

People & Planet Positive

The IKEA sustainability strategy – People & Planet Positive – was launched in 2012 with ambitious goals to transform the IKEA business, the industries in the IKEA value chain and life at home for people all across the world.

We have made significant progress since then, but our rapidly changing world calls for even more ambitious goals and urgent action.

The updated IKEA People & Planet Positive strategy describes the sustainability agenda and ambition for everyone in the IKEA franchise system and value chain*. It will stimulate action across IKEA in the coming years. Our sustainability ambitions and commitments are set for 2030 in line with the UN Sustainable Development Goals (see p.9). The strategy will be reviewed annually to secure alignment with the total IKEA strategic framework.

The purpose of this strategy is to inspire, activate and lead us in our decision-making and goal setting so that we together can achieve the big positive changes we want to see in the world

and for the entire IKEA ecosystem. This strategy gives us a roadmap to follow and outlines a strong, common long-term agenda for the entire IKEA value chain and franchise system.

We don't have all the answers and cannot achieve our goals alone. Therefore, we are committed to working together in a collaborative way and being transparent about what we learn. We will rely on our culture of entrepreneurship, always moving forward and not waiting for perfection. We will work together to achieve continuous improvements.

* IKEA: one brand – many companies. The IKEA business is operated through a franchise system. That means many companies with different owners work under the IKEA trademark. All work towards the shared IKEA vision – to create a better everyday life for the many people – that guides every decision. The IKEA business idea is to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. The IKEA retail business is operated by independent franchisees under franchise agreement with Inter IKEA Systems B.V. The whole value chain means from supplier to customer.



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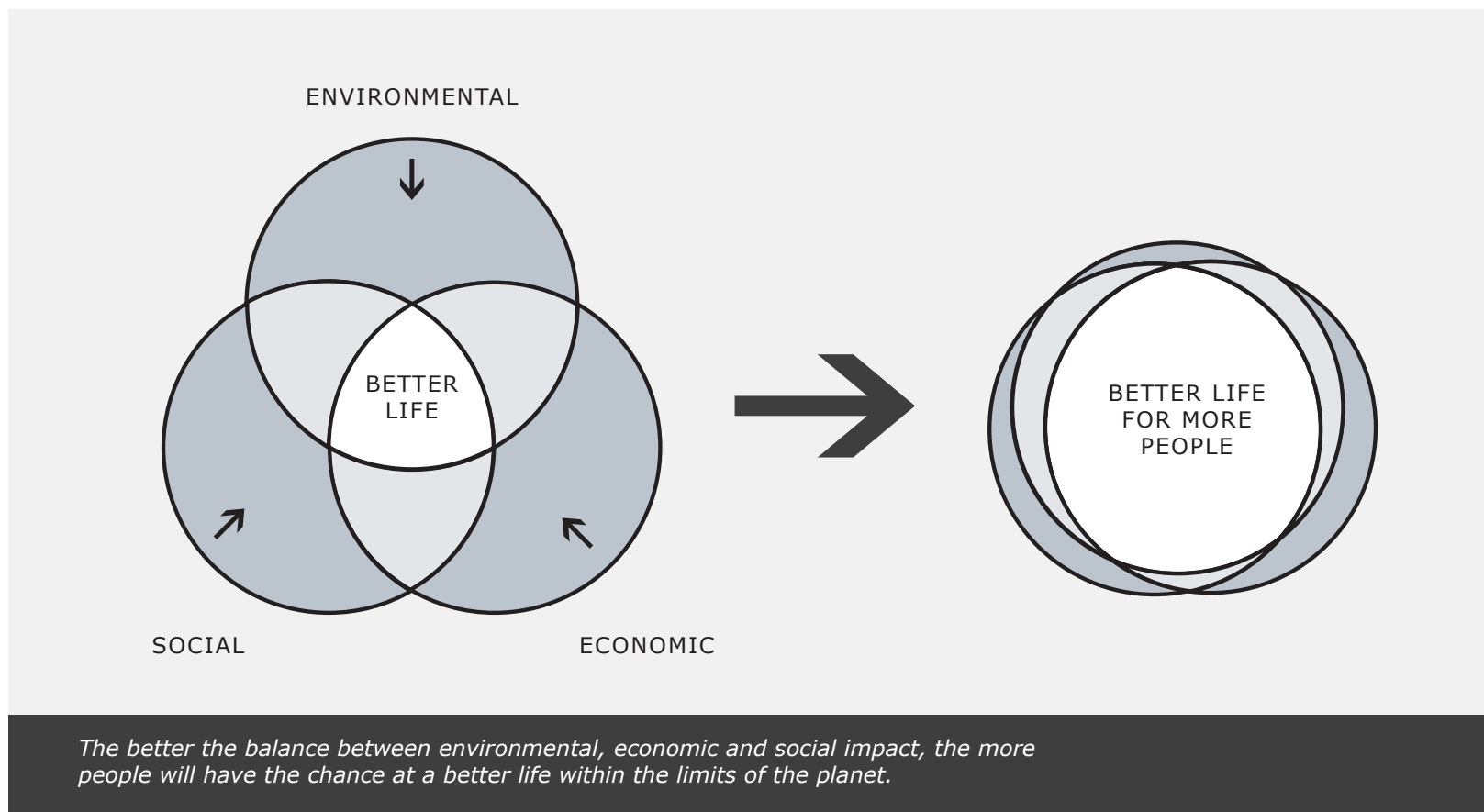
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What sustainability means to IKEA®

