

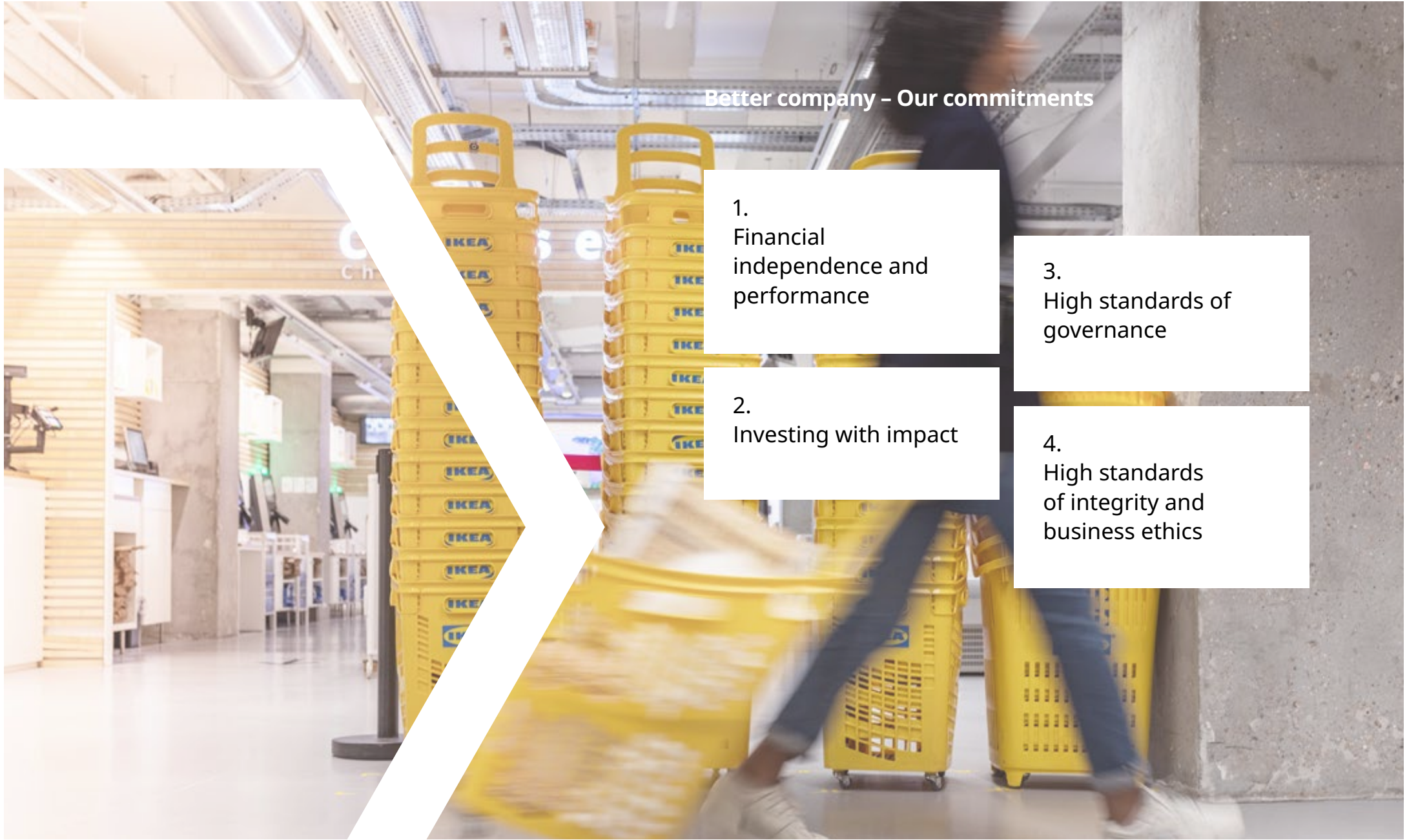
# Better company



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

Our progress **FY22**

INGKA™



## Better company – Our commitments

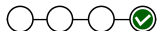
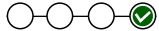



1.  
Financial  
independence and  
performance

2.  
Investing with impact


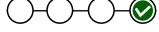
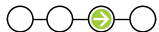
3.  
High standards of  
governance

4.  
High standards  
of integrity and  
business ethics

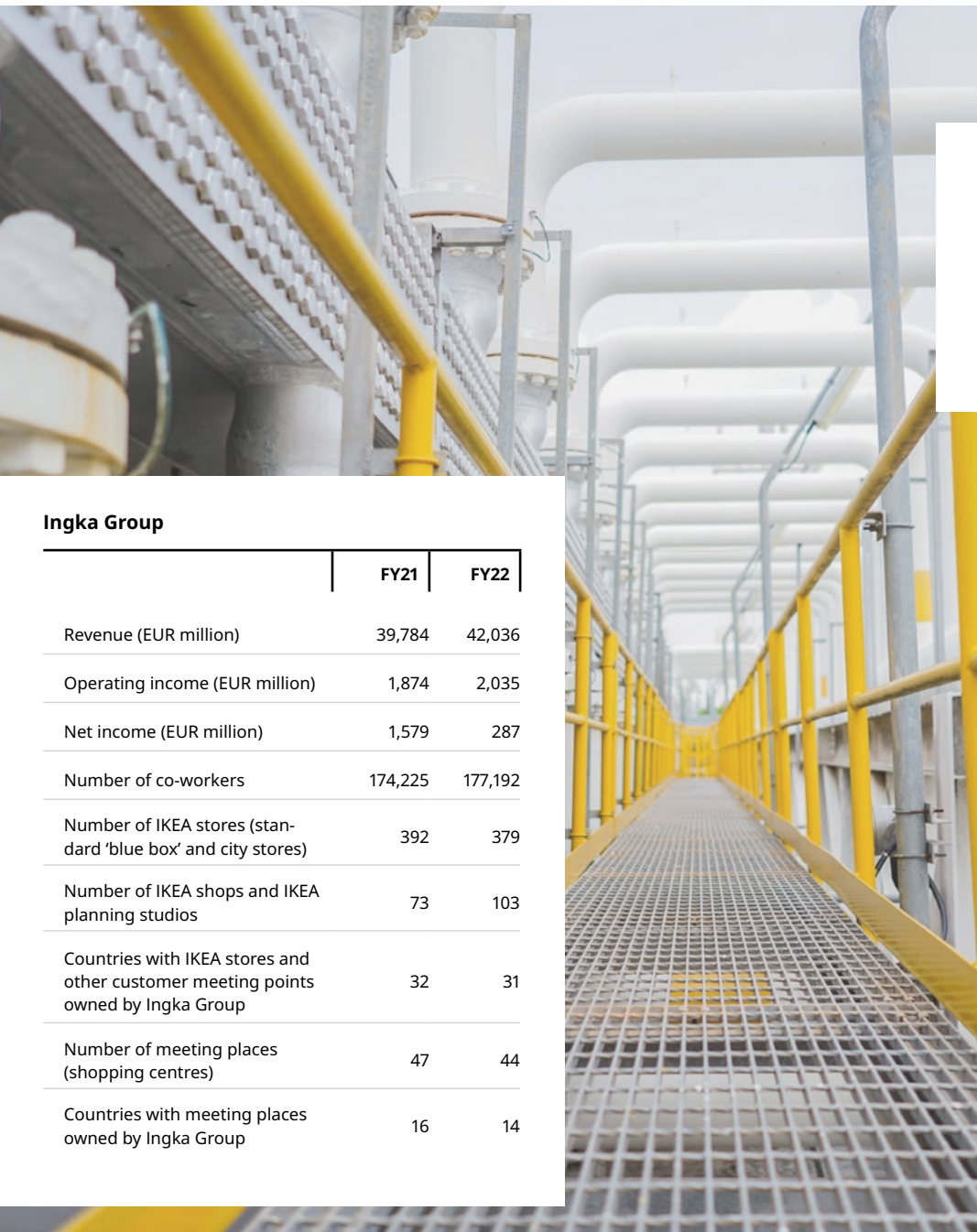


OUR TARGETS	PROGRESS IN FY22	PERFORMANCE SUMMARY
<b>Financial Independence and performance</b>		
<p>Make a positive economic contribution through our business activities, including the jobs we create, our procurement, the taxes we pay and through our community investment.</p>	 [ ACHIEVED ]	<p>Total Ingka Group operating income was EUR 2.0 billion and net income EUR 0.3 billion. In FY22, Ingka Group corporate income tax amounted to EUR 0.5 billion. In FY22, our total tax bill, including other taxes such as property and environmental taxes, amounted to approximately EUR 1 billion (FY21 1.1 billion). In FY22 85% of net income was reinvested in the company to ensure that we make IKEA more affordable, accessible, and sustainable. The other 15% is paid as dividend to Stichting INGKA Foundation to support charitable activities of the IKEA Foundation.</p>
<b>Investing with impact</b>		
<p>Ingka Investments does not make or hold direct investments in fossil fuel or nuclear power businesses.</p>	 [ ACHIEVED ]	<p>In FY22 we did not directly invest in businesses that explore for, extract, process, refine, or transport fossil fuels or nuclear power, or any utilities businesses that use these fuels.</p>
<p>Accelerate investments by Ingka Investments into renewable energy to EUR 6.5 billion by 2030.</p>	 [ ON TRACK ]	<p>Since 2009 Ingka Investments has invested EUR 2.5 billion in renewable energy and additional EUR 0.6 billion investments have been secured.</p>
<p>Develop an ESG screening methodology for investments in financial markets to be launched in FY22.</p>	 [ ON TRACK ]	<p>We developed the methodology during FY21 and we are now implementing it. We continue to strictly exclude investment in certain sectors (e.g. fossil fuel) and are using the positive ESG screening criteria to help us invest with impact including in specific solutions to tackle climate change, unsustainable consumption and inequality.</p>
<b>High standards of governance</b>		
<p>Achieve gender balance across our governing bodies and senior leadership (boards and committees) by FY22.</p>	 [ NOT ON TRACK ]	<p>At the end of FY22, women made up 38% of our Group Management (including our Management Board), 39% of board members for our three Ingka businesses and 49% of committee members. There were no women on our Management Board (2 members). The percentage of women in Group Management reduced from 50% in FY21. This is due to one female member leaving the business who was replaced by two co-managers who are both men. At country level, women made up 47% of permanent board members. We will keep working towards achieving and maintaining 50/50 representation for boards and committees. Our boards and committees are small in size and individual changes can have a large impact on total figures creating significant variations from year to year. All figures are correct as of September 1st 2022.</p>



