



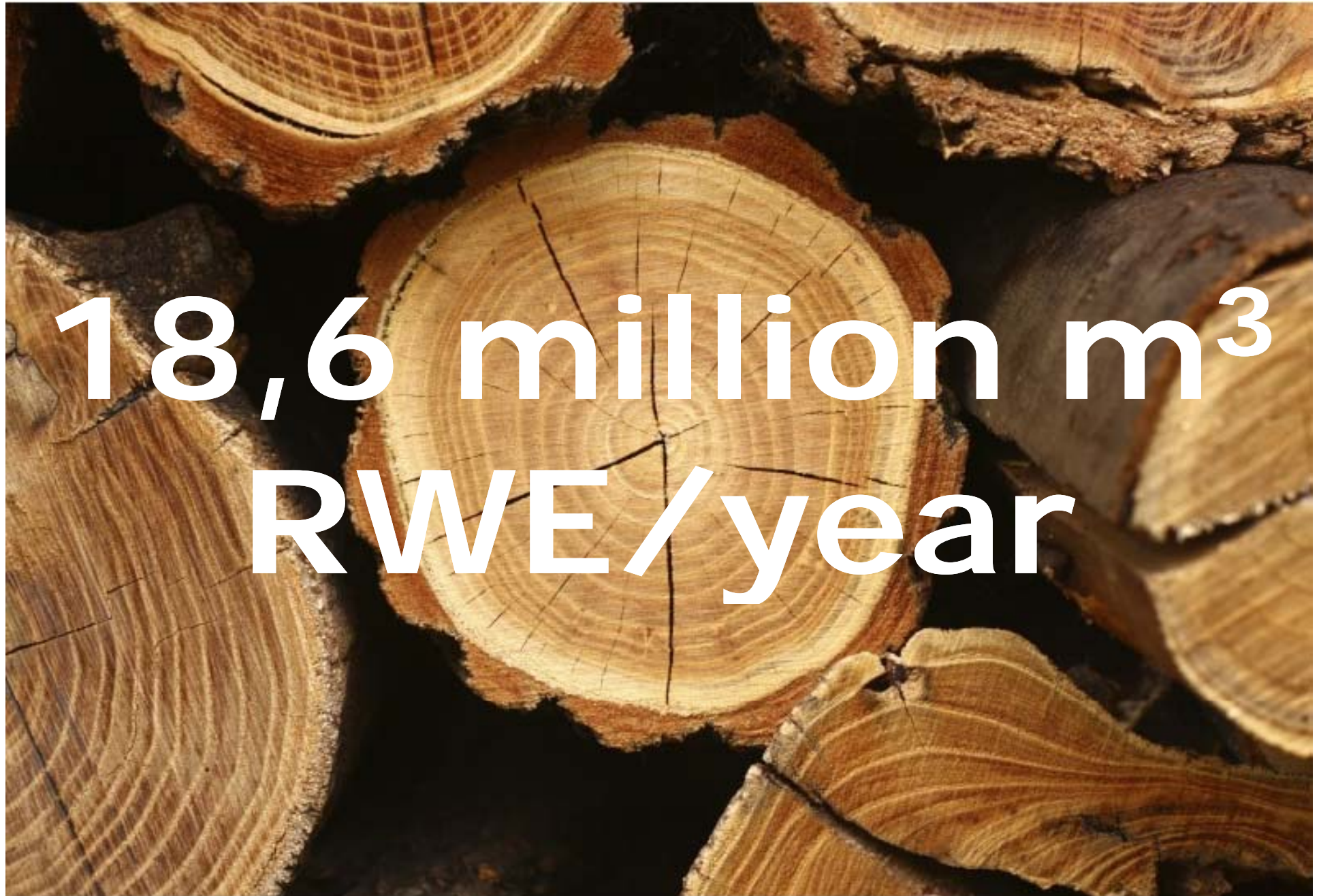
“Making everyday life of the many people better does not mean selling more book cases tomorrow, it is rather improving forest management that impacts the life of the many people and communities dependent on forests what helps us realize the IKEA business idea”.