We want to have a positive impact on people and the planet. For us it's about balancing economic growth and positive social impact with environmental protection and regeneration.

We always think long term – to be able to meet the needs of people today without compromising the needs of future generations.

To do this requires rethinking and inspiring changes in lifestyles and consumption as well as adopting new ways of working. We are prepared to lead the way forward together with our co-workers, customers and partners and use our size to make a positive difference. This is both a responsibility and a business opportunity. The more people we reach the bigger the impact we can have together, and the more people we can enable to live a better everyday life.



The IKEA® vision is our inspiration

We want to create an IKEA business model that is sustainable. The IKEA vision, to create a better everyday life for the many people, is our inspiration.

We must transform our way of working – from linear to circular, from only using to also regenerating resources. As a business reliant on natural resources and people, it will also mean that we can secure the future of the IKEA business, value chain and the livelihoods of the millions of people that contribute to it.

We believe that the IKEA culture – how we work and what we value – is fundamental to achieving our vision. In other words, it is not only what we do, but how we do it that matters.

LIVING OUR VALUES

Caring for people and the planet is one of our core values and guides us in how we work. From the very beginning we have always viewed waste as “a sin”. We were born in the rocky landscape of Småland in southern Sweden where people had to be creative with their limited resources.

BEING BOLD IN FACING CHALLENGES

It’s about setting ambitions that we know we cannot reach alone. Still, being bold is not only about setting high ambitions, it’s also about being open and honest about the challenges we face and making difficult decisions that lead to a positive impact. To take the next big steps will mean talking about our successes and failures, admitting we don’t have all of the answers and being part of a wider conversation to find new solutions.

CO-CREATING A BETTER WORLD

We are open and engage with others, listening and learning and sharing knowledge and ideas. Together we co-create a better world. This is how IKEA has worked and is how we continue to work with sustainability. We see the opportunity to use creativity and knowledge to scale ideas, collaborate on challenges and to be a partner for positive change. Sustainability can’t be achieved alone.

WORKING LONG TERM FOR POSITIVE CHANGE

We work long term for positive change, focusing on the root-cause of issues and not only treating the symptoms. The IKEA business set-up allows us to make investments for the future in things like new technologies, innovative materials, and ways of generating clean energy as well as in social development in the IKEA value chain.





Being positive in a rapidly changing world

Our world is changing rapidly in many ways and we believe that over time more and more people can and will have a better everyday life. We are optimistic about the future.

To create a better everyday life for the many, and to ensure the success of IKEA into the future, we must take on the challenges that face us, together. We have identified three major challenges that are highly relevant for our business: climate change, unsustainable consumption, and inequality.