OUR TARGETS	PROGRESS IN FY22	PERFORMANCE SUMMARY
<b>High standards of integrity and business ethics</b>		
<p>All new co-workers complete training on our Code of Conduct within a month of joining and existing co-workers complete refresher training once every two years.</p>	 [ NOT ON TRACK ]	<p>In FY22, over 98,300 co-workers completed our Code of Conduct training (including induction training for new joiners and refresher training), up from 93,000 in FY21. We are working to improve the way we record training data to enable us to monitor and drive progress against our target.</p>
<p>All co-workers in sensitive roles complete face-to face training on our anti-bribery and corruption framework.</p>	 [ ACHIEVED ]	<p>Our anti-bribery and corruption procedures require in-depth training for any co-workers in sensitive roles (such as procurement and real estate)*. We also have an e-learning programme on anti-bribery and corruption, which includes annual refresher training.</p>
<p>We aim for 100% of contracted suppliers to achieve IWAY compliance each year.</p>	 [ ON TRACK ]	<p>All of our contracted suppliers (representing over 75% of our spend) had signed the IWAY Compliance Commitment and were assigned a risk level by the end of FY22. IWAY Compliance also requires risk mitigation for high- and critical-risk suppliers. One of the key ways we mitigate risk for high- and critical-risk suppliers is by auditing suppliers to check compliance with the IWAY supplier code of conduct. We aim to audit all new suppliers rated as high- or critical-risk. We track total number of IWAY Reviews for high- and critical-risk-suppliers and are working on better visibility of our data to improve the way we monitor IWAY performance as part of continuous supplier management.</p>

\* Our in-depth training on anti-bribery and corruption is delivered face-to-face (either in person or online).



# 1. Financial independence and performance

## Ingka Group

	FY21	FY22
Revenue (EUR million)	39,784	42,036
Operating income (EUR million)	1,874	2,035
Net income (EUR million)	1,579	287
Number of co-workers	174,225	177,192
Number of IKEA stores (standard 'blue box' and city stores)	392	379
Number of IKEA shops and IKEA planning studios	73	103
Countries with IKEA stores and other customer meeting points owned by Ingka Group	32	31
Number of meeting places (shopping centres)	47	44
Countries with meeting places owned by Ingka Group	16	14

Our structure, together with a financial approach based on 79 years of earning money before we spend it, allows us to be financially independent. We think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet.


remaining 15% of the net income is paid as a dividend to the Stichting INGKA Foundation to achieve its charitable purpose. Nobody is entitled to the assets of the Stichting INGKA Foundation and no dividend from Ingka Group flows to any individuals.


Ingka Group pays taxes in all countries in which we operate. We view this as an important part of our wider economic and social contribution to society. We pay taxes in accordance with laws and regulations wherever we are present, as a retailer or in any other role.

## Our approach

Ingka Group is owned by a Dutch foundation, Stichting INGKA Foundation, with a charitable purpose that is achieved by making funds available to IKEA Foundation.

We invest 85% of our net income back into our business. This allows us to be more affordable, accessible and people and planet positive. The

 [More about Stichting INGKA Foundation](#)

 [More about our ownership structure](#)

## Ingka Group financial performance FY22

Financial year 2022 was difficult for many people and businesses. Amid rising inflation and the increasing cost of energy and raw materials, we invested substantially, and continued to make every effort, to minimise price increases.

The pandemic had less impact than the previous year but still affected our business, with store closures in some countries, supply disruptions and changes to stock availability. As a consequence of the war in Ukraine, we stopped our IKEA retail operations in Russia. The war in Ukraine is a human tragedy that continues to affect people and communities. Read more about our response on page 59.

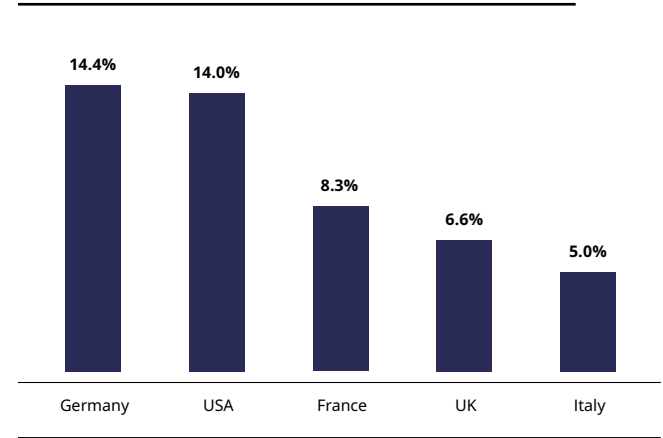
Despite a challenging environment, Ingka Group's revenues increased, and the operating income and normalised tax rate were stable. Total Ingka Group revenue for FY22 amounted to EUR 42.0 billion and increased by 5.7% compared to FY21. Operating income remained stable at EUR 2.0 billion.

Ingka Group's net income reduced substantially to EUR 0.3 billion (FY21: EUR 1.6 billion), mainly due to developments in our financial market investments (FMI). This was not connected with normal day-to-day retail operations. During the year, rising interest rates meant lower bond values in our FMI, in line with the world's financial markets. The net income was also impacted by the effects of scaling down operations in Russia. Income before tax amounted to EUR 0.8 billion (FY21: EUR 2.2 billion).

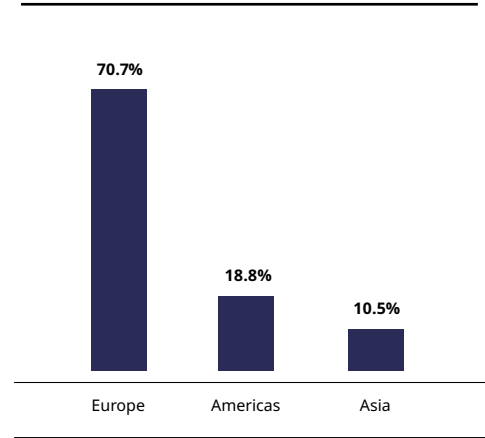
The effective tax rate of 65.6% (FY21: 29.3%) corresponded to an amount of EUR 0.5 billion corporate income taxes (FY21: EUR 0.7 billion). Without the impacts in our FMI portfolio, which increased our effective tax rate, the normalised tax rate was stable in the 25-30% band.

We continued to invest in our business transformation, our stores, distribution and customer fulfilment networks, the digital customer experience and shopping centres, and continued our sustainability investments in renewable energy and forestry, amounting to a capital expenditure of EUR 2.1 billion plus acquisitions of EUR 0.5 billion. Total assets amounted to EUR 57.8 billion (FY21: EUR 55.1 billion). We further strengthened our equity position to EUR 47.6 billion at year-end (FY21: EUR 45.2 billion). The total cash flow for 2022 is EUR 0.2 billion negative (FY21: EUR 1.2 billion positive). Cash flow from operating activities was EUR 2.8 billion (FY21: EUR 4.3 billion).

FY22 – Top selling countries for IKEA Retail



FY22 – IKEA Retail sales per region



**IKEA Retail recognised solid sales of EUR 39.5 billion for FY22 (FY21: EUR 37.4 billion) despite unprecedented challenges caused by the tragic war in Ukraine, supply disruptions and the pandemic's continued impact.**

## Tax in FY22

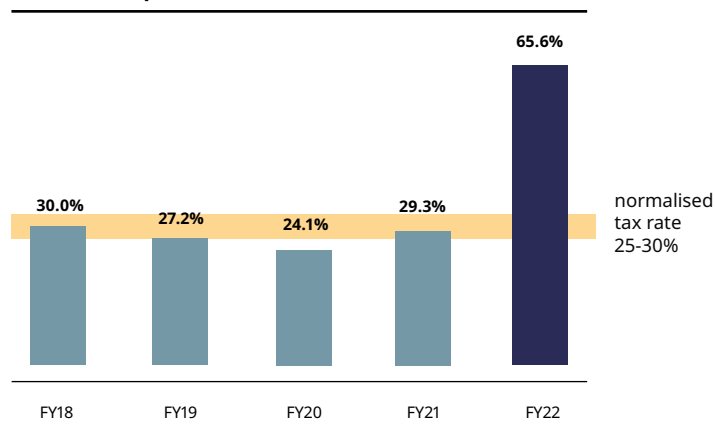
We have communicated our strong commitment to manage our taxes in a responsible and transparent way, contributing to society in every country where we operate.