Peter Agnefjäll
September 2014

Wood is part of the IKEA identity



More than half of all products in our range are wood based



**18,6 million m³
RWE/year**



Let's estimate:

18,6 million m³ RWE

= 465 000 Timber Trucks

(24 meter long)

= 11 160 Kilometers

(distance Älmhult – Surabaya)

**= 1 % world industrial wood
consumption**

IKEA FY14 Forestry Key Figures

Solid wood and board materials

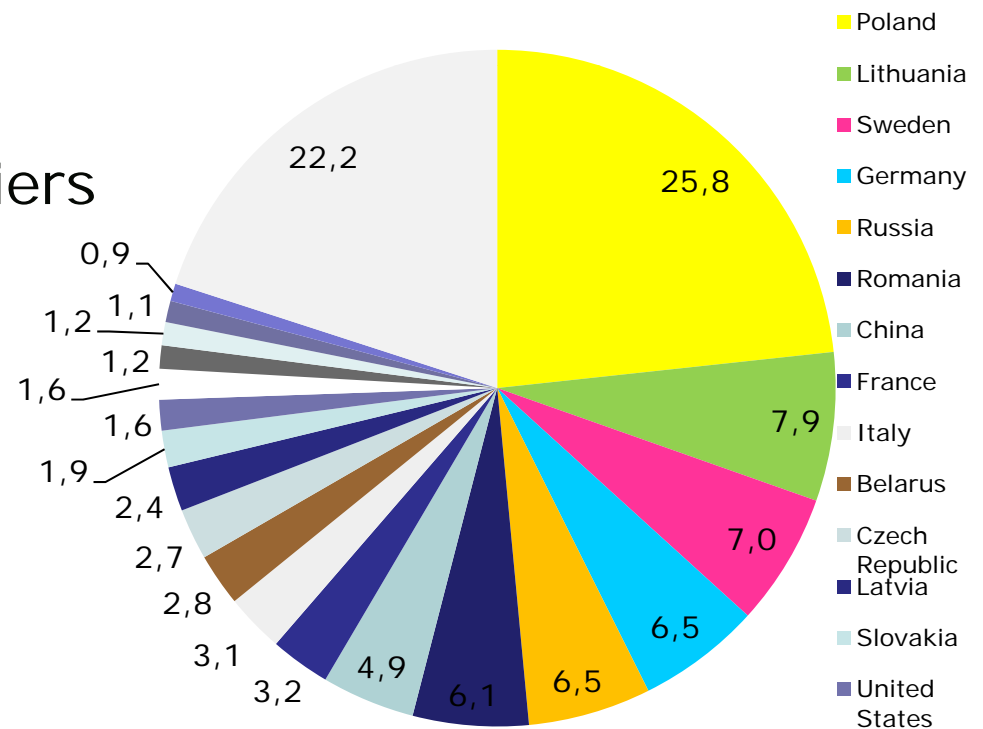
Total volume of wood in IKEA: 15,5 million m3 RWE

Solidwood	42,3%
Board material	57,3%
Bamboo	0,4%

360 suppliers, 3031 sub-suppliers

25 wood types (genus level)

48 countries of origin.



Forestry is important for IKEA



- Wood is part of our identity
- Brand perception – responsible company
- Raw material availability
- Legislation

We can have a considerable positive impact in our supply chains

Laws on Legality of Wood

- EU Timber Regulation
- US Lacey Act

**90 % of
IKEA sales !**

- Canadian Wood
- Japanese Wood



IKEA Forestry requirements



since 1998

IOS-MAT-0087



IKEA of Sweden AB

Specification Plant materials - traceability requirements

Spec. no: IOS-MAT-0087
Date: 2011-10-14
Version no: AA-432233-3

Issued by
Ivan Susak
Product Requirements &
Compliance/ Product
Laws & Standards

Signature

Authorised by
Pär Stenmark
Manager Product
Requirements &
Compliance/IKEA of Sweder

Signature

Replaces:
AA-432233-2

Plant materials – traceability requirements

Contents

This specification describes the IKEA traceability requirements for legal harvesting and origin of plant materials used in all IKEA products. The requirements are based on the IKEA demands for forestry tracing and legal demands.

IoS–MAT-0087

Scope: all plant materials used in IKEA products;

Requirements: due care to avoid illegally harvested plant materials;

Collection of information and documents:
material supplier, type, species, country of harvest, etc.

Connect database:

information quality is crucial!



IWAY[®] Standard

Minimum Requirements for Environment and Social & Working Conditions when Purchasing Products, Materials and Services.

Issued By: IKEA Supply AG

Approved By: INGKA Holding B.V.