From our own history we know that what at first seem like challenges can become opportunities and limitations can lead to amazing innovations.



Climate change is no longer a distant threat, but a visible reality. We believe that climate change is one of the biggest challenges that humanity faces.

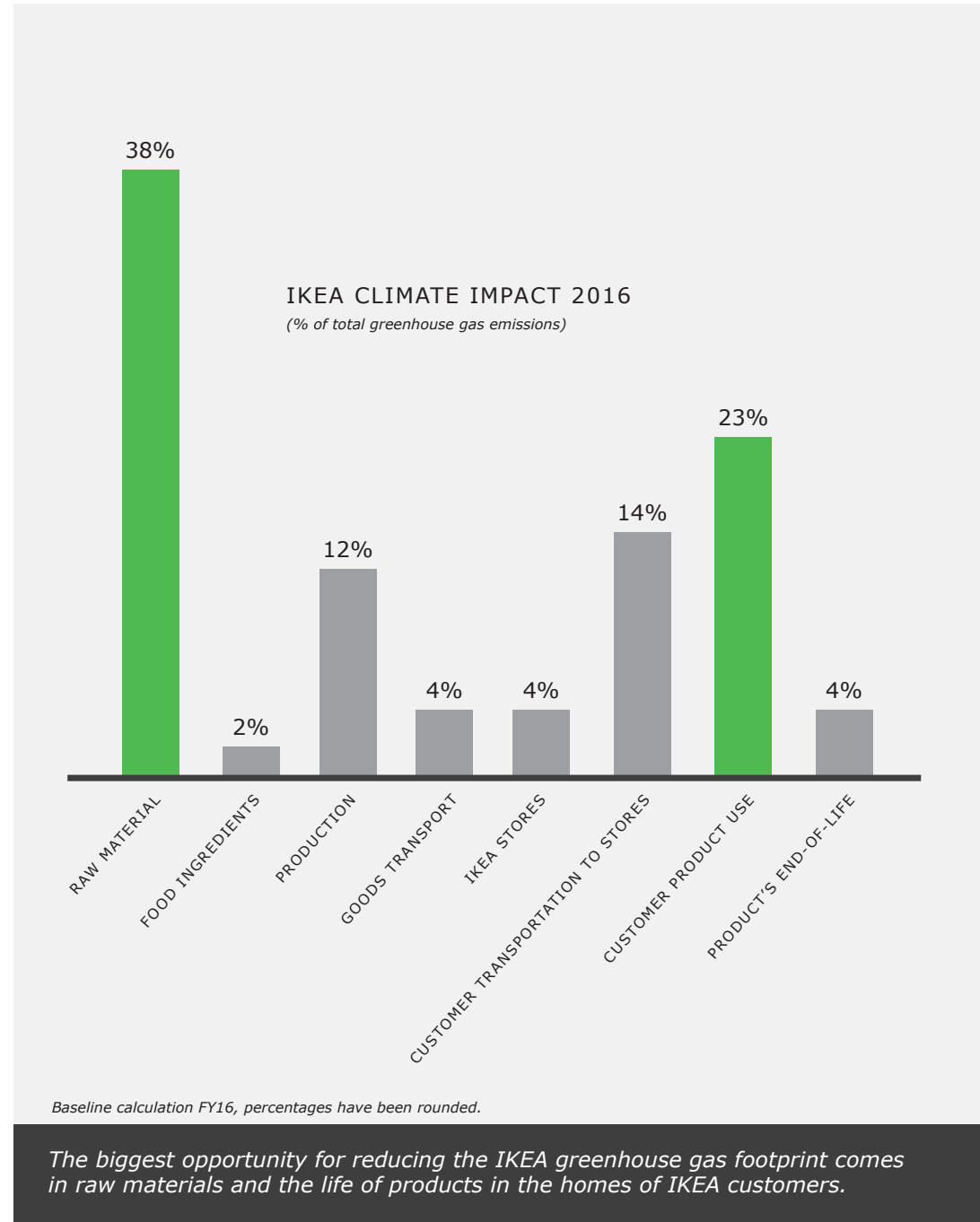
We will see a dramatic sea-level rise¹, changes in weather patterns², and food and water crises³. As temperatures rise – 2016 was the hottest on record⁴ – the urgency to act is clear. The signing of the Paris Climate Agreement was a big step towards coordinated global action to limit the global temperature increase to well below 2°C, aiming towards 1.5°C, by the end of the century.

