted for 7% of the Ingka value chain footprint in FY24.

Reducing these emissions is closely connected to the transition towards a more circular business. Inter IKEA Group is focusing on designing all products from the very beginning to be reused, refurbished, remanufactured and recycled as well as supporting the development of responsible waste management. Transitioning towards a more circular business will reduce the chances that IKEA products end up in landfills or are incinerated.

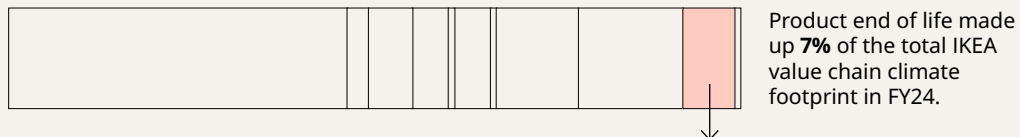
What have we achieved so far?

In FY24, the climate footprint from product end of life was 14.6% lower than our FY16 baseline. This reflects changes in the material mix of products with an increase in the use of materials likely to be recycled. Improvements to data and lower volumes have also contributed to the reduction.

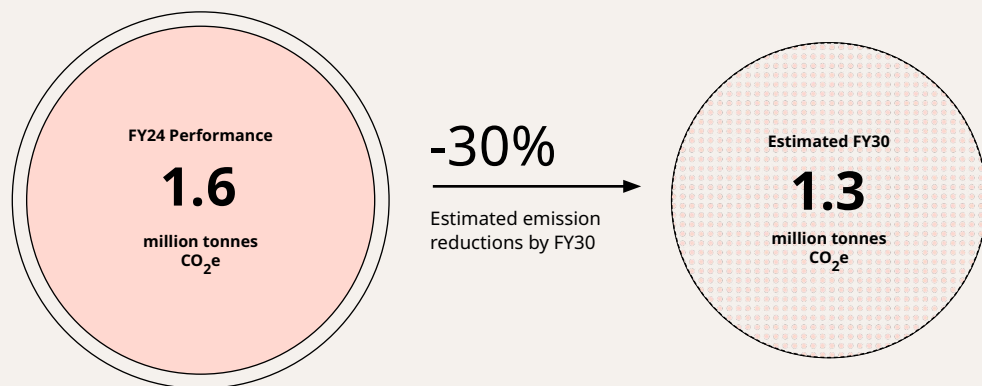




Product end of life: Road to 2030



- **Baseline FY16** (1.8 million tonnes CO₂e)
- **We are here FY24** (1.6 million tonnes CO₂e)
- Identified emissions with current actions
- Estimated FY30 performance



A note on scope

The climate footprint of product end-of-life is based on the emissions released during the final stage of an IKEA product's lifecycle, when it is disposed of or recycled. Emissions are calculated based on the estimated weight of material in products sold and national average data on waste disposal methods (recycling, incineration, landfill). The current methodology does not take into account how the product has been designed for recycling or the specific waste-handling infrastructure available near to the store where the product was sold.

Key actions to 2030

- Using circular design principles to prolong the life of our products and to enable easier repair and reuse, and recycling of materials as a last step.
- Expanding existing programmes and exploring new ones for take-back and recycling, enabling our customers to return used products for resale or pass them onto others for reuse.
- Continuing to increase the availability of spare parts for customers to care for, repair and prolong the life of IKEA products.

Key dependencies

Technological innovation: Further innovation is needed to overcome the current limitations of recycling and to enable further improvements in sorting technologies for better material identification and separation, and technologies to restore material quality and remove additives such as dyes and flame retardants.

Policy change: We advocate for adoption of international standards and a harmonized approach to circularity across borders to support further development of recycling infrastructure.

Consumer behaviour: Initiatives are needed to inspire and enable consumers on product care, repair, and end-of-life take-back programmes. We are developing our approach in this area, see *Our role at Ingka Group*.

Our role at Ingka Group

At Ingka Group, we have an opportunity to promote circular actions and behaviours to the millions of people that visit our stores, shopping centres and websites. We are developing services and solutions that enable customers to prolong the life of products and to expand the market for second-hand IKEA products, which can help to reduce resource use compared to buying new. Examples include:

- As-Is areas in store and online where we offer ex-display, discontinued, customer returns, and second-hand items at discounted prices and give customers information on how to prolong the life of IKEA products.
- Free spare assembly parts to help them repair IKEA products and keep them in use for longer.
- Buyback services, enabling customers to sell used IKEA products that they no longer need back to us. Items in a resalable condition are resold in our 'As-Is' areas.

We are developing our approach to measuring the carbon impact of actions that prolong product life. This includes evaluating existing mechanisms and participating in the development of new external standards. We expect to report more fully on this in future versions of our transition plan.





Governance

We are integrating our net zero transition plan into our governance and business decision-making processes.

We focus on:

- Clear accountability and responsibility for our climate goals across our leadership, functions, markets and Ingka businesses.
- Developing our capabilities and competencies for the net zero transition.
- Monitoring progress against our targets to ensure we live up to our commitment.

More detail on our governance, including members of key committees and boards is included in our [Annual Summary and Sustainability Report](#).

Roles and responsibilities

Responsibility for developing, implementing and monitoring our climate plans is shared across key Ingka Group governance bodies and embedded in our operations, including:

Management Board: Our CEO, Deputy CEO/ CFO and Group Legal Counsel are members of the Management Board, the ultimate decision-making body for Ingka Group. The Management Board approves Ingka's climate strategy and targets, reviews performance against targets





Supervisory Board

Our non-executive board that is responsible for supervising, monitoring and advising the Management Board. They approve our climate goals and receive regular performance updates.

Management Board

Our executive board that approves our climate strategy and reviews performance against carbon reduction targets.

Group Management

Our executive committee that sets strategic direction and sponsors implementation of our climate strategy. Our Chief Sustainability Officer is a member of Group Management.

Retail Board

Monitors the performance of our retail business against our climate targets.