Date: 1.09.2012

Edition: 6

IWAY Standard, Forestry Specific Section

- Integration of **ALL** legal requirements
- IKEA's due diligence system
- Third Party Assessed by NEPCon

IKEA requirements on wood

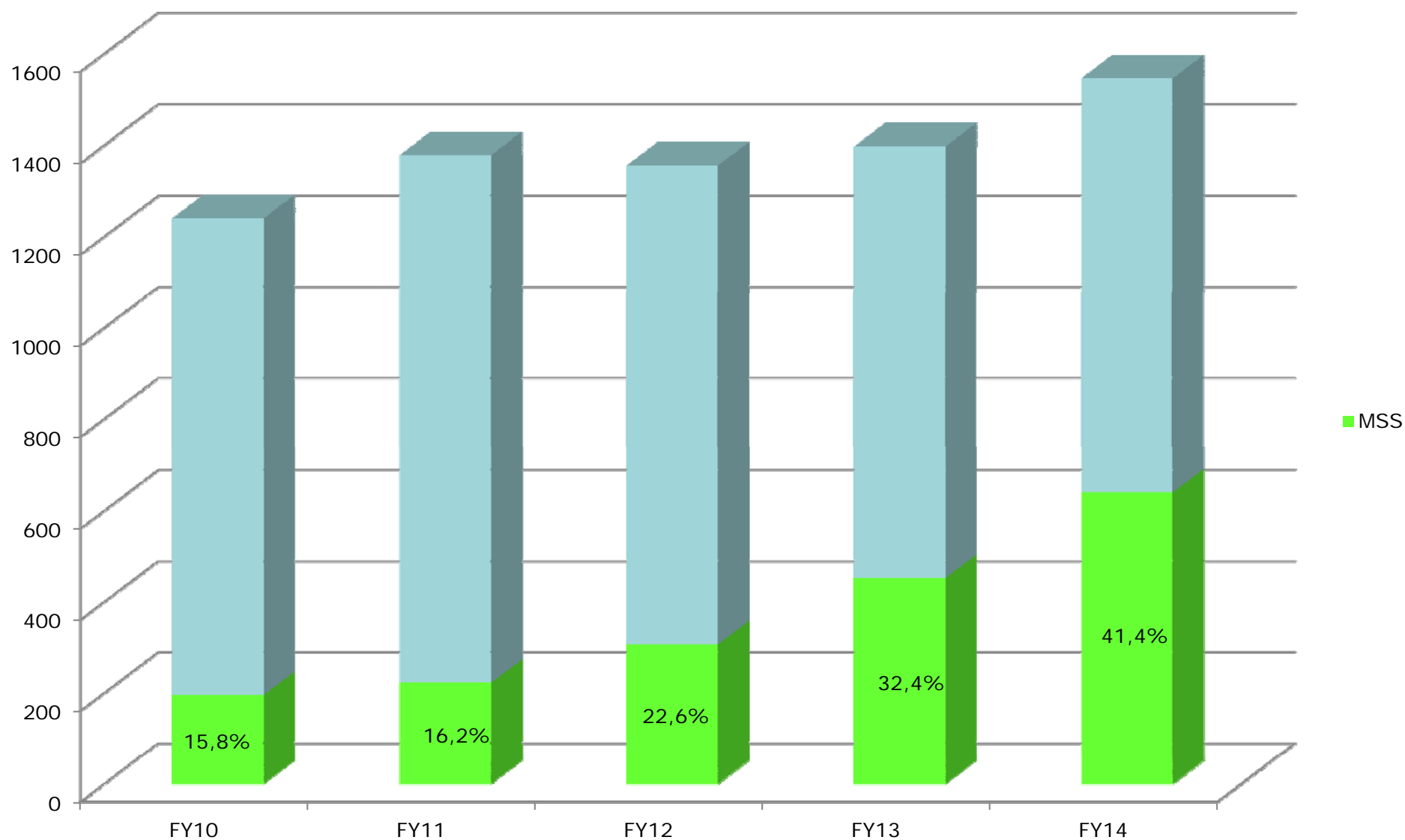
I Minimum requirements

II Wood from more sustainable sources



Development FY10-14

wood from more sustainable sources



TWAY MUST

**Approved
Species**

**Known
Origin**

**Minimum
requirements**

Start-up of new IKEA supplier

**Initial IWAY assessment
IWAY MUST approval**

First delivery

**Approved:
a) Wood Procurement Plan
or
b) FSC chain of Custody**

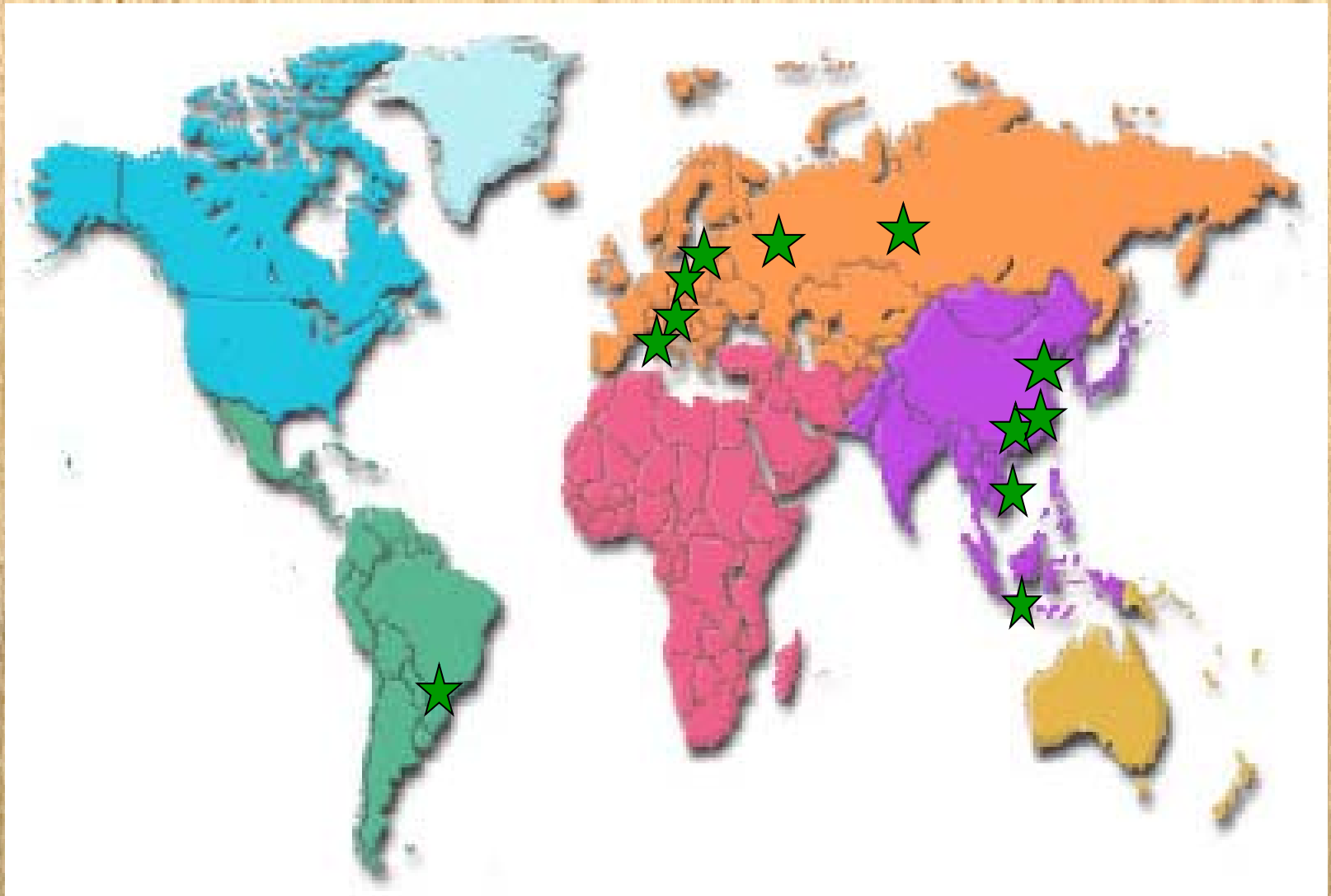
**Within 90 days to comply
with applicable IWAY
Forestry Standard
procedures**



IKEA Approved Species List

Trade name	Latin name	Comments
Siberian Fir	<i>Abies sibirica</i>	
European silver fir	<i>Abies alba</i>	
Needle Fir	<i>Abies holophylla</i>	Protected in RU

20 IKEA Foresters



IKEA Forestry Tools (1)

Forest Tracing Survey (FTS) –
regular report from suppliers on wood material
that could have been used in IKEA articles

Report from: 01-09-2011 to 31-08-2012
Total RWE Volume (m3): 100491,6
Total Certified RWE Volume (m3): 89387,4

Supplier: HEDLUNDA INDUSTRI AB(11124) Contact Name: Mats Bergh / Bengt-Ake Lunberg
Supplier Trading Area: NORTH EUROPE Contact Information: 0950-576644 / 576656
Material Area: TANE PINE/SPRUCE
Category: PINE/SPRUCE
FSC CoC Code: SGS-COC-002913