¹ The current best estimates predict that sea level will rise up to 6.6 feet, or 2 meters, by the year 2100 – the Climate Institute, 2016 <http://climate.org/wp-content/uploads/2016/10/Erin-Sea-levels.pdf>

² Climate change impacts will be seen in changes in various climate extremes and in changes in the global water cycle – European Environment Agency <https://www.eea.europa.eu/soer-2015/europe/climate-change-impacts-and-adaptation#tab-based-on-indicators>

³ Studies have predicted that the average global temperature may increase by 1.4–5.8 °C and there would be substantial reduction in fresh water resources and agricultural yield by the end of the 21st century. “Climate change and challenges of water and food security” International Journal of Sustainable built Environment <http://www.sciencedirect.com/science/article/pii/S221260901400020X>

⁴ <https://www.nasa.gov/press-release/nasa-noaa-data-show-2016-warmest-year-on-record-globally>





CHALLENGE: UNSUSTAINABLE CONSUMPTION

By 2030, the global population is expected to reach nearly 8.5 billion⁵, with nearly half a billion moving into the middle class.

This means that more and more people will have a chance for a better life. But, in a world that already uses resources requiring more than one planet, these billions of new consumers put an even greater pressure on the planet. In many parts of the world consumption is growing at an unsustainable rate. And while many people are escaping poverty, many also lack access to affordable and healthy food. Today it's estimated that the world must produce 70% more food by 2050 due to population growth, but

also due to trends in rising consumption of meat and dairy, and the current loss or wastage of one third of all food produced⁶.

Resource scarcity and air, water and land pollution is very visible due, in part, to unsustainable consumption and wastefulness.

For IKEA, unsustainable consumption is one of our biggest challenges: How can we continue to grow and enable more people to live better everyday lives within the limits of the planet?



⁵ <http://www.un.org/sustainabledevelopment/blog/2015/07/un-projects-world-population-to-reach-8-5-billion-by-2030-driven-by-growth-in-developing-countries/>

⁶ FAO, the Food and Agriculture Organization of UN estimated that the world must produce 70% more food by 2050 due to population growth http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf Current loss or wastage of one third of all food produced. <http://www.fao.org/food-loss-and-food-waste/en/>



CHALLENGE: INEQUALITY

Every year, large numbers of people move out of poverty. At the same time there is an ever-increasing level of inequality in the world with a widening gap between the wealthiest in society and the rest⁷.

One in five in developing regions⁸ still live in extreme poverty, with children and young people at the highest risk. Despite economic growth, some people have seen their jobs become more unstable and unpredictable and their incomes stagnate. And as the pace and impact of technological change increases, some have been left behind and are struggling to adapt to a new reality. Young people are finding it harder to secure meaningful and stable work⁹.

While there have been significant moves forward in some areas, gender equality is still far from a reality. Rights and opportunities for elderly people, ethnic and LGBTQ+ communities, and people with disabilities are still far from equal.

Today more than 100 million people have left their home countries to find employment and a better life for themselves and their families. The process of finding a job can sometimes lead to large debts from recruitment fees and – in the worst cases – forced labour and human trafficking. Today, there are more than 65 million displaced people in the world and more than 20 million refugees¹⁰.



⁷ 70% of people live in a country that has seen a rise in inequality in the last 30 years. Oxfam "Even it UP" Report, 2016

⁸ UN- <http://www.un.org/sustainabledevelopment/poverty/>

⁹ UN- Global youth unemployment rate was 13.1 per cent in 2016 and is expected to remain at that level throughout 2017 <http://www.un.org/youthenvoy/2016/08/global-youth-unemployment-rise/>

¹⁰ UN- <http://www.unhcr.org/figures-at-a-glance.html>



The UN's Sustainable Development goals (SDGs)

Many of the global sustainability challenges and calls for action are described in the UN's Sustainable Development Goals (SDGs). Launched in 2015, the SDGs provide an inspiring framework for collective action. They guide us as we develop the IKEA business, set ambitions and engage with our partners.