This year Ingka Group have published our global tax principles on Ingka.com and became a signatory to the B Team Responsible Tax Principles. This year, we are also publishing the Ingka Group Tax report, including country-by-country tax data.

Corporate income taxes amounted to 0.5 billion in FY22 (FY21: EUR 0.7 billion). In FY22, our total tax bill, including other taxes and duties such as property taxes, environmental taxes and customs duties, amounted to approximately EUR 1.0 billion (FY21: EUR 1.1 billion).

Over the past five years (FY18–FY22), corporate income tax and other taxes and duties amounted to approximately EUR 5.3 billion. In addition, we collected substantial tax amounts on behalf of governments, such as value added tax and employee taxes. Over these five years, we have also created tens of thousands of jobs, directly in our IKEA stores and warehouses, and indirectly with our external suppliers, which in turn generate taxable income.

**Effective corporate tax rate (ETR) FY18-FY22\***



\* During FY22 rising interest rates meant lower bond values in our financial market investments (FMI), in line with the world's financial markets. This increased our effective tax rate. Without the impacts in our FMI portfolio, the normalised tax rate was stable in the 25-30% band.

## Ingka Group Tax Principles

Ingka Group's approach to tax is anchored in the following Tax Principles.

- Tax is a core part of our corporate responsibility and governance and fully integrated in our governance structure.
- We are fully committed to comply with relevant tax laws and regulations in all the jurisdictions in which we operate and where the value is created.
- We conduct intragroup transactions on an arm's length basis and are fully committed to comply with obligations under transfer pricing rules in the jurisdictions where we operate, and under global transfer pricing principles.
- We recognise the importance of respecting both the letter and the spirit of the law and will always act accordingly.
- We will only use business structures and carry out transactions with a commercial or economic purpose. Whilst tax is considered in significant business decisions, we do not carry out operations where saving tax is the main benefit we expect.
- We do not have tax-initiated operations in tax havens.
- Where tax incentives are offered by government authorities, we ensure that, in case of use of such incentives, this is done in a transparent way and consistent with statutory and regulatory frameworks.
- We continuously develop and maintain cooperative long-term relationships with tax authorities, based on mutual respect, trust, transparency and, where possible, dialogues upfront.
- We are fully committed to be transparent about our approach to tax and the taxes we pay.

## Outlook for FY23

Heading into the new year, we know certain challenges are coming with us, yet we see the opportunity to lead, grow and fulfil the dreams of the many people.

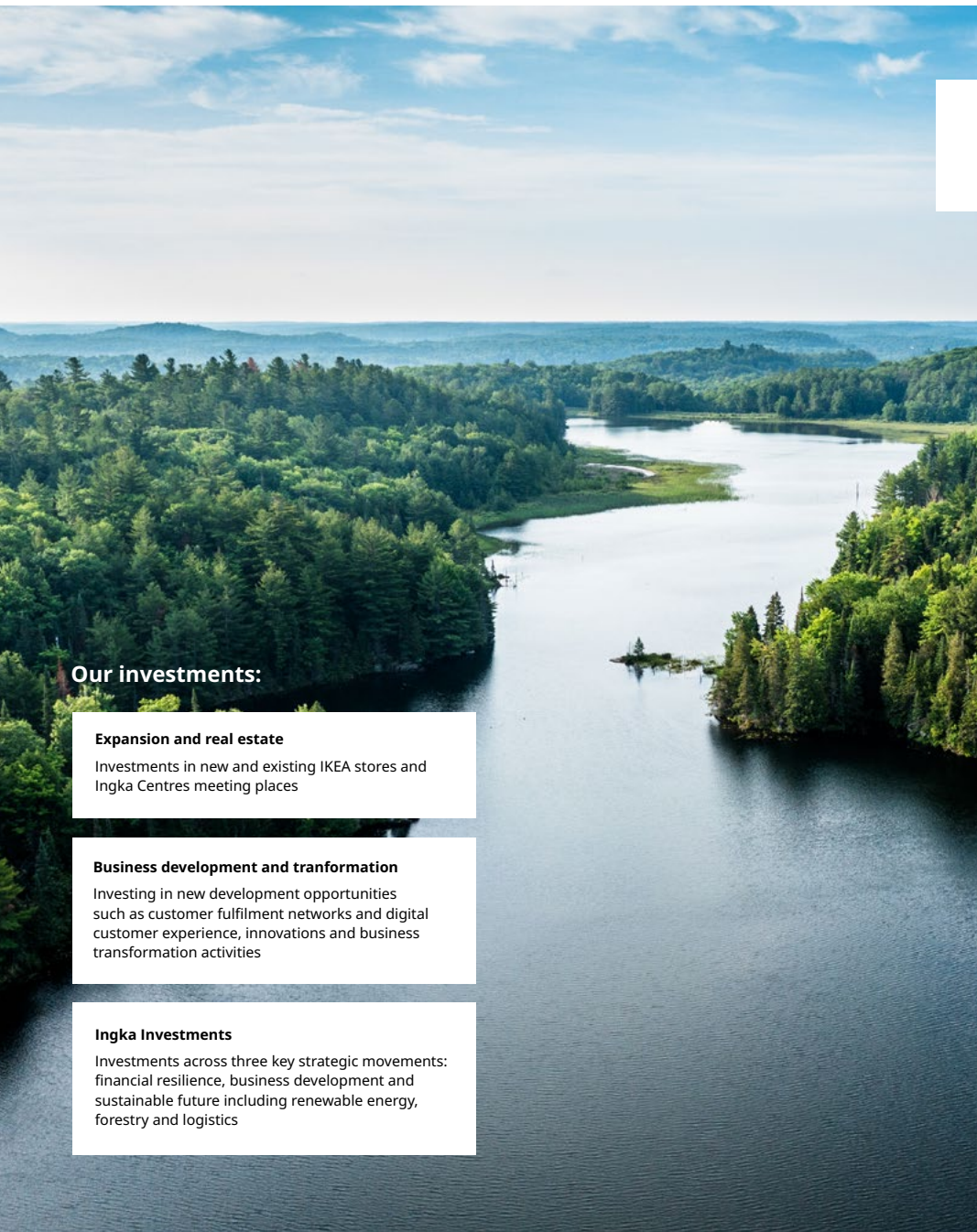
We are worried about the climate crisis, the unstable geopolitical environment, the energy crisis, retail disruption and the impact all of this will have on Ingka Group. We are also concerned about macro-economic development with consumer confidence at its lowest level in many countries and a visible drop in purchase intent as wallets get thinner due to inflation.

But we have better conditions starting financial year 2023 than we had starting 2022. We see many opportunities and choose to be optimistic.

With our strong vision and values, we will build on our strengths and work even harder towards our vision to create a better everyday life for the many people. We will continue to steer our business on holistic performance across our value creation areas of Better homes, Better lives, a Better planet, and a Better company.







## 2. Investing with impact

### Our investments:

#### Expansion and real estate

Investments in new and existing IKEA stores and Ingka Centres meeting places

#### Business development and transformation

Investing in new development opportunities such as customer fulfilment networks and digital customer experience, innovations and business transformation activities

#### Ingka Investments

Investments across three key strategic movements: financial resilience, business development and sustainable future including renewable energy, forestry and logistics

Investments allow us to retain and increase the value of our assets and better meet and exceed customer expectations, while having a positive impact on people, our planet and society.

As Ingka Group, 85% of our net income is reinvested in the company to make us more affordable, accessible and sustainable\*. We invest in the growth and transformation of our business and in new development opportunities based on our strategic priorities. In FY22 our capital expenditure amounted to EUR 2.1 billion plus acquisitions of EUR 0.5 billion including investment in our stores, distribution and customer fulfilment networks, the digital customer experience and shopping centres.


Ingka Investments, the investment arm of Ingka Group, strengthens long-term growth and business development, secures our financial resilience and supports sustainability goals by making responsible investments in people and businesses. It manages assets worth EUR 26 billion. As a financial investor we think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet.

### Our approach

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

Our investment decisions are made with a long-term perspective, always in line with our values and Code of Conduct.

We aim to establish metrics and KPIs to understand the environmental and social impacts of our investments but this remains challenging due to a lack of quality and comparable data.

 [Ingka Investments](#)

\* The other 15% goes to INGKA Stichting Foundation to support the charitable activities of the IKEA Foundation.

## Ingka Investments

Ingka Investments makes investments to secure the financial independence and longevity of Ingka Group and our ability to invest in our retail business and sustainability goals, in good and in bad times.

Our investments range from stocks and bonds on the financial markets to wind- and solar parks and forestland. They are organised in six portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Forestland Investments and Financial Markets Investments.

We balance our investment activities across three strategic movements:

- **Financial resilience** – safeguard, strengthen and prioritise the liquidity of Ingka Group for the long term.
- **Business development** – support creating the IKEA of the future by investing in prime

location real estate and innovative companies that can help our retail business develop new capabilities, services and revenue streams.