Wood Source

Item	Subsupplier Name	FSC CoC Code	Subsupplier Type	Material Type	Species Trade Name	Country	Region	Subregion	RWE Factor	Volume (m3)	Volume (m3 RWE)	Certified FSC Volume (m3 RWE)
1	Setra	SGS-COC-002085	Logging company	Sawngoods	Pine	Sweden	Vasterbottens		2,20	6250	13750,0	13750,0
2	SCA	DNV-COC-000039	Logging company	Sawngoods	Pine	Sweden	Vasterbottens		2,20	10220	22484,0	22484,0

IKEA Forestry Tools (2)

Wood Procurement Plan (WPP) –
report from new and ongoing on suppliers on
planned wood material sourcing for IKEA

Supplier Number	22300	Supplier Name	AB AKMENA		Date	29												
IKEA Supplier FSC Chain of Custody (CoC) Certificate Code		TT-COC-003403		If no FSC CoC yet, an Agreed Implementation Date		dd-mm-												
Name/Position of the Wood Procurement Responsible at IKEA Supplier			Dangiras Samalius/Director		Contact details	00 370 687 21583												
Hereby we confirm that the below sources of applicable raw material are planned to supply IKEA production uring the period from: 01.09.2012 to: 31.08.2013																		
Total Planned		14040,00		RWE	Contracted	6132,00												
SUB-SUPPLIER DATA																		
Freeze header																		
Source/sub-supplier name	Business type	Material type	Board producer		Species		Wood Origin			Planned volume, m3	RWE conv. factor	Planned volume in round wood, m3 RWE	Already purchased or contracted /committed volume, % of planned	Contract valid to (date)	Meets minimum forestry demands of IWAY	FSC Certified		
			Name	Location (site)	Trade name	Latin name	Country	Region(s)	Sub-region(s) Only for wood from Russia, China, USA, Canada, Indonesia, and eastern Malaysia							% of volume	Sub supp CoC c	
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	

IKEA Forestry Tools (3)

Wood Tracing System (WTS) –

web based system for managing, visualizing, analyzing data from suppliers and storing data from audits.

Search Job

Analyze Risk

FTS:

Job Name	Supplier Name
FTS-10116-00	CASINO TROPICAL PLANTS - U.S. WEST

View as table

Search

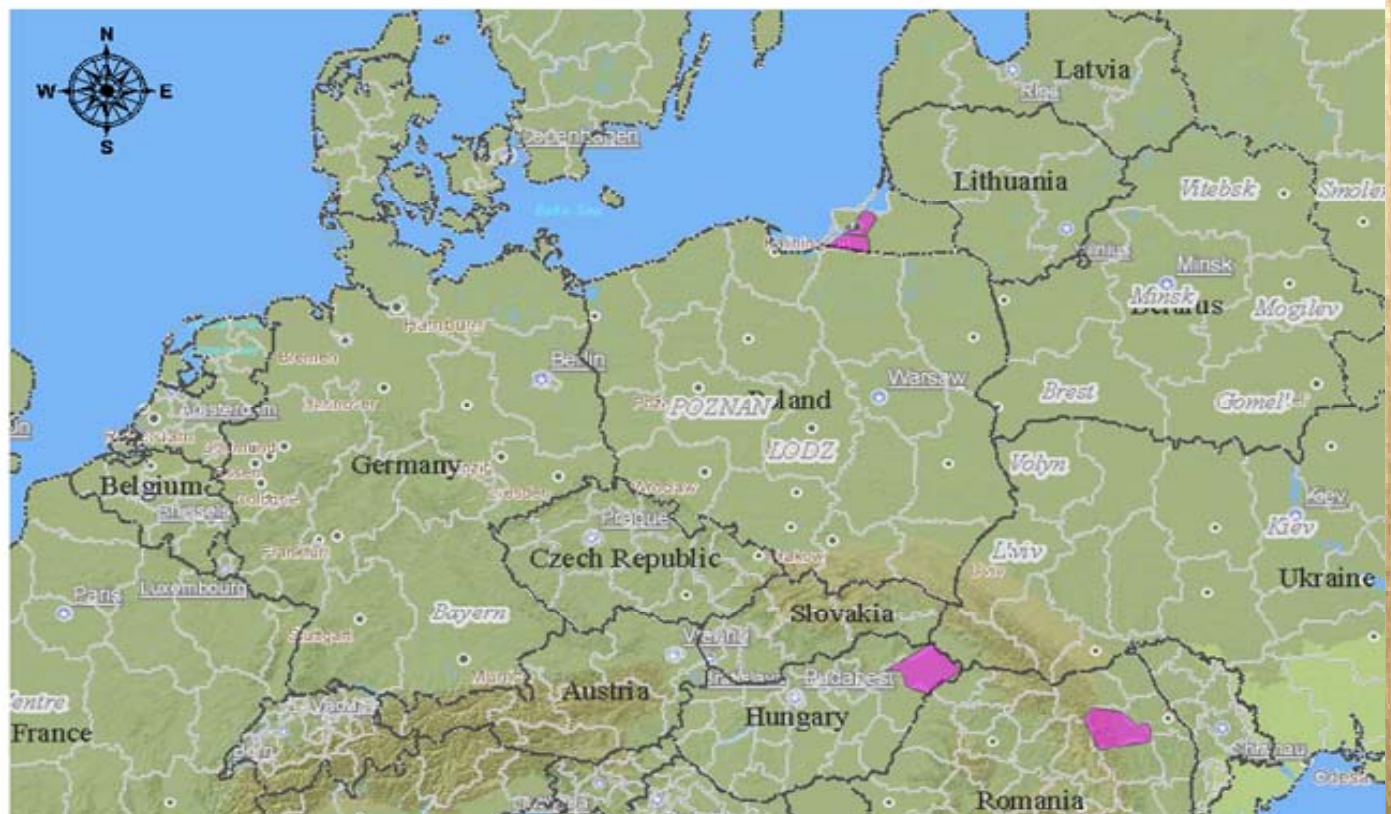
Country

Region

Subregion

Legend

- FTS
- Subregions
- Regions
- Countries



IKEA Forestry Tools (4)

IKEA Risk List — for identifying high risk wood sources that may be present in IKEA wood supply chains

Evaluated countries with no high risks identified are not included in the table below!

Country	Region	Risks				
		Illegal logging	HCVF/INF	Forest related social conflict	Conversion to plantations	GMO
Bosnia & Herzegovina	Brcko District	High	Low	Low	Low	Low
Bosnia & Herzegovina	Federation of Bosnia and Herzegovina	High	Low	Low	Low	Low
Bosnia & Herzegovina	Serb Republic	High	Low	Low	Low	Low
Romania	Dolj	High	Low	Low	Low	Low
Romania	Gorj	High	High	Low	Low	Low
Romania	Mehedinti	High	High	Low	Low	Low
Romania	Bucuresti	High	Low	Low	Low	Low
Romania	Dimbovita	High	High	Low	Low	Low
Romania	Giurgiu	Low	High	Low	Low	Low

Auditing – IWAY Forestry (5)