Centres Board

Monitors the performance of our Centres against our climate targets.

Investment Board

Monitors the performance of our investment business against our climate targets.

Country Boards

Approves country level climate action plans and reviews performance against carbon reduction targets.

Centres Management Team

Approves country level climate action plans and reviews performance against carbon reduction targets.

Investments

Management Team

Approves country level climate action plans and reviews performance against carbon reduction targets.

Country Retail Managers, CSO

Are also country CSO. Accountable for delivering our annual climate goals at the country level.

and approves Ingka Group's sustainability risk appetite and annual sustainability risks.

Group Management: Consisting of Management Board members and managers of our businesses and selected group functions, focuses on the strategic direction and performance of Ingka Group. Group Management sets strategic direction, approves roadmaps and monitors performance against targets. Our Chief Sustainability Officer (CSO), whose role is to secure our focus on climate change as a key topic for the Group, is a member of Group Management. Meets at least eight times per year.

Sustainability leadership team: This cross-functional team ensures alignment throughout Ingka Group. Chaired by our CSO with members drawn from key functions and the three Ingka businesses. Group Sustainability (one of our eleven Group Functions), drives the delivery of our climate ambitions by defining our strategic direction, setting clear performance criteria, and supporting the business with subject matter expertise and thought leadership.

Operational leadership: Our Country Retail Managers are the Chief Sustainability Officer (CSO) for their country, helping to broaden ownership of sustainability and embed it into business decision making. Business functions and countries are accountable for climate performance. Our Retail management, Ingka Centres management and Ingka Investment management lead implementation of our climate strategy in their parts of the business.

Working with Inter IKEA Group

We participate in the Inter IKEA Strategic Sustainability Council (SSC), an alignment

forum which meets twice a year to address sustainability topics, including climate.

Net Zero and our business strategy

We are driven by the IKEA vision to create a better everyday life for the many people. We are passionate about life at home and are transforming our business to create a better IKEA that is affordable, accessible and positively impacts people and the planet. Our transition to net zero will play a key part in this. By acting now to help lead the transition to a low carbon future, we can seize new opportunities to improve life for customers, co-workers and communities and to strengthen our business. We believe it is good business to be a good business. We are embedding our net zero targets into our business strategies, see diagram on page 49.





Our key strategies

The IKEA direction

The long-term business direction for IKEA (which Ingka Group follows) sets our ambition to create even better products, a more efficient supply chain, and a more rewarding customer experience through Three Roads Forward:

1. Make IKEA affordable for people who cannot afford IKEA today.
2. Reach and interact with many more of the many people, where they are.
3. Create a positive impact for people, society and the planet.

Our sustainability strategy

Sets the sustainability ambition for Ingka Group up to 2030. It is one of five core Ingka strategies alongside Finance, People, Digital and Real Estate which steer the financial and societal value creation of Ingka Group.

Our value creation goals (VCG)

Measure our performance financially and in terms of how we add value to co-workers, customers, society and the planet, enabling us to assess whether we are succeeding as a purpose-led business.

How we embed our net zero target

Our commitment to the Paris Agreement is stated in our business direction. We see a significant competitive advantage from linking affordability, accessibility and sustainability in our range offer, our sourcing, our location strategy and other key aspects of our business strategy.

Our climate targets are a key part of our sustainability strategy.

We have a VCG linked to reducing emissions from our operations. Ingka Group Management is accountable for delivering our VCGs, which are cascaded to each Ingka business, country and unit and form part of the performance development and appraisal process for leaders and co-workers (see page 51).



Integration into financial planning

We are developing our use of financial levers to support implementation of our transition plan and embed our targets in decision making.

Carbon budgets

Our VCGs include the carbon reduction target for our own operations. The three Ingka businesses are in the process of allocating this down to country and site level so that each business and unit has a 'carbon budget' for operational emissions which it should not exceed.

Where proposed investments or expenditures will result in a business or part of the business exceeding its carbon budget, steps need to be taken to adjust the investment or put clear plans in place to make CO₂ reductions elsewhere. As our scope 3 measurements improve, we will extend this approach to other parts of our footprint such as food, customer delivery and customer travel.

Climate returns

We are developing our 'climate return' assessment process. This will help us achieve the maximum possible emissions reduction for every Euro we invest in climate action, ensuring investments are affordable for the business and have the most impact for the planet. The assessment sets a minimum CO₂ reduction that must be achieved per Euro invested, enabling decision-makers on our investment committees to compare potential investments from a carbon reduction perspective. It will help

us to target our investments on projects and locations offering the best value for money in reducing emissions. Over time, this will give us more insight into which investments have most benefit for the business and for reducing emissions.

Carbon pricing

We support use of external carbon pricing by governments to encourage climate action and to create a level playing field for businesses investing in the net zero transition. We evaluated the use of internal carbon pricing as a tool to guide investment decision-making but concluded that for our business, the drawbacks outweigh the benefits. While internal carbon pricing can support decision-making, there is potential for subjectivity in setting the price and it could create unnecessary accounting complexity. Putting a price on carbon could also be counter-productive, if it becomes viewed as 'cost to pollute'. Instead of carbon pricing, we use a carbon budgeting approach, as outlined above.

Financing our transition

Understanding the financial implications of our journey to net zero is an ongoing process. We have most clarity in areas such as operational emissions and zero emissions deliveries, but some costs are still unknown due to uncertainties including around future technological development, regulation and changing customer preferences.

We will finance implementation of our transition plan through profit from our operations and investment portfolios. Our business functions and countries are responsible for developing funding and resource allocation plans.

Building awareness and capacity

We are mapping the capacities and capabilities needed to deliver on our roadmaps, and identifying where we need to upskill co-workers to deliver on our targets. Group Sustainability acts as a centre of expertise within the business, delivering much of our climate-related training.