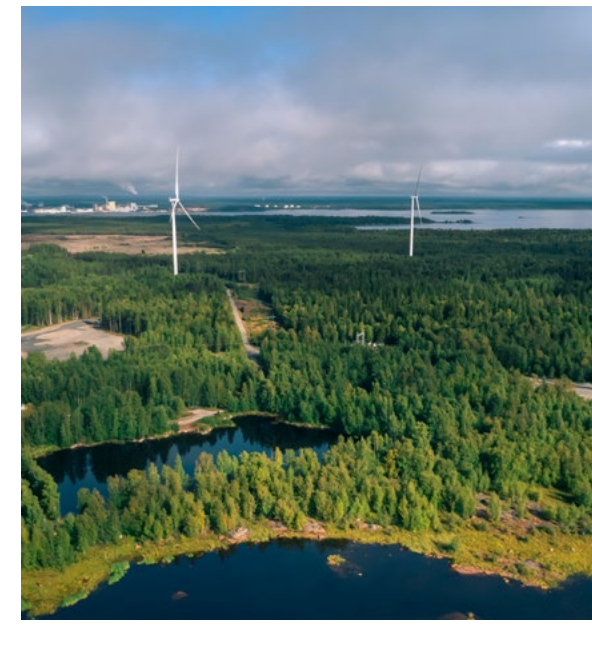
- **Sustainable future** – invest in assets that support IKEA to become a more sustainable business and enable real carbon footprint reductions for Ingka Group, our customers and beyond our business.

### Investment approach

Our financial strength allows us to be purpose driven in our investment decisions. We take a long-term perspective, which enables us to accept lower or even no returns in the short and

middle term. We ensure that we have the option to exit from an investment within a reasonable time frame, if it turns out to not be in line with our values. Balancing risk and return, we aim to have a positive impact on people, planet and society at all times.

We can have most influence in ensuring a positive impact for society and the environment where we acquire or have a majority shareholding investment. With minority shareholding investments we aim to play a positive role by actively engaging with the companies we invest in, sharing our know how and promoting a more sustainable direction. In addition, we have started to develop a quantitative model for investing with impact, drawing on our



sustainability expertise as well as external databases, to establish clear criteria that our investment teams can use to evaluate investment opportunities. We are exploring how best to establish metrics and KPIs that will enable us to track and communicate the environmental and social impact of our investments and improve the availability and quality of comparable data.

## A renewable energy future

For over a decade Ingka Investments has been investing in renewable energy generation. This supports our goal to be climate positive and to contribute to the transition to a net-zero society.

Since 2009, we have invested or committed to invest EUR 3.1 billion and our total installed renewable energy power is more than 2.3

gigawatt, equivalent to the annual consumption of over 1.25 million European households. In 2020 we reached our goal to generate more renewable energy than the energy we consume across all Ingka Group operations. We are now prioritising further renewable energy production with a focus on Australia, India, Italy, Japan, New Zealand and South Korea to help us achieve our next goal to consume 100% renewable electricity in all countries where we operate by 2025.

In FY22, we progressed towards our investment goal of EUR 6.5 billion in renewable energy by 2030, by investing and committing a record EUR 860 million in renewable energy projects. Construction has started on some projects and most are expected to be finalised by 2025. Projects include:

- Increased shareholding in Veja Mate wind park, Germany's third largest offshore wind farm
- Acquiring a 49% stake in three offshore wind projects in Sweden with the potential to reach a total installed capacity of 9,000 MW – equivalent to more than 25% of the electricity consumed in Sweden in 2021
- Nine solar PV park projects to be developed and built across Germany and Spain with a total investment worth EUR 340 million
- A ready-to-build wind farm and solar park in north-western Poland, bringing our total to seven wind farms in the country
- In-house development of renewable energy projects such as a utility-scale battery storage system.

## Investing in forests

Since 2014, we have bought forests in several countries as part of our financial strategy to invest in resources which have a positive impact on people and planet. We have a long-term view and invest significantly in the development of our forests for future generations: through reforestation (regenerating degraded or



deforested areas through planting or naturally) and afforestation (planting new forests). Our approach is managed by a team of 143 forest professionals and audited by the Forest Stewardship Council (FSC®).

For all these investments, we apply a responsible forest management approach – protecting the forest and its biodiversity for today and future generations. We ensure that we plant more trees than we harvest. In FY22, we planted 8.36 million seedlings (FY21: 5.86 million), over 40% more than the previous year.

In FY22, we acquired 14,300 hectares of land in New Zealand which significantly expands our afforestation investment. We have planted

seedlings on over 1,000 hectares so far and aim for our investment to create long-term employment, support biodiversity, and store carbon.

Further adding to our afforestation efforts, we acquired 1,321 hectares of land in Florida, the US near the Apalachicola River. This project will support increased biodiversity, help ensure sustainable timber production from responsibly managed forests, and recover land damaged by Hurricane Michael in 2018. At least 650,000 new trees will be planted in the first rotation of a 40-year cycle.

In addition, we invested EUR 43 million in existing forestland in the US and Romania. At the end of FY22 we owned approx. 270,000



hectares of forest in Europe (Estonia, Latvia, Lithuania, Romania), the US and New Zealand. We afforested 2,641 hectares of land and reforested an additional 1,968 hectares.

## Logistics and fulfilment

We are investing in innovative logistics and fulfilment businesses that will strengthen the IKEA retail business and help to achieve our goal of zero-emission home deliveries.

In FY22, this included a minority investment in GoBolt, a Canadian technology-enabled logistics and home delivery provider. GoBolt (“Bolt”) manages everything from small items to heavy and hard-to-handle fulfilment deliveries with a

technology driven and sustainable approach to logistics. It is building a fully electric fleet and aims to make deliveries carbon negative.

We also made a minority investment in Urb-it, a Swedish sustainable logistics platform that provides last-mile deliveries across Europe. Urb-it makes deliveries exclusively on foot, bike or with its e-cargo-bike fleet, supporting efforts to reduce air pollution, noise pollution and congestion in urban areas.



[Read more about our approach to investment in responsibly managed forestland](#)

## Towards a circular economy

We invest in innovative companies that can help us become a circular business.

These investments focus on companies that can offer: new solutions for products at the end of their life; and circular business models and solutions that reduce the costs of circularity or can help us reduce our carbon footprint.

In FY22 we increased our ownership in Next Generation Holding, one of the leading

manufacturers and developers of technologies and recycling solutions for transforming plastic waste into new materials. In addition, our significant investment in Dutch mattress recycling company RetourMatras, has enabled it to open its fourth facility.



[Read more in Better planet - circular section](#)



## Investments to benefit customers, communities and the planet

In FY22 we invested in physical assets and innovative companies that leverage technology to improve the customer journey as well as those that support our ambition to create a more sustainable future.

**Climate technology:** In FY22, we made a financial minority investment in Swedish based company Doconomy, who are a leading player in climate technology. Their technology enables banks, brands and consumers to measure, understand and reduce their environmental impact and includes a financial transaction tool, which customers can use to track the environmental footprint of each purchase they make and set themselves an individual carbon budget.

[Read more online](#)

**Affordable insurance:** We also invested in UK insurance start-up, Urban Jungle. The business uses technology to provide fairer and more affordable home insurance to renters and homeowners, including by offering its customers 100% online services with no need to call, and through its use of AI and Machine Learning to catch fraud.

[Read more online](#)

**Real estate:** We acquired significant city-centre real estate at London's Oxford Street, which supports our focus on bringing IKEA closer to customers through new IKEA store formats in city locations. An IKEA store opening is planned for October 2023.

[Read more online](#)

**Social housing:** We committed EUR 100 million of financing in Ireland as part of a unique initiative for the construction of social housing units across the greater Dublin region.

[Read more online](#)



## 3. High standards of governance

Our governance structures and processes make sure that Ingka Group remains a well-managed, successful company, and that we deliver on our strategic ambitions and goals.

As a purpose-led business, and to achieve our vision to create a better everyday life for the many people, we are embedding sustainability into our governance, ensuring environmental and social factors are considered in our business decision making.

### Our approach

Ingka Group operates three businesses: IKEA Retail which is our core business, Ingka Centres and Ingka Investments. Ingka Holding B.V. is the parent company of Ingka Group. The role and members of our Supervisory Board, Management Board and Group Management are described on pages 97 and 98.

We are updating our sustainability strategy and we made further improvements to our governance structures to embed sustainability. This included increasing our focus and requirements for integrating sustainability factors in investment decision making and reporting.

We believe that a diverse leadership population supports effective governance and have made it a priority to achieve gender balance in our boards and committees. Read more about our overall approach to gender balance on page 51.

-  [Our ownership structure](#)
-  [Our role as an IKEA franchisee](#)
-  [Our Supervisory Board and Group Management](#)

## Ingka Group Board of Supervisory Directors

The **Supervisory Board** of Ingka Holding B.V. is responsible for supervising, monitoring and advising the work of the Management Board.

Based on recommendations from the Management Board, the Supervisory Board approves, among other things, the strategic plan, the main directions and the budget of Ingka Group. The Supervisory Board is always guided by the interests of Ingka Group and to ensure the continuity of our business.

As per 31 August 2022, the Supervisory Board of Ingka Holding B.V. consists of eight members. From top left to bottom right:

**Lars-Johan Jarnheimer** (Chairman of Ingka Group Supervisory Board, also chairs the Remuneration Committee), **Tore Bertilsson** (also chairs the Audit Committee), **Lone Fønss Schrøder** (also member of the Audit Committee), **Luisa Delgado** (also member of the Remuneration Committee), **Ian Worling** (also member of the TaskRabbit board), **Peter Kamprad**, **Mark Newton-Jones** and **Jonas Kamprad**.



## Ingka Group Board of Managing Directors and Ingka Group Management

The Board of Directors (Management Board) is the ultimate decision-making body and is responsible for the formal conduct and the strategic, structural and financial approvals, as well as critical risks, for Ingka Group.