All of the goals are connected and IKEA will use them as our compass to mobilise change in our work.



“No method is more effective than a good example”

INGVAR KAMPRAD

How IKEA® can make a positive difference

Through our business we have a unique opportunity to lead the way by being a good example for positive change in society.

Being a leader means to look critically at all aspects of our business, but also to engage in the debate and enabling customers, co-workers, and partners to take action and contribute. Now is the time for us to take the next big step.

Each one of us can be a leader for change. To change the world, good ideas must be nurtured and magnified to reach as many people as possible. Part of our role is to use our size, creativity, innovation and knowledge in life

at home to scale ideas and be a partner for positive change.

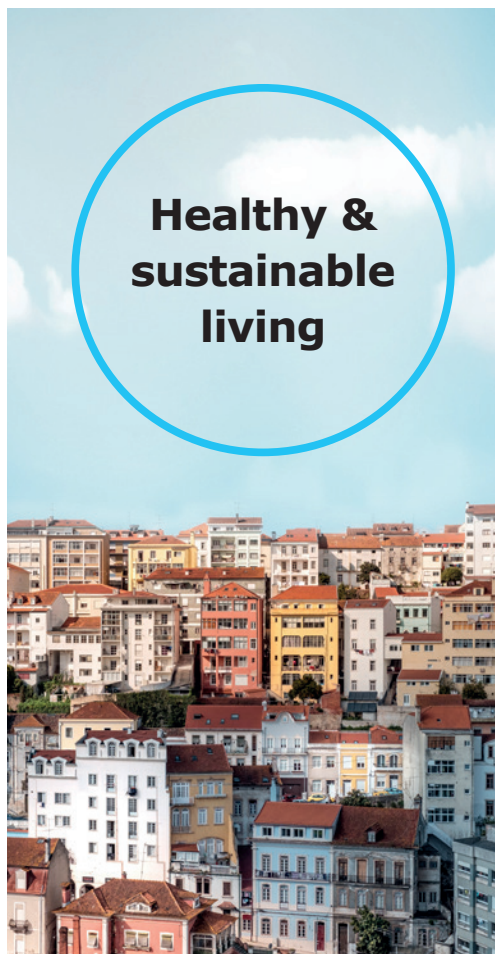
Having a positive impact means that we always aim to generate more than we use ourselves, working to make a positive difference beyond our own business.

We are committed to creating a better everyday life for the many people and to be People & Planet Positive.

Three focus areas

As a response to the three major challenges impacting the IKEA business, we have identified three corresponding focus areas to help us to fulfil the IKEA vision and become people and planet positive.

Under each focus area we outline our commitments to achieving our ambitions.





By 2030 our ambition is to inspire and enable more than 1 billion people to live a better everyday life within the limits of the planet

Healthy & sustainable living

Our homes and the way we live have a huge impact on our health, well-being, and the planet.

Households, for example, are estimated to consume one third of the global energy use¹¹ and 10% of the water use¹². Enabling as many people as possible to generate renewable energy and to reduce their home energy and water consumption would have a great impact. Water, food and air quality are also major concerns for people around the world. The impact of pollution and waste is already visible in everyday life for many people.

People expect businesses and brands like IKEA to make living a more sustainable life affordable and appealing. They are searching for ideas and solutions and are counting on new, innovative ways of living: in smaller spaces, for

being more conscious and less wasteful in what they buy, and for prolonging the life of their things.

As one of the top ten largest food companies in the world, we also have a responsibility to provide healthy and nutritious food. We strive to not only offer more sustainable home furnishing and food products, solutions and services, but also to inspire and support people to make positive changes in their lifestyles and to consume in more sustainable ways. Until now our focus has been on helping customers to become energy and resource efficient and reduce waste. We will now also focus on enabling a shift through promoting a new mind-set for healthy and sustainable living.