Our focus includes:

- Climate training for business leads and teams responsible for delivering our targets and developing our roadmaps.
- Leadership training to improve understanding of climate science, the business case for action, the risks, opportunities and dilemmas facing the business in relation to climate change and leaders' role in delivering our transition



Governance in practice – a co-worker perspective

"I believe that running a successful business and caring for our planet are interconnected and must be managed in an integrated way. Taking our '100% Zero Emission Delivery' ambition as an example, we know that success depends on securing alignment upfront. We hold global cross-functional meetings with teams from Finance, Sustainability, Fulfilment, Responsible Sourcing, Legal, Procurement, PR, and more, to ensure everyone is on the same page. Our small global team collaborates closely with Project Leaders in 30 countries, creating a strong community of passionate people dedicated to achieving our goals together."

Raphael Guillard

Responsible Sourcing Manager,
Group Fulfilment & Core Services





plan. We ran three training sessions during early 2024 for leaders from Ingka and Inter IKEA Group. Close to 300 participated, and another 408 accessed the recorded material from the sessions. 83% of participants reported taking action as a result of the training.

- Upskilling our country retail managers on climate change management including training in autumn 2024.
- Our e-learning on sustainability for new co-workers and tailored training for key functions. Our My Learning platform includes a list of recommended online training courses for sustainability including climate change.

Remuneration and Incentives

Our near-term operational climate target is included in our value creation goals (see page 50) which form part of the performance development and appraisal process for leaders and co-workers and inform the annual salary review process. We don't currently include climate targets in our variable remuneration (performance related pay criteria/bonuses) for executives or co-workers.

Policies, Positions and Rules

Our policies and positions guide our approach to climate change ensuring that we are consistent across the business. A summary can be found in the appendix on page 63.



Risks and opportunities

Climate change is a strategic risk for Ingka Group, identified through both our materiality assessment and our Enterprise Risk Management Process (ERM).

In FY24, we conducted a Climate Risk Climate Risk and Opportunity (CRO) assessment following the Taskforce on Climate related Financial Disclosures (TCFD) framework to deepen our understanding of how this risk is impacting our business. This assessment covered the three Ingka Group businesses.

Risk assessment process

We identified risks for scenario analysis through the following stages:

- **Identification:** A long list of climate related risks and opportunities were identified across the full value chain including physical and transitional risks.
- **Materiality:** The most material risks were identified using sector analysis and stakeholder engagement.
- **Exposure and likelihood:** Material risks were assessed against two climate scenarios (see the next page) over the





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short/medium term to 2030 and longer term to 2050 to understand our risk exposure. High level quantitative analysis was carried out on a selection of **material** risks (where we had sufficient data) while other risks underwent further qualitative analysis. A qualitative likelihood rating was assigned to each in line with Ingka's Enterprise Risk Management ratings.

Climate scenarios

Selected transitional risks were evaluated against two climate scenarios from [Network for Greening the Financial System \(NGFS\)](#) - one high emission scenario (Current Policies) and one scenario consistent with limiting global warming to 1.5°C (Net Zero 2050):

- **Net Zero 2050:** Reaching net zero global CO₂ emissions by 2050 will require an ambitious transition across all sectors of the economy. Decarbonising the electricity supply, increasing electricity use, increasing energy efficiency, and developing new technologies to tackle hard-to-abate emissions will be key levers. Transition risks to the economy could result from higher emissions costs and changes in business and consumer preferences. Important changes in consumer behaviour are expected including the adoption of more sustainable lifestyle choices and consumption of lower carbon goods and services. Physical risks would be minimised.
- **Current Policies:** While many countries have started to introduce climate policies, they are not yet sufficient to achieve official commitments and only a low proportion of consumers have adopted more sustainable choices. If no further measures are introduced, 3 °C or more of warming could

occur by 2100. This would likely result in deteriorating living conditions in many parts of the world and lead to irreversible impacts like sea-level rise. Physical risks to the economy could result from disruption to ecosystems, health, infrastructure and supply chains.

Impact evaluation

Based on the impact and likelihood analysis the risks matrices for each scenario were developed:

- Physical risks for assets under Ingka Group's management were evaluated using the latest climate projection data for acute and chronic climate related weather hazards in scenarios from the Intergovernmental Panel on Climate Change (IPCC).
- The low emission scenario RCP 2.6 and high emissions scenario RCP 8.5 were evaluated over medium (2030) and long term (2050) time frames. This included evaluating the impact of increasing extreme weather events such as floods, wildfires and cyclones.
- The costs of damage to assets and resulting operational costs from downtime were assessed.
- Under the net zero scenario, transition risks were found to have the highest risk level especially over the shorter term to 2030. This is due to the strong measures that would need to be taken to reach the necessary reductions in carbon emissions. Under the current policies scenario, transitions risks were less significant but physical risks are more impactful especially over the longer term as weather events become more extreme.



Risks, impacts, mitigation and adaptation

The table highlights the identified risks, how they may impact our business and our strategy to mitigate potential impacts and ensure business resilience.