The Ingka Group **Management Board** has two members: Jesper Brodin, President and Chief Executive Officer, and Juvencio Maeztu, Chief Financial Officer and Deputy Chief Executive Officer. Kurt-Jörgen Olsson, General Counsel, is Permanent Invitee, Organiser and Corporate Secretary to the Management Board.

**Group Management** focuses on the strategic direction and performance of Ingka Group, and

is the strategic leadership team for Ingka Group. Group Management takes part in the decision making in relation to strategies, business transformation, leadership and performance.

Ingka Group Management, from left: **Wim Blaauw** Co-chief Digital Officer, **Karen Pflug** Chief Sustainability Officer, **Tony Sandelius** Strategy, Development & Innovation Manager, **Belen Frau** Global Communication Manager,

**Tolga Öncü** Retail Operations Manager, **Cindy Andersen** Managing Director, Ingka Centres, **Juvencio Maeztu** Deputy CEO (Deputy Chairperson) and Chief Financial Officer, **Kurt-Jörgen Olsson** General Counsel, **Karina Gilpin** CEO Assistant, **Peter van der Poel** Managing Director, Ingka Investments, **Ulrika Biesèr** Group People & Culture Manager, **Parag Parekh** Co-chief Digital Officer, **Jesper Brodin** President and CEO (Chairperson).



## Our policies, rules and standpoints

Our Ingka Policies and Rules help us to steer our business as a purpose led company. They reflect our values and ethical standpoints, enabling us to remain a trusted brand and to act in the best interests of our business, co-workers, people and planet. Our policies make it clear to co-workers what we stand for and are designed to be easy to apply in their everyday work. We regularly review and update our key policies and following the latest update in FY21, we launched a series of short films for co-workers featuring our senior leaders to help bring our standpoints to life.

We surveyed our group function managers, country managers and country chief financial officers in FY22 to review their understanding of our policies and assess the compliance processes in place at the local level. There was a high response rate to the survey and the results showed good levels of awareness and commitment to our policies. The survey also identified opportunities for improvement in relation to communication of our policies.

### Value creation goals

To support our performance culture and to help steer our business towards our vision of a better everyday life for the many people, we are establishing goals for each Ingka Group business and unit, and for Ingka Group as a whole. These goals are structured under the same four 'better' movements contained in this report, ensuring a connection between our internal performance management and our external reporting. These 'value creation' goals help us measure performance both financially and in terms of how we add value to co-workers, customers, society and the planet. They are intended to

help us assess whether we are succeeding as a purpose-led business. You can read some of these goals in the performance tables throughout this report.

### Sustainability governance

Key roles and responsibilities for sustainability include:

- Our sustainability strategy is formally decided by the **Management Board**, considering advice from the **Supervisory Board**, who have a broad range of competencies including ESG.
- **The Sustainability Committee of the Management Board**, chaired by the CFO

and Deputy CEO of Ingka Group, defines and follows up on the overarching priorities, principles and frameworks for sustainability within Ingka Group. The committee meets twice a year and reviews sustainability performance, including climate-related issues, in every meeting.

- **Our Chief Sustainability Officer (CSO)** is a member of our Group Management, with a remit to secure our focus on sustainability as a key topic for the Group. She manages the **Group sustainability function** with responsibility for the execution of our People and Planet Positive Strategy across Ingka Group. The CSO organises and is the deputy chairperson of the Sustainability Committee.



- The **Group Sustainability Management Team (GS MT)** is responsible for the development of sustainability policy, strategy and governance communication and oversees our sustainability performance.
- The Ingka cross-functional **Sustainability Management Team (SMT)** includes managers from Group Sustainability, the Sustainability Managers for IKEA Retail and Ingka Centres, the sustainability manager for Innovation and Development along with business partners from Group Communication, Group Business Steering and Group People & Culture. Managers from the Procurement and Business Risk & Compliance functions attend relevant meetings. SMT ensures a cross-functional alignment on our sustainability agenda across Ingka Group.



- Our **Country Retail Managers** are also the Chief Sustainability Officer (CSO) for their country. This is designed to help embed sustainability into our core business and broaden ownership of our sustainability strategy. Country CSOs are accountable for delivering our goals at the country level, and sustainability is integrated into their development programme and performance review process. They are supported by Sustainability Managers in each country.

We have also taken steps to integrate sustainability into our financial decision-making, risk management and reporting. This includes establishing an ESG Reporting Forum (environmental, social, governance) governed by Group Finance to coordinate our ESG disclosures and ensure they reflect our commitments and priorities. The Forum brings together key group functions such as Sustainability, Risk, Business Steering, People & Culture, Finance, Communications, Legal & Governance and Public Affairs and core business representatives to analyse trends, global developments and risks, stakeholder expectations, current and new ESG legislation, and mandatory and voluntary disclosures.

We have integrated climate-related matters into our governance. Read more about our approach to climate change governance in our response to the Task Force on Climate-Related Financial Disclosures on page 101.

## Collaborating with Inter IKEA Group

Ingka Group participates in the IKEA Strategic Sustainability Council, an Inter IKEA Group governance body that focuses on the IKEA brand's role in society, the IKEA People and Planet Positive Strategy and ambitions across the franchise system. The group also oversees compliance with sustainability requirements in IWAY. Ingka Group collaborates with Inter IKEA Group on many aspects of the IKEA People and Planet Positive Strategy such as inspiring customers to live healthier and more sustainable lives and the IKEA climate positive commitment.

## Our sustainability strategy

The Ingka Group sustainability strategy sets out the sustainability direction up to 2030 for our three businesses: IKEA Retail, Ingka Centres and Ingka Investments. It is one of five key strategies for Ingka Group alongside People & Culture, Finance, Real Estate and Digital. Our sustainability strategy shows how we will contribute to achieving the overall IKEA People & Planet Positive strategy, which is developed by Inter IKEA Group and covers the whole of the IKEA franchise system.

We are updating our sustainability strategy to further strengthen its ambition in key areas and developing detailed roadmaps for each of our businesses and functions that will set out how we will achieve our sustainability commitments.



**"Sustainability has been at the heart of our business for many years, and I would like to thank our passionate and dedicated co-workers for the fantastic work so far. Today, tackling the interconnected challenges of climate crisis, rising inequality, unsustainable consumption and biodiversity loss is more critical than ever. Leaders across business and government must act with urgency and impact, taking a systems-thinking, collaborative and inclusive approach. The good news is that many of the solutions we need already exist and we have scientific evidence to guide our efforts. At Ingka, we care deeply about having a positive impact on the world around us. We are keeping the long-term challenges front of mind, while implementing the short-term actions needed to deliver results, now. We will play our part in creating a better future for our customers, our business, our communities, and the planet we call home."**

**Karen Pflug**  
Chief Sustainability Officer

## Risk management

Ingka Group applies a holistic and enterprise-wide approach to manage risk, with risks being identified, assessed and managed across the business on an ongoing basis, and relevant functions being responsible for monitoring progress and putting mitigation plans in place. This allows us to successfully meet objectives with fewer unexpected surprises, empower risk-informed decision-making and enable stronger company resilience. By effectively managing our risks and maximising our opportunities in a controlled and compliant way, we enable better business performance and protect the IKEA brand.

### Risk assessment process

We assess risks for Ingka Group from a quantitative financial impact and qualitative impact perspective across five different areas: Brand & Reputation; Financial; Legal & Regulatory; Operations; and Health, Safety & People. This is balanced with an assessment of the likelihood of a risk event materialising. The impact and likelihood together make up the overall risk level, which supports prioritisation of risk responses.

### Risk response, reporting and follow-up

Management teams across the business are provided with risk insights to align on the most pressing risks, risk owners are identified, and response plans are developed to address

the risks. In cases where different units face the same risks, response plans are aligned at Group level to secure efficiency and overall effectiveness. A follow-up on these response plans is conducted each tertial.

Strategic risks and the progress of their response plans are reported regularly to the Management Board and Audit Committee.

### Key risks and related mitigating actions

We have been working on the following key risks and associated mitigating actions:

#### Geopolitics, pandemics, supply disruptions and resource scarcity

FY22 brought geopolitical risks into the forefront of corporate and policy decision making for the world. We stopped our IKEA retail operations in Ukraine and Russia, while supporting our co-workers in both countries. We extended support to impacted communities and people through partnerships with UNHCR, Red Cross and other local NGOs. The impacts on our business of the war-induced energy crisis are being dealt with through multiple workstreams including supporting our consumers with energy saving products and renewable energy services and reducing usage in our own operations.

Combined with geopolitical tensions, lockdowns induced by the pandemic and resource scarcities resulted in significant product

availability challenges across our markets. Ingka Group is taking actions to mitigate the more immediate impact of these events, while also building a stronger overall approach to organisational resilience.

#### Financial and regulatory, including inflation and recession

Existing inflationary pressures and recession fears have been magnified by the war in Ukraine and its impact on energy and supply chains. This will have a longer-term impact on the cost of living and ultimately consumer spending power and confidence. Our mitigation strategy is to prioritise actions that bring timely and measurable benefits to the business. We are also exposed to fluctuations in foreign currency and changes in interest rates. At Ingka Group, we maintain strong policies ensuring our overall financial resilience, and we continue to diversify our investment portfolio and hedge against market fluctuations.

#### Retail transformation, commercial relevance and meeting changing customer expectations

The retail industry is undergoing a rapid transformation towards online business and customer experience, which has accelerated since the pandemic. To ensure that we adapt to changing customer behaviours and expectations, and prepare for the future, we have launched multiple strategic initiatives to further develop our digital capabilities and bring a true omnichannel experience to our customers.