¹¹ <http://www.un.org/sustainabledevelopment/sustainable-consumption-production/>

¹² Food and Agriculture Organization of the United Nations, The State of the World's Land and Water Resources for Food and Agriculture (SOLAW), <http://www.fao.org/nr/solaw/solaw-home/en/>

← WHAT WE HAVE DONE SO FAR

IKEA already enables people to actively live a healthier and more sustainable life at home with a focus on the efficiency and functions of the home, offering affordable products and solutions for water efficiency, energy efficiency, renewable energy, and waste sorting solutions.

For many years IKEA has worked proactively when it comes to the use of chemicals in IKEA products, phasing out, often ahead of legislation, potentially harmful chemicals.

All IKEA products and solutions are designed with quality, form, function, low price, and sustainability as the IKEA democratic design dimensions.

Even though we have accomplished many things, we are only at the beginning and there is still much to be done.

OUR AMBITIONS FOR 2030

By 2030, we will inspire and enable people to make healthier and more sustainable choices by offering knowledge, ideas and new affordable solutions. We will, together with others, define what sustainable consumption means for IKEA. We will develop all products using the IKEA democratic design approach and circular design principles. We will work together with others to prolong the life of products and materials and thereby promote a sharing and circular economy.

Sustainability cannot be a luxury for a few! We will make healthy and sustainable living a desirable choice that is affordable, attractive and accessible for as many people as possible.

The IKEA business will enable people to generate renewable energy and be energy and water efficient, to purify the water and air in their homes, eliminate waste, and contribute to adapting their homes to cope with the impact of climate change. We will encourage people to come together and work to improve their health and well-being.

WE ARE COMMITTED TO → →

Creating a movement in society around better everyday living

Inspiring and enabling people to redefine their life at home – a life that is sustainable, supports safety, health and well-being, and is within the means of the many people.

Leading the transition towards a new definition of a better everyday life and being a driving force behind changes in unsustainable consumption patterns.

Inspiring and enabling people to live healthier, more sustainable lives

Offering better, more affordable, smart products and solutions that enable people to live safer, healthier and more sustainable lives.

Providing knowledge and ideas to inspire people to live better, healthier and more sustainable lives.

Offering a food range that makes more sustainable, healthier eating delicious and affordable for the many people.

Promoting circular and sustainable consumption

Seeing IKEA products as raw materials for the future and ensuring that all products have circular capabilities: designed from the very beginning to be repurposed, repaired, reused, resold and recycled.

Providing and promoting services, solutions, inspiration and offering easy access to knowledge to prolong the life of product and materials. Inviting and enabling customers and other partners to be part of the solution by making it easy to buy, fix, sell, share and give away products.



***By 2030 our
ambition is to
become climate
positive and
regenerate
resources while
growing the IKEA®
business***

Circular & climate positive

We have only one planet with limited resources. Pressure on forests, fisheries and agriculture, loss of biodiversity and wildlife, ocean pollution, erosion of soil and increasing levels of air and fresh water pollution affect the lives and livelihoods of millions of people around the world.

The global resource scarcity is already impacting the IKEA business and, more important, the lives of people

throughout the IKEA value chain. To be people and planet positive in the future we must further develop responsible sourcing programmes, continue to improve resource utilisation and dramatically reduce greenhouse gases in absolute terms, independent of how much we grow the IKEA business.

← WHAT WE HAVE DONE SO FAR

Our approach of making more from less has enabled the IKEA business to reduce waste and become more efficient in all we do.

We have also come a long way in transforming how we source more sustainable materials. Since 2015, 100% of our cotton, fish and seafood come from more sustainable sources (BCI+, MSC, ASC).

We are getting closer to our 2020 goal of sourcing 100% of our wood & paper from more sustainable sources. And we have taken steps to begin to phase out virgin fossil plastic from the IKEA product range.

We have been vocal in our support for a transition to a low carbon economy, and have invested heavily in renewable energy and improved energy efficiency.