	Risk	Potential impacts (without mitigation)	Mitigation actions
Physical	Damage to Ingka's assets and disruption of operations due to extreme weather events	Increasing frequency and severity of extreme weather events is expected to cause damage to Ingka's assets resulting in costs to repair, increasing insurance premiums and reduced revenue due to operational disruption. Under a current policies scenario, where temperatures continue to rise, the costs from damage as well as lost revenue could reach EUR 215 million by 2030 and EUR 328 million by 2050 without mitigation ^{xiv} .	Ingka Business Risk & Compliance (BR&C) and Real Estate have been developing a process to improve resilience and preparation for increasing natural disaster risks. The process includes high-level risk assessment of the entire Ingka asset portfolio.
	Disruption to Ingka's supply chain due to extreme weather events and chronic changing weather patterns	Increasing frequency and severity of extreme weather events is expected to cause damage to factories and logistics routes within Ingka's supply chain resulting in increasing costs of products as well as supply chain delays and availability issues. Chronic changes in weather patterns are also expected to impact agricultural production yields of key materials such as wood and cotton resulting in increasing raw material prices.	Increasing use of recycled materials Investments in material recycling capacity.
Transitional	Increasing pricing of carbon emissions	Increased operational and production costs as a result of increased pricing of carbon emissions with most of the impact linked to use of carbon intensive activities (steel production and energy use). Estimating the pass through cost of carbon pricing is challenging.	Ingka has validated SBTi net zero targets to halve emissions by 2030 and reach net zero by 2050. Reducing emissions in line with these targets will minimise exposure to the increasing cost of carbon.
	Increasing number and scope of climate related regulations	Increasing number and scope of regulations, as well as enhanced reporting obligations are expected to increase the cost of compliance and increase the risk of non-compliance with the potential to incur increasingly significant fines.	Ingka has been carrying out sustainability reporting ahead of mandatory requirements in preparation for future developments. Our ESG Reporting transformation project aims to ensure the right digital platform and related processes are in place to manage the increasingly complex requirements.
	Changing customer behaviour	Increasing customer concern about climate change could result in reduced revenue as customer lose trust in Ingka's value proposition and /or change consumption patterns with a preference for lower impact solutions such as second hand or rented products. This could represent a loss of revenue of EUR 2.2 billion by 2030 escalating to 12.6 billion EUR by 2050 ^{xv} .	Our services that enable customers to adopt more sustainable lifestyles include: our energy services offer e.g., renewable electricity subscription, heat pumps and home solar service. Circular services such as buyback, repair services and furniture rental; lower impact products e.g. plant-based food.



Opportunities

A number of mitigation actions were identified which also have potential to deliver significant business benefits. Some of these key opportunities are already being realised and there is potential to drive further benefits.

Next steps

We're continuing to develop our approach to identifying and mitigating climate risks aiming to further integrate climate into our broader risk assessment processes and to deepen our understanding with better data and methodologies particularly for supply chain risk.

Opportunity	Risks addressed	Description
Upscaling recycled and renewable materials in products (lower impact products)	Disruption of manufacturing and supply chain Increased costs related to carbon pricing Increased costs related to expansion of climate related regulations Loss of revenue from changing customer behaviour	Offering products made with recycled and renewable materials can address the demand for lower impact products while reducing exposure to a number of risks including disruption of virgin raw material supply chains. By actively creating new supplies of recycled materials Ingka can take advantage of growing demand.
Maximising energy efficiency	Increased costs related to carbon pricing Increased costs related to expansion of climate related regulations Loss of revenue from changing customer behaviour	Continuing to increase energy efficiency ensures Ingka stays ahead of regulation while also providing some protection against rises in energy prices and grid capacity restraints and opening up potential operational cost savings.
Maximising renewable energy generation	Increased costs related to carbon pricing Loss of revenue from changing customer behaviour	Demand for renewable energy will continue to grow in the transition to a low carbon economy. Ingka can generate revenue from producing its own electricity while showing consumers it is creating value to society by increasing renewable energy capacity on the grid.
Upscaling clean energy services	Loss of revenue from changing customer behaviour.	Expansion of services beyond furniture sales to help consumers reduce their footprint in the home could open up new revenue streams e.g. by making PV panels, heat pumps or renewable electricity contracts accessible to consumers.
Upscaling circular products and services	Loss of revenue from changing customer behaviour	As consumer behaviour and attitudes change there is the opportunity to create new revenue streams e.g. through the offer of more circular services such as second hand or rental.
Utilising nature-based solutions	Damage to Ingka's assets and disruption of operations due to extreme weather events	Nature-based solutions like green roofs and artificial wetlands can mitigate some of the risk of extreme weather while having a positive impact on biodiversity and brand building. Being closer to nature can also benefit customer and co-worker wellbeing. There is an opportunity to scale up our use of these interventions more widely across the business. We have committed to disclose impacts and dependencies on nature following the Taskforce on Nature-related Financial Disclosures (TNFD) framework by 2026. Through this process we expect to identify further opportunities for using Nature based solutions to mitigate and adapt to climate change impacts.



Stakeholder and policy engagement

The journey to net zero demands ambition, collaboration, and innovation. Engaging with stakeholders is essential to achieve our targets, to advocate for a supportive regulatory environment and to help bring about positive change beyond our business.

We are developing our stakeholder and policy engagement to support delivery of our roadmap. Our focus is on:

- Engaging co-workers, suppliers, customers, policy makers, NGOs and civil society organisations on climate change.
- Collaborating with others to find and scale low carbon solutions.
- Advocating for policies and inclusive, harmonised regulations that will drive change.
- Sharing our expertise, best practices, tools, and roadmaps and championing climate science to accelerate climate action in society.
- Collaborating with Inter IKEA Group and aligning our targets.





Our co-workers

We are engaging and training our co-workers on our net zero transition and investing in the skills needed to reach our targets, see page 50.

Our suppliers

We are already working closely with many of our suppliers on emissions reduction initiatives and low carbon innovation. This will further increase over the next few years as we develop carbon reduction roadmaps for each category of indirect procurement, see page 24.

Our product range is supplied by Inter IKEA Group who lead engagement with their suppliers on reducing the climate impact of products in relation to raw materials, transportation and customer use.

We also engage with suppliers via our IWAY process (the IKEA code of conduct for suppliers). Our IWAY Advanced and Excellent requirements, applicable for some categories of suppliers, include environmental criteria and we aim to use the IWAY process to engage more of our suppliers on emissions reduction over the next few years. Read more on IWAY in our [Annual Summary and Sustainability Report](#).

Our customers

We offer products, services and solutions to customers that can reduce their emissions and we use our communications and marketing to inspire positive lifestyle changes:

- **Services:** IKEA Energy Services and circular services (such as product buyback) can help customers reduce emissions at home as well as in our supply chain.