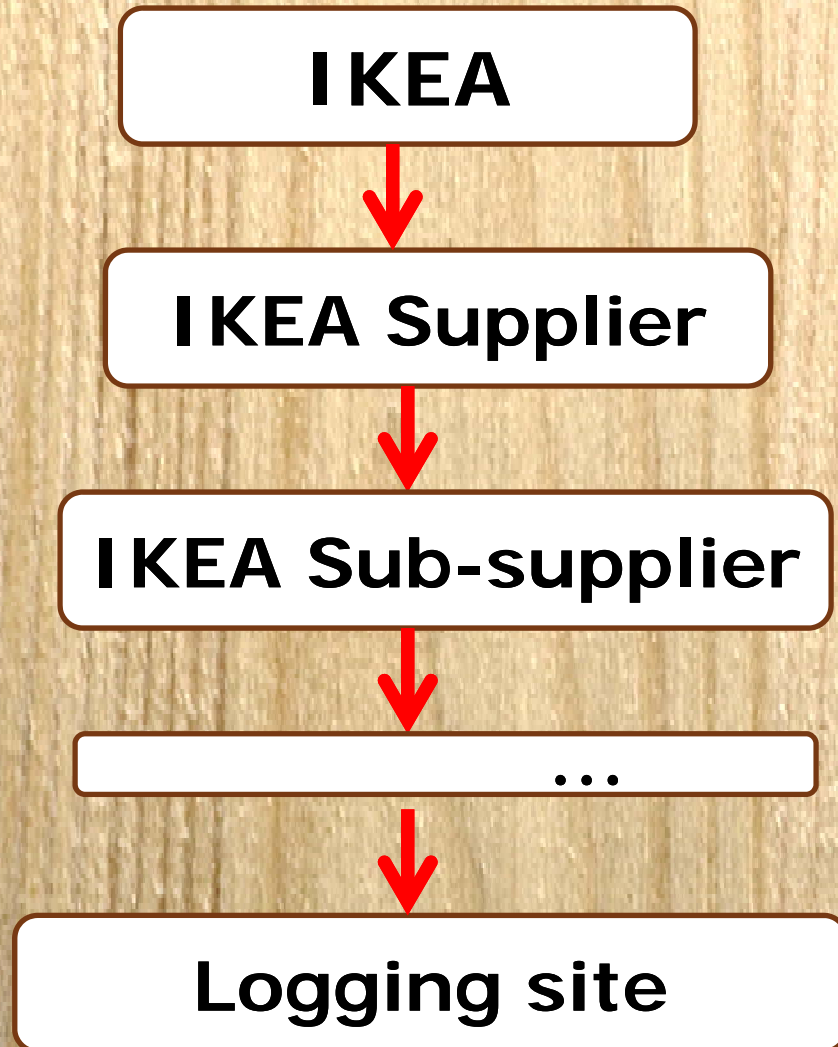
IKEA



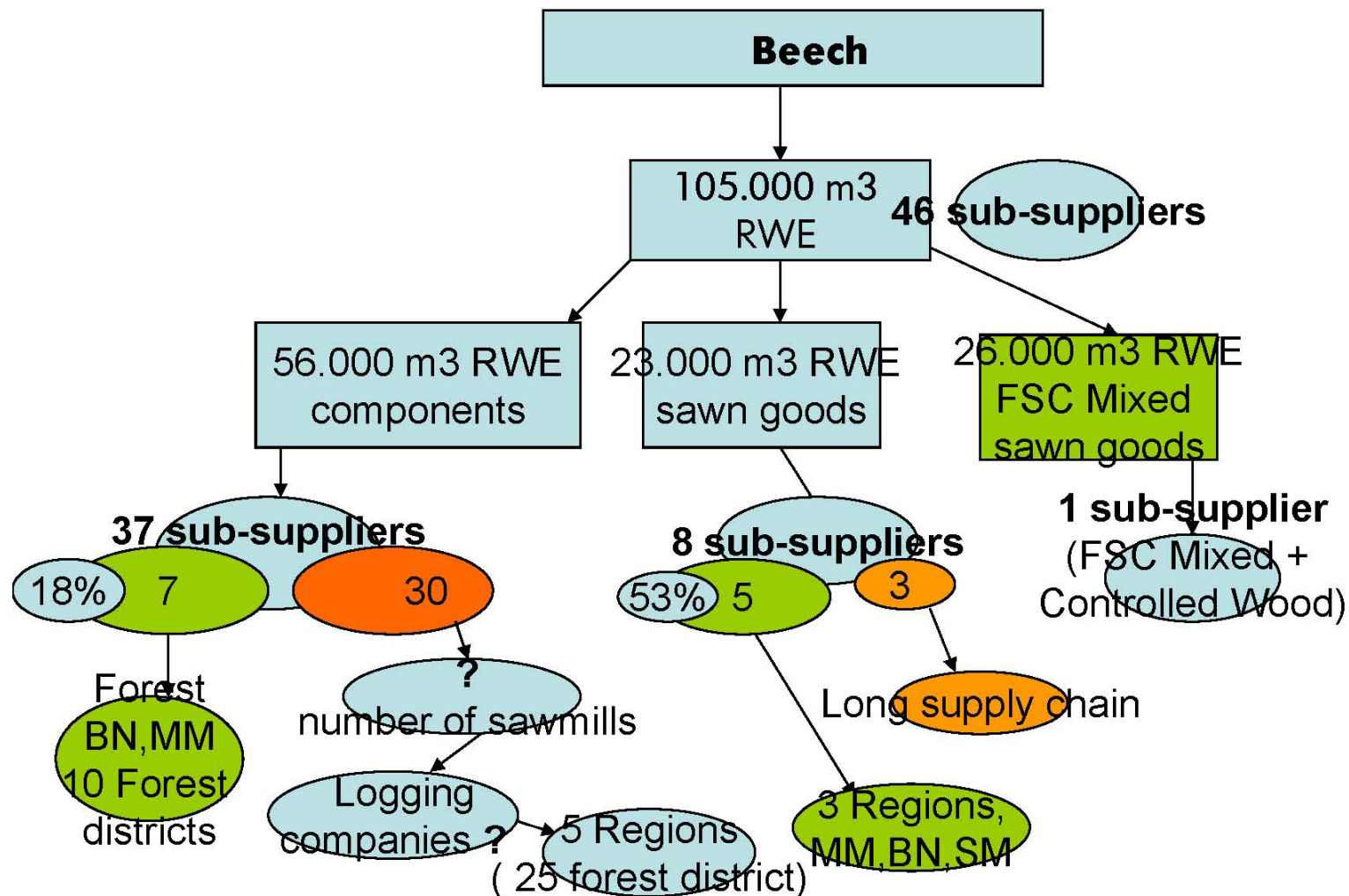
IKEA Supplier



Auditing – Wood Supply Chain Audits