OUR AMBITIONS FOR 2030

By 2030, our ambition is to be a circular business built on clean, renewable energy and regenerative resources, decoupling material use from our growth. The aim is to end our dependency on virgin fossil materials and fuels. We will reduce greenhouse gases and contribute to limiting global temperature increase to well below 2°C, aiming towards 1.5°C, by the end of the century. We will contribute to a world of clean air and water and improved biodiversity.

WE ARE COMMITTED TO → →

Transforming into a circular business

Prolonging the life of products and materials and using resources in a smarter way.

Turning waste into resources, sending zero waste to landfill.

Taking the lead in transforming secondary materials (i.e. reused and recycled materials) into clean and safe resources.

Sourcing and producing renewable and recycled materials with a positive environmental impact.

Establishing and promoting systems and services to enable a circular economy.

Becoming climate positive

Dramatically reducing absolute greenhouse gas emissions to contribute to limiting global temperature increase to well below 2°C, aiming towards 1.5°C, by the end of the century.

Reducing the greenhouse gas emissions from the IKEA value chain in absolute terms compared to FY16. The scope includes the footprints of materials, food ingredients, transport, the production at suppliers, and the use of IKEA products in customers' homes¹³.

Aiming for only renewable electricity and heat in IKEA operations¹⁴.

Promoting on-site renewable energy generation and new installations.

Actively reducing air pollutants. Designing, building, operating and maintaining all of our buildings individually according to local conditions, in order to stay within the planetary boundaries.

Regenerating resources, protecting ecosystems and improving biodiversity

Continuing to secure and develop responsible sourcing standards that include environmental, social and animal welfare criteria.

Becoming **forest positive**, promoting sustainable forest management to eliminate forest degradation and deforestation. Using innovative approaches to forest management, protection, restoration and regeneration.

Leading regenerative projects on degraded land, deforested areas and agriculturally cultivated areas.

Becoming **water positive** by leading and developing water stewardship programmes. Leading regenerative projects to clean polluted waters and protect biodiversity. Specifically focusing on leading projects to clean plastic pollutants from oceans.

Sourcing wood, cotton, food, and other raw materials from "more sustainable sources".

¹³ The Greenhouse Gas Protocol (scope 3 emissions)

¹⁴ The Greenhouse Gas Protocol (scope 1 & 2 emissions)

***By 2030 our ambition
is to create a positive
social impact for
everyone across the
IKEA® value chain***

Fair & equal

Although we face many challenges in the world today, we believe that through our business we can support and influence positive change.

We need to embrace change in ways that make people's lives better. By growing the IKEA business in an even more inclusive way and providing decent¹⁵, and meaningful work, we can play our part in creating a fair and equal society.

Children and families have always been a focus for IKEA. We have seen that by making decisions with the best interest of children in mind we can create positive change and opportunities for families and communities.

Equality is a base from which to build a better life. We have the ability to directly support gender equality as well as rights

and opportunities for elderly people, ethnic, LGBTQ+ communities and people with disabilities.

Through our business and global reach we can provide opportunities for migrant workers, refugees and other groups who are moving away from their home by choice, necessity or force. We can provide emergency support, training and employment and work with others to create change in the systems that put people at risk.

The IKEA vision and ambitions for people go across the full IKEA value chain and we expect the same or higher standards of ourselves as we do of our suppliers and business partners.

¹⁵ The ILO (International Labour Organisation) definition of decent work http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_172609.pdf

← WHAT WE HAVE DONE SO FAR

We have already taken some important steps and are ready to do more to achieve our vision.

Children's rights have always been at the heart of what we do and we were part of the development, and now implementation of, the Children's Rights and Business Principles.

IWAY – our supplier Code of Conduct continues to be the base of our work to secure human rights and good working conditions throughout our supply chain and we have significantly expanded the scope of its implementation.

We are working with social entrepreneurs and engaging actively in local communities to be an inclusive business. And we continually develop our approach to vulnerable groups within the IKEA value chain.

OUR AMBITIONS FOR 2030

By 2030, IKEA will be a leader in creating a fair and equal society that benefits the many. We will do this by growing the IKEA business in an even more inclusive way, respecting and encouraging diversity and promoting decent and meaningful work across the IKEA value chain, enabling people to provide a good life for themselves and their families. Being inclusive is about both engaging with others in the work they do and inviting others to participate in our work.