- **Communications:** Our in-store communications, advertising and marketing promote awareness of low carbon living and encourage customers to pick products and services that can help them to use less energy and water, create less waste, reuse products and prolong product life. This includes our Sustainable Living Shops, see page 43.
- **Food:** We are offering more plant-based and plant-rich food (see page 36-37).
- **Mobility:** Our electric delivery vehicles are branded to raise awareness of our progress towards zero emission deliveries. Some of our countries are also testing zero emission delivery labels for products.

We've joined forces with the We Mean Business Coalition, to encourage small business customers to join the SME Climate Hub, and access free tools and solutions to lower their carbon footprint. We've used the IKEA Business Network, our loyalty programme for business customers, to reach out to small and micro businesses in Australia, Ireland, Spain and the UK and plan to expand this programme over the next few years.

Collaborations and partnerships

By collaborating within and beyond our industry, sharing what we've learnt and learning from others we can make faster progress towards our targets and help catalyse the transition to net zero beyond our business.

We participate in a range of partnerships at the global, regional and local level working with NGOs, experts, suppliers and industry peers. These range from issue-specific initiatives, such

as RE100 and EV100, which we co-founded, to broader coalitions such as the We Mean Business Coalition (WMBC), the World Economic Forum (WEF) Alliance of CEO Climate Leaders and the B Team, of which the latter two are both currently chaired by our CEO Jesper Brodin.

Many solutions to tackle climate change are known but not yet widely adopted. To inspire action and collaboration, we developed and launched Action Speaks an open source platform of climate solutions with the World Economic Forum and Project Drawdown, during Climate Week 2024. These solutions have been tried and tested, enabling people to learn, copy and adapt the ideas to create positive change.

Other memberships and partnerships include:

1.5 Shift Foundation (SITRA); Asia Clean Energy Coalition (ACEC) (founding member); Breakthrough 2030 Retail Campaign (Race to Zero) (up to May 2023); C40; Cambridge Institute for Sustainability Leadership (CISL); Climate Group; Corporate Leaders Group (CLG); EU Business and Biodiversity Platform; Globe EU Bee Group (a forum for European Union policy makers, progressive businesses and civil society); Indirect Spend Alliance; Platform for Accelerating the Circular Economy (PACE); RE-Source European Platform for Corporate Renewable Energy Sourcing; SME Climate Hub; SolarPower Europe; The Earthshot Prize; UK Net Zero Roadmap for Retail developed by the British Retail Consortium; World Resources Institute (WRI).

We are a member of the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) and have endorsed the Marrakech Partnership for Global Climate Action.





Policy engagement

The right policies can provide the clarity, predictability and level playing field needed to enable businesses to take climate action and make investments in line with 1.5°C. We advocate for harmonised standards and legislation that support climate action by our business and beyond. We engage directly with governments on these issues as well as via trade association memberships.

We aim to be open and transparent about our advocacy on climate change and publish key memberships and policy positions on [our website](#).

Ingka Group received a B+ rating in the InfluenceMap 2023 Corporate Climate Policy Engagement Leaders report, which identifies companies achieving best practice in climate policy advocacy. This was the highest rating awarded to a retailer.

Our key policy positions

We focus our engagement on advocating for policies that:

- Increase greenhouse gas reduction targets in line with the 1.5°C target to halve emissions by 2030 (so called Nationally Determined Contributions (NDCs)) and reach net zero greenhouse gas emissions by 2050 at the latest.
- Set short and long-term policies in line with the 1.5°C target to finance and accelerate the transition to renewable energy, circularity, as well as sustainable transport, reducing food waste, agriculture, and

forestry, and we advocate for the removal of fossil fuel subsidies.

- Invest in necessary infrastructure to enable businesses and people to reduce their greenhouse gas emissions.
- Encourage developed countries to meet their commitment of investing at least \$100 billion in developing countries' climate action.
- Contribute to internationally harmonised standards on measuring and reporting.

We also engage in consultations and discussions on policy topics such as renewable energy, sustainable mobility, circularity, climate finance, and international standards, including on sustainability reporting standards. Recent examples of our policy engagement include:

- Signatory to the [Corporate Leaders Group Europe letter](#) calling on the EU to set a greenhouse gas emissions reduction target of at least 90% by 2040.
- Signatory to letters by the We Mean Business Coalition, World Economic Forum Alliance of CEO Climate Leaders and B-Team and Global Optimism in support of progress at COP 28.
- Successfully advocated for an EU-wide increase in the permissible weight limit for drivers with category 'B' licences for alternatively fuelled vehicles to enable increased volumes of deliveries by zero-emissions vehicles.
- Successfully advocated to increase the EU's renewable energy target to a minimum of 42.5% by 2030.