### Cybersecurity and data privacy

As we mature as an omnichannel retailer, the number of digital interactions with our customers and our dependency on online sales channels will only increase. At the same time, we are conscious of the ever-increasing sophistication of cyber threats, which are further fuelled by geopolitical tensions. As a result,

cybersecurity and data privacy risks will remain an area of high focus. In response, we are working to minimise these risks when developing our digital solutions and maintaining a robust approach to continuously protect our systems, assets and data.

### Talent

Our business depends on the talent and efforts of highly-skilled co-workers across all functions and markets to drive sustainable growth and business performance as well as deliver on our strategy. Co-worker engagement and motivation, preparedness for new demands and external forces such as geopolitical factors, pandemics, and changes in societal behaviours can all impact talent attraction and retention. Many initiatives are underway to strengthen our engagement with potential and current talent, develop our co-workers and ways of working, and secure business-driven competence.

### Wellbeing of our people

People are our greatest assets, and we place great importance on ensuring their wellbeing. As a business, we are constantly exposed to health and safety risks, which have recently been amplified by the pandemic, the war in Ukraine, and rapid changes in the retail industry and to ways of working. We are mitigating these risks through a rigorous organisational health and safety approach aimed at both protecting and supporting our co-workers in these challenging times.

### Climate change

Climate change is set to impact our stores, supply chains, co-workers and customers in the coming years. We are working to better understand the potential implications of natural hazards and extreme weather events on our operations and minimise the impact. Further, we are committed to taking action against climate change, as outlined in our sustainability strategy and our ambition to become climate positive by 2030.

## Sustainability risks

Social, environmental and ethical risks are integrated into the Ingka Group Risk Management Framework (see page 101 for a description of the process). Risks are identified, assessed and managed across the business, and relevant functions are responsible for monitoring progress and putting mitigation plans in place. We assess risks on an ongoing basis, and also conduct an annual strategic sustainability risk review, led by the Sustainability Management Team.

The key sustainability risks identified in FY22 include: climate change disrupting our supply chain and business operations and impacting co-workers and customers; and social and environmental risks in our supply chain. The challenges of climate change, nature loss, unsustainable consumption and inequality are all inter-related. We need to understand these connections and complexities, and take a holistic and systems-based approach – designing our risk management, policies and actions to always have a positive impact on people, planet and business. See more information on these risks and how we mitigate them under the chapters Better planet and Better lives.

## Reporting non-financial information

We disclose our approach to managing non-financial risks in line with the EU Non-Financial Reporting Directive requirements.

More information is found throughout our report, including in the following sections:

- Environmental risks – see Better planet page 78
- Social and employee risks – see Better lives page 47 and IWAY pages 110-111
- Human rights and children's rights risks – see Respecting human rights pages 41-44, Work-life pages 46-50, Inclusive company pages 51-53 and Better neighbourhoods pages 56-60
- Anti-corruption, anti-bribery and business ethics risks – see High standards of integrity and business ethics pages 108-109, IWAY pages 110-111 and Living our values everyday page 46.

We engage with others on reporting standards. For example, in FY22 we participated in the International Sustainability Standard Board's Exposure Draft consultation to encourage the adoption of an international baseline for sustainability reporting. We advocated for a greater focus on human and social reporting to ensure that a just transition and respect for human rights remain as relevant as environmental and governance considerations. We also welcomed the work of the EU towards long-lasting, fit-for-purpose and comprehensive sustainability reporting standards. We responded to the public consultation on the European Sustainability Reporting Standards, calling for simplicity, interoperability and high ambition levels informed by double materiality. We called upon our trade associations to support EU efforts in that direction.

Our response to the EU consultation is available [here](#).



## Stakeholder engagement

Our key stakeholders include our co-workers, customers, and people in the communities where we operate. Stakeholder engagement helps us to develop our approach to sustainability issues and challenge us to be our best. You can read about co-worker feedback on page 48 and customer research on page 33. Our Neighbourhood Framework was developed through extensive stakeholder engagement, see page 56.

We also partner and engage with NGOs, academics, opinion leaders, decision-makers, and peers to address sustainability challenges and promote positive change.

Our collaborations and memberships include:

### Sustainable and responsible business

We're a member of the UN Global Compact, we work with the World Economic Forum, the B Team, Organisation for Economic Co-operation and Development (OECD) and The Conference Board, and we're a member of the World Business Council for Sustainable Development (WBCSD).

### Human rights, diversity and inclusion

Business Disability Forum, Business Network on Civic Freedoms and Human Rights Defenders, Equal Pay International Coalition (EPIC), the B Team, Global Deal for Decent Work and Inclusive Growth, Catalyst, Real Play Coalition, Business for Inclusive Growth Platform, Open for Business, Workplace Pride, Stonewall, UNHCR, UNICEF and World Economic Forum Refugee Employment and Employability Initiative and Global Future Council on Human Rights (co-chair).

### Climate change and energy

World Economic Forum CEO Climate Leader Alliance (co-chair), We Mean Business Coalition (WMB), Climate Group (RE100, EV100), World Business Council for Sustainable Development, Business Ambition for 1.5C pledge, C40, Solar Power Europe, RE-Source European Platform for corporate renewable energy sourcing, Corporate Leaders Group (CLG), Net-Zero Science Based Targets Experts Advisory Group, Asia Clean Energy Coalition (ACEC), Race to Zero Breakthroughs: Retail Campaign, Marrakech Partnership for Global Climate Action, and UK Net Zero Roadmap for Retail.

### Retail growth & digital

World Federation of Advertisers (WFA), Global Alliance for Responsible Media (GARM), EuroCommerce, Ecommerce Europe, Big Data Value Association (BDVA).



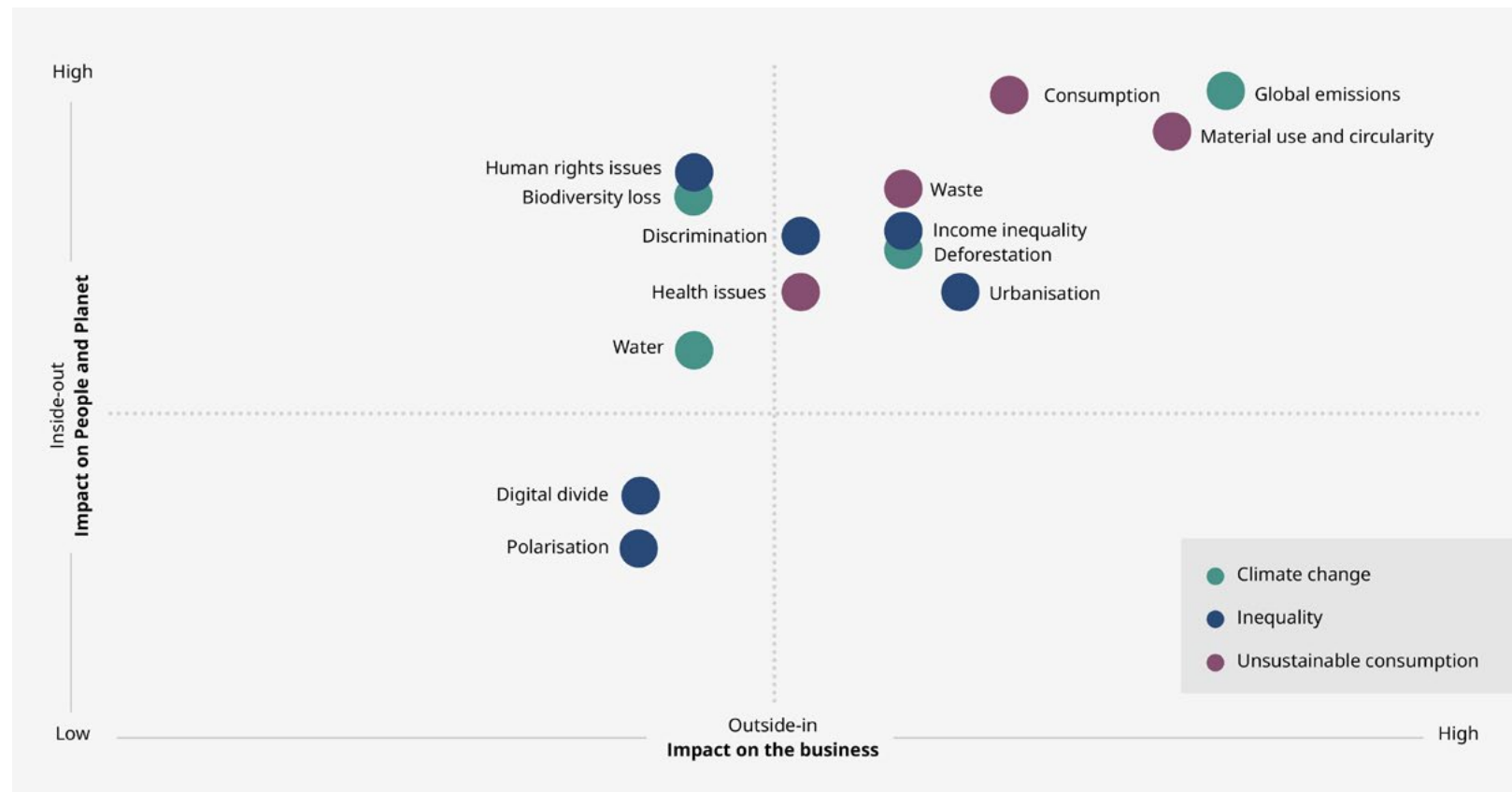
## Identifying our material sustainability issues

Our approach to sustainability is informed by our own research, a deep understanding of the needs of our customers and consultation with our key stakeholders. We also conduct a formal materiality assessment to help us identify the sustainability issues of most importance to the business, to our stakeholders and the planet.