WE ARE COMMITTED TO → →

Providing and supporting decent and meaningful work across the IKEA value chain

Respecting human rights in all areas of the IKEA business and continuing to ensure the implementation of international labour standards.

Always ensuring that workplaces are safe and contribute to the healthy development of people.

Ensuring access to competence and skills development, enabling people to grow and reach their full potential.

Providing and supporting stable, regular and predictable employment.

Ensuring that we - together with others - define what constitutes a fair income and make it possible for everyone in the IKEA value chain to have a fair income.

Ensuring that everyone in the IKEA value chain has a voice and is engaged and empowered to play an active role in their workplace.

Being an inclusive business

Growing the IKEA business providing opportunities for the many.

Continuing to build a diverse, inclusive workplace and empowering and supporting people to be themselves at work.

Making gender equality a reality.

Ensuring that children's rights are integrated into everything that we do.

Providing and promoting learning and working opportunities for young people.

Ensuring that the IKEA value chain is made up of diverse business partnerships that drive innovation, business growth and social impact.

Engaging in our communities to create a positive impact on livelihoods and contribute to an inclusive local economy.

Promoting equality

We will stand up for our ambitions, values and beliefs, advocating for change and playing an active role to support it.

We will engage with others, sharing knowledge, challenging each other and being transparent.

Enablers: how we make it happen

Through our strength, size and business set-up we can think long-term and make our commitments become a reality. We will influence positive change in the world and will share our approach and what we learn to inspire others through:

ADVOCACY

We will use our size and influence and play an active role in society advocating for and promoting positive change based on our values.

CO-CREATION & PARTNERSHIP

We will work together in new ways and continue to support organisations that develop sustainable value for people, the planet and our business. We will seek out new partners with unique perspectives and insights and support them in scaling up solutions to reach the many.

ENTREPRENEURSHIP & INNOVATION

We will rely on our entrepreneurial spirit for innovation and turning challenges into opportunities. We will also look to others like social entrepreneurs for ideas and inspiration for making the world more sustainable and fair.

INCLUSIVENESS & COMMUNITY ENGAGEMENT

We will be inclusive and actively engage in the communities where we operate through IKEA stores, offices, warehouses, factories and online.

BUSINESS INCENTIVES

A key enabler is to secure that investment mechanisms and incentives are in place to support the transformational change needed.

IWAY

The IKEA supplier code of conduct, IWAY, has been the base for much of our sustainability work since 2000. We will continue to develop IWAY standards and expand its implementation further in the IKEA value chain to meet new challenges and to secure good working conditions at IKEA suppliers. We will continue setting clear standards and expectations for the IKEA business relationships and ourselves.

REPORTING & TRANSPARENCY

We will be open and transparent and allow others to learn from our successes, failures, challenges and ways of working. IKEA is 100% committed to reporting our progress in line with the SDG goals. To move from vision to action, each business needs to set clear goals and targets that will help us prioritise and measure our progress.

COMMUNICATION

We will use communication to inspire a more sustainable way of living, secure co-creation and a continuous dialogue. We will activate people to make a positive difference in their everyday lives, in their communities and in the world. Communication around our impact on people and society will be an integrated part of our communication around our commercial offer from the very beginning.

Overview of ambitions and commitments



Ambitions for 2030

Commitments

Key enablers



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

Creating a movement in society around better everyday living

Inspiring and enabling people to live healthier, more sustainable lives

Promoting circular and sustainable consumption



Become climate positive and regenerate resources while growing the IKEA business

Transforming into a circular business

Becoming climate positive

Regenerating resources, protecting ecosystems and improving biodiversity



Create a positive social impact for everyone across the IKEA value chain

Providing and supporting decent and meaningful work across the IKEA value chain

Being an inclusive business

Promoting equality

ADVOCACY, CO-CREATION & PARTNERSHIP, ENTREPRENEURSHIP & INNOVATION, INCLUSIVENESS