Young Leaders Forum

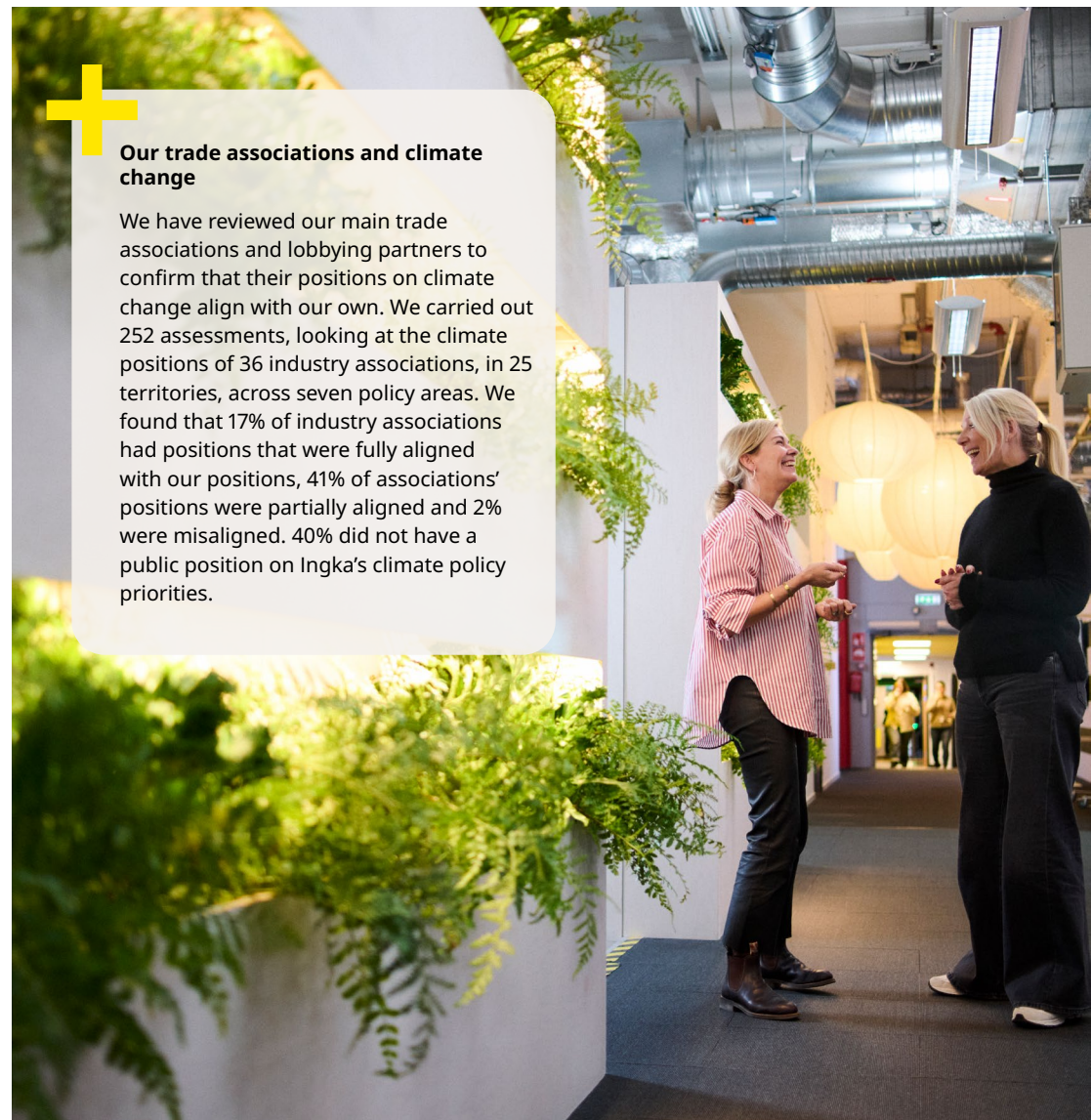
The Ingka Young Leaders Forum is a global youth advisory council composed of over 20 young leaders aged 17 to 30. Active since 2021, the Forum brings young people's perspectives

into Ingka's business strategies, with a focus on sustainability and climate action. The Forum have reviewed this transition plan (see page 5) and engage with us on a regular basis, challenging us to keep improving our strategy and reporting.



Our trade associations and climate change

We have reviewed our main trade associations and lobbying partners to confirm that their positions on climate change align with our own. We carried out 252 assessments, looking at the climate positions of 36 industry associations, in 25 territories, across seven policy areas. We found that 17% of industry associations had positions that were fully aligned with our positions, 41% of associations' positions were partially aligned and 2% were misaligned. 40% did not have a public position on Ingka's climate policy priorities.





A just transition

We have an opportunity and responsibility to work together with others to ensure a just transition where the benefits of reaching net zero are distributed fairly and those people and communities disrupted by the shift are supported.

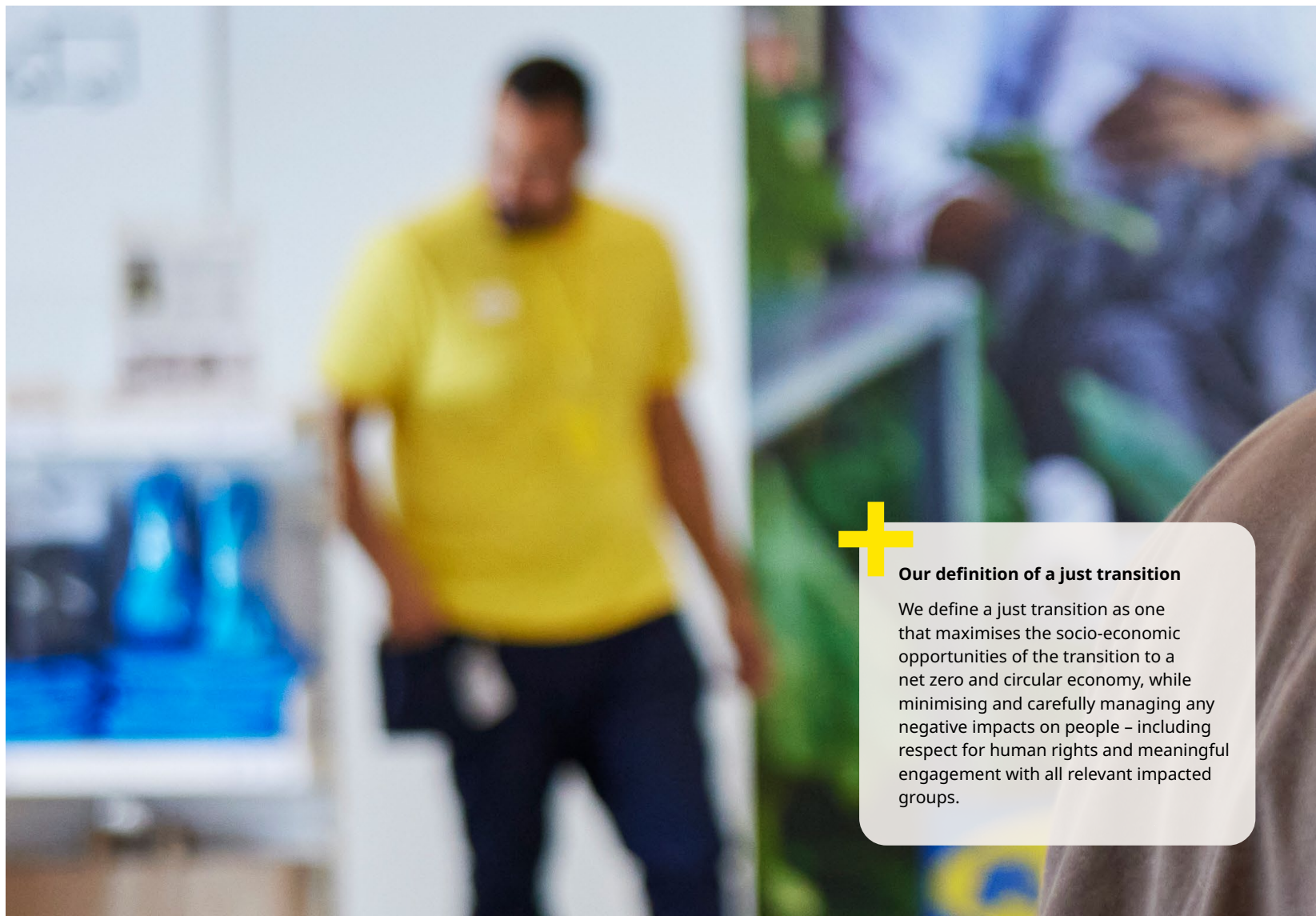
Climate actions that are human-centric, equitable, drive societal improvement, and build environmental resilience are fairer and more effective over the long term. We are still in the process of developing our approach to the just transition, and aim to develop a set of principles to guide our approach.