Our most recent materiality assessment update was conducted in FY21 by an external consultancy and has informed the update to our sustainability strategy. As in our previous assessment, we used a 'double materiality' approach which considers both the impacts of sustainability issues on our business (outside-in) and the impacts of our business on people and the planet (inside-out).

Key aspects of the process included:

- **Research:** To ensure that we address the right issues in our materiality assessment, we started off with a research phase including: a benchmark analysis, internal and stakeholder interviews, and comparison with frameworks such as the UN Sustainable Development Goals.



- Materiality
- Stakeholder engagement

- **Issues list:** The research findings were discussed at a series of internal workshops to identify a long list of issues, which were reduced to a shortlist and categorised into 14 high level topics, based on the research and workshop findings. The 14 topics were grouped according to the three challenges addressed in the IKEA People & Planet Positive strategy: Climate change, Inequality and Unsustainable consumption.
- **Internal perspective:** A wide group of internal stakeholders from IKEA Retail, Ingka Centres and Ingka Investments participated in a series of workshops. They were asked to assess the shortlisted topics according to their impact on our business.
- **External perspective:** We reached out to our network of stakeholders and invited a set of “critical friends” to rank the shortlisted topics and give their view on where they see that Ingka Group has, and can have, the greatest impact.

The findings show that both internal and external stakeholders rank global emissions, consumption and materials use and circularity highly. The shortlist also included more topics related to inequality than our previous assessment, reflecting the growing focus on these topics in wider society over the past few years.

The materiality assessment focused on topics that are within the operational control of Ingka Group, and did not consider the impact of the full IKEA upstream supply chain. This means that issues like deforestation, biodiversity and water use did not score as highly in the assessment.

The materiality assessment confirmed that we are addressing our most material issues through our strategies and plans. It also showed that there are high expectations – both internally and externally – for Ingka Group to use its size and reach to drive positive change in the areas where we have most influence.

We undertook further analysis in FY22 as part of the updates we made to our sustainability strategy, see page 100. This included looking at the challenges and opportunities associated with the transition towards just and regenerative business approaches.

### Going forward

In FY23 we will update our materiality assessment, closely linked with our risk management processes. This will create a greater connection between the risks that we assess and manage as being material to our business, and the issues that are most material to our stakeholders.





## Our engagement with the UN Global Compact

We are a signatory to the United Nations Global Compact, a set of ten principles in the areas of human rights, labour, environment and anti-corruption. The table to the right shows where in this report you can find our progress on each principle.

UNGC PRINCIPLES		LOCATION IN FY22 REPORTING
<b>Human Rights</b>		
Principle 1	Businesses should support and respect the protection of internationally-proclaimed human rights.	Respecting human rights, pages 41 to 44
Principle 2	Make sure they are not complicit in human rights abuses.	Respecting human rights, pages 41 to 44; Protecting workers' rights in a changing world, page 44; IWAY – our supplier code of conduct, pages 110 to 111
<b>Labour</b>		
Principle 3	Businesses should uphold the right to freedom of association and the effective recognition of the right to collective bargaining.	Our Employment Standards and Building strong social relations, page xx Respecting human rights, pages 41 to 44; IWAY – our supplier code of conduct, pages 110 to 111
Principle 4	The elimination of all forms of forced and compulsory labour.	Respecting human rights, pages 41 to 44; Respecting and supporting children's rights, page 43; Protecting workers' rights in a changing world, page 44; IWAY – our supplier code of conduct, pages 110 to 111
Principle 5	The effective abolition of child labour.	Respecting and supporting children's rights, page 43; Protecting workers' rights in a changing world, page 44; IWAY – our supplier code of conduct, pages 110 to 111
Principle 6	Eliminate discrimination in respect of employment and occupation.	Inclusion, pages 51 to 53; Women's Empowerment Principles, page 119
<b>Environment</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	Better planet, pages 61 to 82
Principle 8	Undertake initiatives to promote greater environmental responsibility.	Healthy and sustainable living, pages 21 to 27; Better planet, pages 61 to 82
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies.	Healthy and sustainable living, pages 21 to 27; Better planet, pages 61 to 82
<b>Anti-corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	High standards of integrity and business ethics, pages 108 to 112



## 4. High standards of integrity and business ethics

At Ingka Group, we are led by our values, our strong IKEA culture and our vision to create a better everyday life for the many people.

### Our approach

We want to run our business honestly and with integrity, meeting high ethical standards in our interactions with each other, our customers, visitors, suppliers and the world around us.

This section of our report covers:

- Business ethics including our Code of Conduct, procedures for raising concerns and whistleblowing, and internal controls on anti-bribery and corruption
- How we work with suppliers to uphold our standards, including IWAY – our supplier Code of Conduct
- Digital trust including data privacy, cyber-security, digital ethics, and responsible AI.

# 98,300

co-workers completed our Code of Conduct training

nearly

# 300,000

data protection e-learning trainings completed

# 256

IWAY reviews of Ingka Group suppliers

## Digital ethics

new policy created

## Business ethics

### Code of Conduct

Our Code of Conduct, policies and rules set out our position and requirements for how we do business. All new co-workers are required to complete training on our Code of Conduct within a month of joining the company. We provide refresher training for co-workers once every two years.

In FY22, more than 98,300 co-workers completed our Code of Conduct training (including induction training for new joiners and refresher training), up from 93,000 in FY21.

### Raising concerns and investigating misconduct

We promote an open culture of trust, fairness and honest communication. If our co-workers have a concern at work, we encourage them to raise this with the person involved in the first instance, where this is appropriate, or with their line manager, local Business Risk and Compliance manager or People & Culture representative. We also operate a confidential whistleblowing hotline, Trust line, for reporting serious work-related misconduct and breaches of the law in a work-related context. The Trust line platform is provided by a third party. It is available in all countries where we are present, except for Austria and the US. In the US, we provide a similar service called iSpeak. In several EU countries, the Trust line is also available for third parties, including suppliers, to report workplace related misconduct connected to Ingka Group or breaches of relevant EU laws and regulations. In addition, we request all our suppliers, via IWAY,

to put a grievance mechanism in place, which enables workers to raise complaints or concerns without fear of retaliation. To read more about supplier grievance mechanisms see page 42.

Concerns reported via Trust line are evaluated by Trust line managers within Ingka Group, and where an investigation is required, this is carried out by a designated manager within our People & Culture or Business Risk & Compliance functions.

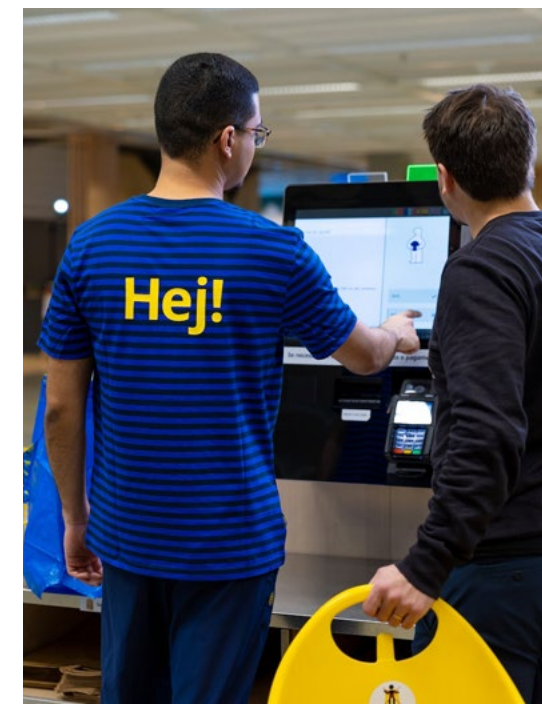
In FY22 there were 318 concerns raised via Trust line (FY21: 219). The majority of the concerns related to potential breaches of our Code of Conduct and were raised by retail co-workers. We take every case of potential unethical behaviour and policy breaches seriously. We investigate and respond quickly and carefully, following our investigation procedure to ensure confidentiality, consistency and accountability.

### Anti-bribery and corruption

Ingka Group is committed to doing business in an honest way, and we have zero tolerance for bribery or corruption in any form. Corruption is not only illegal but can harm our customers and co-workers as well as Ingka Group's reputation.

Our Anti-Bribery and Corruption Framework incorporates policies, governance and key internal controls to mitigate the risk of bribery and corruption, and is regularly reviewed and updated based on risk assessments. The last review was during FY22. Anti-bribery and corruption is integrated into our business ethics programmes and our values. It is an important

part of our Code of Conduct training for all co-workers. In addition, we aim for all co-workers in sensitive roles (such as procurement or real estate) to complete more detailed training on our anti-bribery and corruption framework which is delivered face-to-face and online. In FY23 we continue the work on anti-bribery and corruption and we continue with trainings. We investigate any reports relating to bribery and corruption and ensure that appropriate mitigating actions are taken.



## IWAY – our supplier code of conduct

### Our IWAY commitment

We work with thousands of suppliers to help run our business – from companies providing construction, security and cleaning services, to home delivery providers and product assembly businesses. We choose to work with suppliers and service providers who share our values, uphold our standards and seek to have a positive impact on societies and communities.