Importantly, our next step is to identify and prioritise ‘hotspots’ where there is potential for our climate actions to have a significant social impact, and to put in place resources and capacity building measures to mitigate risks and harness opportunities. We also recognise that we are not alone in this work, and it is essential that we collaborate with the people most impacted by climate change. We are dedicated to identifying and engaging with these impacted rightsholders, ensuring their voices are heard and integrated into decision-making. We are cultivating public-private partnerships that can enrich the scope of our impact, building positive, sustainable change for our business and communities.

Our work on the just transition forms part of the development of our new company-wide Human Rights and Environmental Due Diligence (HREDD) framework that will help us identify, prevent and manage potential and actual human rights risks as they evolve across our operations and value

chain. HREDD will enable us to operationalise our approach to respect and mitigate human rights and environmental (HRE) impacts, ensuring we meet the requirements of the Corporate Social Due Diligence Directive (CSDDD) and other HRE legislation. We are in the process of mapping

salient human rights and environment risks across our value chain, developing a roadmap for integrating human rights and environmental due diligence across businesses, markets, and units, and building our victim remedy processes and protocols.



Our definition of a just transition

We define a just transition as one that maximises the socio-economic opportunities of the transition to a net zero and circular economy, while minimising and carefully managing any negative impacts on people – including respect for human rights and meaningful engagement with all relevant impacted groups.



Progress and reporting

This is our first transition plan, and we will be regularly updating it as we implement our roadmap and identify new solutions for emissions reduction.

From FY27, we expect to publish an updated plan annually in line with the requirements of the Corporate Social Due Diligence Directive.

We welcome your feedback on our transition plan, and ideas, questions, or comments that could help us improve. Decarbonising our business is a collective effort and we welcome input as we progress on our journey to net zero. Please contribute by writing to us at sustainability.netzerotransition.gl@ingka.ikea.com.

We report performance against our climate targets and KPIs in our [Annual Summary and Sustainability Report](#) which is updated yearly and published on our website. Our key climate metrics are:

- Total emissions scope 1, 2 & 3 (thousand tonnes CO₂e)
- Operational emissions (scope 1 and 2, plus some scope 3 categories)
- Energy use (MWh)
- % of annual electricity sourcing from renewable sources

We review our approach to climate-related risks and opportunities against the 11 disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our most

recent assessment was carried out in FY24 and the findings are summarised on page 52. We participated in CDP Climate in 2024, the investor-led initiative, disclosing our approach to climate

change, key performance data and climate-related risks and opportunities.





Appendix

- our supporting targets

Our net zero targets are listed on page 9. In developing our targets we have used the SBTi Corporate Net Zero Standard and the SBTi cross-sector pathway which covers CO₂, methane (CH₄) and nitrous oxide (N₂O). See: [SBTi Pathways to Net-Zero](#).

Our targets have been informed by our business impact assessments based on the results of our climate scenario analysis which modelled potential financial impacts, physical and transitional risks and opportunities, see page 52.

We don't currently set separate targets for emissions from forestry, land and agriculture (FLAG). FLAG emissions are included in our overall targets and we have not explicitly considered FLAG sector or commodity pathways. When the Land Sector and Removals Guidance is published by the Greenhouse Gas Protocol in 2025, we will set near- and long-term goals for removing and storing carbon in forestry, agriculture and in products.

The main exclusions are explained in the note on scope for each emissions category.

Supporting targets

Our supporting targets help us to make progress against our science-based targets.

Ingka Sustainability Targets	End year
Healthy and sustainable living	
Enable customers to reduce their climate footprint by offering clean energy services in all markets by 2025.	FY25
Provide knowledge, inspiration, services, and platforms to support customers in prolonging product life.	Ongoing
Climate	
Reduce absolute GHG emissions in our operations by 85% by FY30 from a FY16 base year ^{xvi}	FY30
Source 100% renewable electricity for our operations by 2025.	2025
Reduce absolute GHG emissions from mobility (including home delivery, co-worker travel, business travel and customer travel) by 40% by FY30 from a FY16 base year.	FY30
Achieve more than 90% of home deliveries made by zero-emissions vehicles by 2028.	2028
Achieve more than 90% of company-owned and -leased vehicles used in our operations to be zero-emissions vehicles by 2028.	2028
Circular	
Reduce our operational waste and strive to recycle 100% of waste generated in our own operations by 2030.	FY30





Appendix - How our emissions are calculated

We calculate our energy and climate footprint in accordance with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Our data is consolidated using the GHG Protocol operational control approach. For scope 3 emissions, we follow the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and measure and report our impact across the 13 scope 3 categories that are applicable to our business. Key climate data and progress against targets are subject to an independent review process by external auditors^{xvii}.

We update our baseline to reflect significant changes in our business or external reporting methodologies. For example, we have added emissions from our Ingka Investment portfolios and construction of our renewable energy assets to our baseline and removed emissions relating to our Ingka Centres business in Russia which was sold during FY24.

More detail on our footprint and data methodology and a full list of baseline adjustments is included on pages 113, 114 and 115 in our [Annual Summary and Sustainability Report FY24](#).





Appendix

- Key policies and principles

Our policies and positions guide our approach to climate action.

Ingka Group Rules

Our rules translate our policy standpoints into operational requirements that are used to steer business decision making. Key examples include:

- Ingka Group Rule on Energy Use in Buildings and Refrigerant-related Greenhouse Gas Emissions
- Ingka Group Rule on Sustainability Certification for Buildings
- Ingka Group Rule on Waste Prevention and Management
- Ingka Investments Rule on Renewable Investments
- Ingka Investments Rule on Forestlands Investments
- Ingka Investments Rule on Circular Investments.

Policy/positions	Brief description
Ingka Group Policy on Sustainability	Sets the sustainability standpoints and principles for our business. This policy was developed in recognition of the fact that climate change, unsustainable consumption and growing inequalities are real challenges that impact the Ingka Group. Through this policy, steering documents and strategies, Ingka ensures that its actions contribute to the UN Sustainable Development Goals (SDGs) and that we align to the UN Guiding Principles of Human Rights and Business, the UN Framework Convention on Climate Change (UNFCCC) and the Paris Agreement.
IKEA position on hydrogen and fuel cells	Summarises our requirements and guidance for use of hydrogen in our supply chain. The position is applicable to all companies operating under the IKEA brand and their suppliers, including hydrogen and hydrogen cell providers. Is used as a basis for any IKEA business specific policies and rules on the use of hydrogen as a fuel and reporting.
Principles for going beyond IKEA	Captures the actions the IKEA business takes to contribute to emissions reductions in society, beyond those we need to achieve within our value chain to align with the 1.5°C target.
Principles for removing and storing carbon through forestry, agriculture and products	Sets the foundation for how we approach activities connected to carbon removals, capture and/or storage. The principles also serve as guidance as we develop our approach to measuring and reporting carbon removals and storage as part of the IKEA climate commitment.
IKEA position internal pricing of sustainability	Clarifies our approach to valuation of sustainability through pricing. The position is used as a basis for any internal IKEA business specific policies and practices that include pricing as a valuation method to support our climate ambitions. External valuation schemes, such as the EU Emission Trading Scheme, are covered by a separate position statement.
IKEA position on external carbon pricing	Our position on external carbon pricing which is used as a basis for communication and public affairs activities.





End notes

^{i.} We updated our climate ambition in 2024 building on the work completed under our previous strategy, Climate Positive.

^{ii.} We have an 'optional' (additional) SBTi verified target for customer travel emissions (see page 9). In this transition plan, when we refer to our footprint or percentages of our footprint, these are calculated based on our total value chain footprint including emissions from customer travel. When we report progress against our SBTi target we exclude customer travel emissions.

^{iii.} We use the greenhouse gas protocol scopes 1, 2 and 3 to measure our emissions and track progress against our science based targets. We also use emissions categories that reflect our business model and help us to communicate our approach to emissions reduction both internally and to our stakeholders. These are used in the roadmap section of this transition plan and summarised in the diagram on page 7. Some of these categories combine emissions from different scopes. Inclusions and exclusions in each category are explained in the roadmap sections on pages 19-45.

^{iv.} We closed our Ingka Centres business in Russia in FY24 and we have adjusted our baseline to reflect this change.

^{v.} This requirement does not currently apply to leased sites.

^{vi.} IEA. (2020). Iron and Steel Technology Roadmap.

^{vii.} As defined by the World Economic Forum (2022). What is green steel and why does the world need more of it?

^{viii.} Our target was updated in FY24 to increase our level of ambition from 50% to 90% and extend the deadline from 2025 to 2028.

^{ix.} New investments are either accounted for as business growth or, where the acquired business existed before FY16, may require an adjustment to our FY16 baseline. This means our baseline and growth projections will change and we will report on this in future transition plans and in our annual reporting.

^{x.} Throughout the portfolio, we control the activities occurring up until the forest gate, while downstream activities are not directly managed by us.

^{xi.} SBTi (2024). Beyond Value Chain Mitigation.

^{xii.} Method of moving goods using multiple modes of transport—such as rail, road, and sea—that relies on standardised containers or units, to make transfers efficient.

^{xiii.} A book-and-claim system is a method used to certify the transfer of ownership of attributes, like renewable energy or recycled materials, without the physical transfer of the actual product, by tracking and recording transactions in a registry.

^{xiv.} Revenue assumed to grow in line with GDP. GDP projections based on scenario data from the Network for Greening the Financial System. We have analysed sites covering approximately 50% of revenue and extrapolated to estimate total impact numbers. Does not include potential knock-on impacts to stores of distribution centres closing.

^{xv.} Based on analysis of consumer studies which show 19-31% of customers would avoid brands that are harmful to the environment while also taking into account an estimated value action gap of 50%.

^{xvi.} Our operational emissions category includes all scope 1 and 2 emissions and scope 3 categories 3, 5, 8 and 13.


^{xvii.} Data assurance covers scope 1 and 2 emissions and scope 3 emissions, categories 2, 3, 5, 6, 7, 8, 9, 13, 15.








Questions? Contact:

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