Our suppliers must comply with IWAY – the supplier code of conduct developed by IKEA (IWAY stands for the 'IKEA Way' for responsibly procuring products, services, materials and components). Suppliers are also required to ensure their own suppliers understand and meet the IWAY requirements. This is one of the key ways we seek to mitigate human rights risks across our supply chain (see page 44 for more on our approach to human rights).

Our Global IWAY Forum oversees the development and implementation of IWAY and we have Country IWAY Forums, with members from our procurement, business risk and compliance, and distribution teams. Our IWAY Calibration Group, which reports to the Global IWAY Forum, is responsible for ensuring a consistent approach is taken to implementation and verification of IWAY compliance across Ingka Group. In FY22, over 2,000 co-workers completed e-learning training on IWAY.

We require all contracted suppliers to sign the IWAY Compliance Commitment. By the end of FY22, 100% of contracted suppliers (representing over 75% of our total procurement spend) had signed the Commitment.

The IKEA Sustainability Report FY22 includes details of IWAY compliance in the home furnishing supply chain.

### Our audit approach

We are committed to mitigating risk for Ingka Group suppliers that we identify as high- or critical-risk. One of the key ways we mitigate risk for high- and critical-risk suppliers is by conducting audits to assess compliance with the IWAY code. We also aim to mitigate risk through supplier training and by integrating IWAY into discussions with suppliers.

All suppliers are evaluated and given a risk rating of critical, high, medium or low. We use internal and external data to assess risks, based on the suppliers' location and industry, and the individual characteristics of the business they run.

During the tender process for selecting new suppliers, we carry out an IWAY Initial Assessment for potential new suppliers (that have been rated high or critical risk) to check they comply with mandatory requirements (our 'IWAY Must' criteria). We do not proceed to work with any suppliers that fail to meet these standards. Once we start working with a supplier, we carry out a full IWAY Review within 9 months of the first service or product delivery. We continue to monitor the risk level of suppliers we work with on an ongoing basis and may carry out further IWAY reviews based on risk and performance.

Our suppliers are responsible for communicating IWAY requirements to their own suppliers and

ensuring high-risk sub suppliers comply with our 'IWAY Musts'. We support suppliers with this through our training and ongoing dialogue.

In the past, we have focused on IWAY compliance for our IKEA Retail suppliers. We are now extending our IWAY compliance programme to cover our Ingka Centres suppliers. We have started to incorporate IWAY requirements into contract clauses for Ingka Centres suppliers and to carry out risk ratings. In FY22, 82% of key suppliers within our Ingka Centres supply chain completed our IWAY e-learning.

We also started two pilot projects in FY22 focused on how we can encourage suppliers to progress in line with our IWAY Advanced and Excellent requirements. We worked with a Facility services supplier based in China and a home delivery supplier based in Australia to agree specific Advanced and Excellent requirements they would aim for over a short time-span (3 months).

## IWAY Audit Results FY22

We completed 256 IWAY reviews of Ingka Group suppliers in FY22 (338 IWAY reviews in FY21). In previous years, we completed more audits because we included a higher number of lower risk suppliers. In FY22, our approach has been to prioritise audits for higher risk suppliers.

In FY22, 319 contracted suppliers were rated as high- or critical-risk and 193 of these (61%) had an IWAY review.

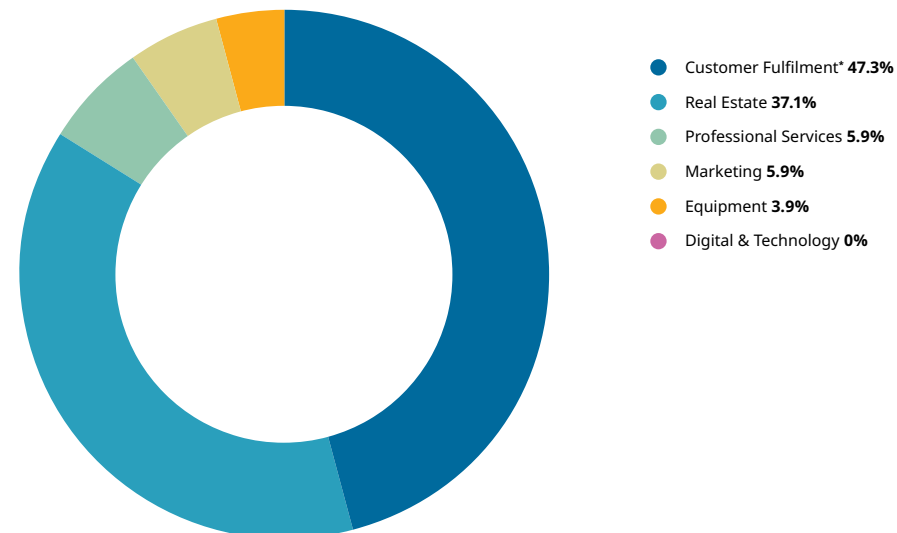
Most of our IWAY reviews are conducted by our own audit team, but we also commission some external audits to help provide an independent perspective. In FY22, 6% of the reviews (15 of 256) were conducted by an external auditor. In addition, 4% of the reviews (10 of 256) were unannounced to help provide a more accurate picture of supplier performance than reviews which are scheduled in advance.

We found major non-compliances (i.e. failure to comply with our IWAY Must criteria) during 25% of IWAY reviews in FY22 (63 of 256), which is consistent with performance last year (23% in FY21). The largest number of major non-compliance issues were related to working hours, followed by minimum wages, accident insurance and business ethics. The suppliers with the highest number of major non-compliances were in Poland, France, Russia, China and Italy. Any major non-compliances must be addressed and closed out within 14 days of the audit. [See page 41](#) for further details of how we are protecting workers' rights and examples of how we have responded to human rights issues in our supply chain.

In FY22, we also conducted 168 IWAY Initial Assessments to check compliance at potential new suppliers during the tender process (202 in FY21). Of these, we found that 31% (52 of 168 potential suppliers) did not meet our IWAY Must criteria and therefore we did not proceed with these suppliers.

## IWAY reviews of Ingka Group Suppliers FY22

(% of reviews)



256

IWAY reviews of Ingka Group suppliers carried out in FY22

\* Customer Fulfilment covers logistics, home deliveries, warehousing and services including installation.

## Digital trust

As the pace of technological change continues to accelerate and digital solutions become more integrated into our lives, we are committed to: protecting customers' data; managing and reducing cybersecurity risks; and using data, algorithms and artificial intelligence (AI) responsibly to benefit the many people and our planet. We are also contributing to global standards for building and maintaining digital trust.

To strengthen our focus and provide better support to our customers and co-workers, we have combined our cybersecurity and data privacy co-workers into one team and expanded our digital ethics and responsible AI team.

### Data privacy

Our Group rules on data privacy define the standards and controls we have in place to protect customer and co-worker data. Our network of experienced and dedicated cybersecurity and data privacy experts works to embed data privacy into our daily operations, business processes and digital products.

In FY22, co-workers completed nearly 300,000 e-learning trainings relating to data protection. This included approximately 150,000 co-workers who completed annual mandatory training on Handling and Sharing Information and around 130,000 co-workers who completed training on Data Privacy. More than 8,700 managers and co-workers who handle lots of personal data completed training on Securing Co-worker Data.

We have also updated our risk management processes relating to cybersecurity and data privacy risks, and began using a new tool to ensure country-specific data privacy requirements are incorporated into our digital products. We also worked with suppliers to address risks related to new International Data Transfer legislation.

### Cybersecurity

Our approach to cybersecurity is consistent with international standards, including ISO 27001:2013 and the NIST Cybersecurity Framework.

We have a central expert team dedicated to maintaining effective security mechanisms across our business and a wide network of resources embedded locally to ensure that our approach is complete and effective. The Audit Committee, Group Management and Supervisory Board receive periodic updates on our cybersecurity approach and performance. We conduct regular testing of our cybersecurity defences using independent external experts to help ensure we are well prepared to respond to any incidents. Internal and external auditors continually review our IT programmes and security processes.

Cyber-attacks, ransomware and other cybersecurity threats are a growing risk for all businesses. To help reduce the likelihood that these risks would impact us, we have developed special awareness campaigns for our co-workers and have made substantial improvements to our infrastructure.

## Digital ethics

We aim to be a leader in digital ethics by promoting the trustworthy use of data and algorithms. Building on our previous work, we have launched a new commitment to Digital ethics stating that we will use data and algorithms, including AI, in a responsible and beneficial way for the many people and our planet.

In June 2022 we introduced a new Ingka Group Policy on Digital Ethics & Responsible AI. The policy is aligned with international standards, including the European Commission's Ethics Guidelines for Trustworthy AI (2019), the OECD Recommendation on AI (2019) and UNESCO's Recommendation on the Ethics of AI (2021). The policy provides a blueprint for how we as a company will ensure that our algorithmic systems go beyond legal compliance, are trustworthy and align with our Ingka Group values. We have begun to build an interdisciplinary team of data, algorithm and digital ethics specialists to implement our policy and ensure we are prepared to meet the demands of an ever-evolving digital landscape.

Outside Ingka Group, we are contributing to new global standards for digital trust. We have been nominated to co-chair the OECD AI expert group on Trustworthy AI Implementation, have become a member of the Business at OECD Committee on Digital Economy Policy and are part of the World Economic Forum Steering Committee on Digital Trust. We are proud to be leading the way in raising the bar for what customers should expect and what companies can achieve in this digital age.