Supply Chain Beech





Forestry

Barcelona 140415

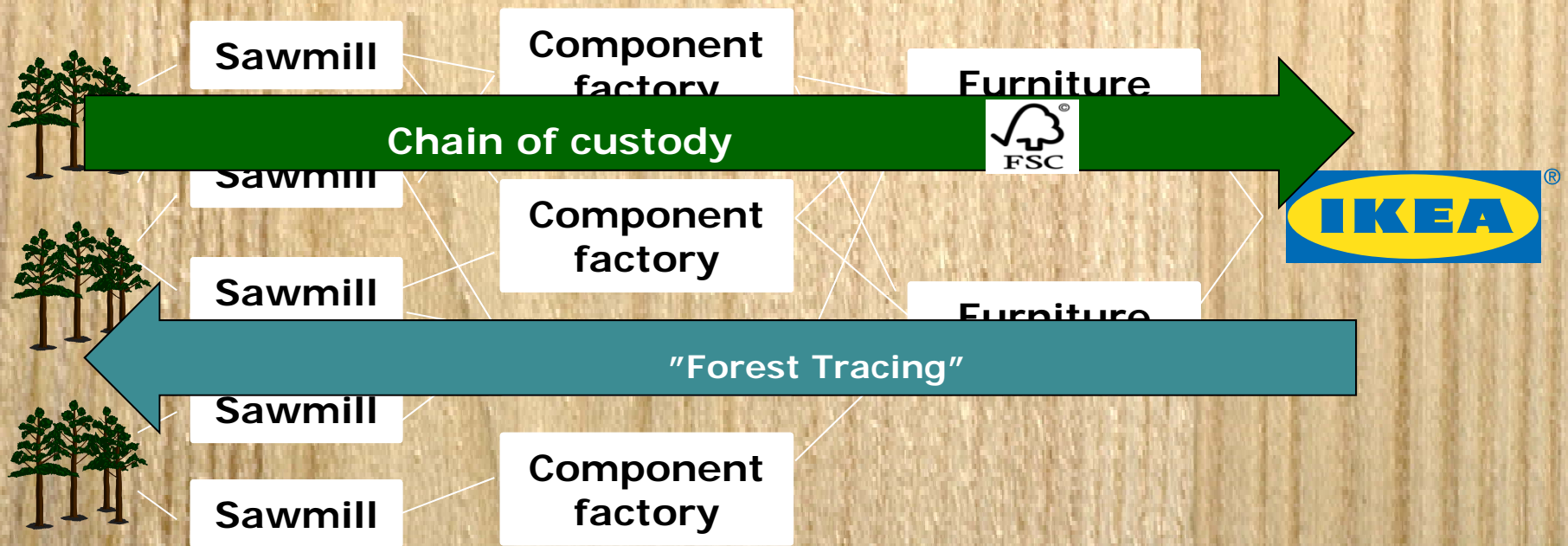
Role of certification

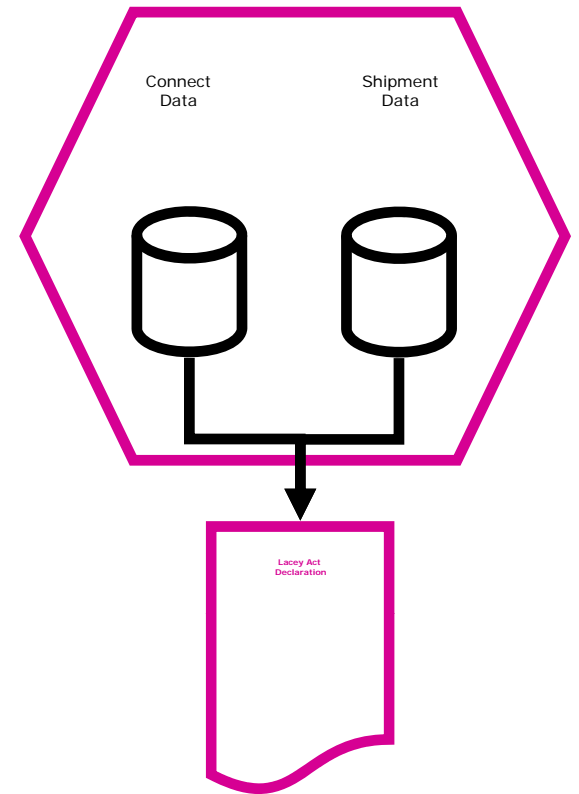
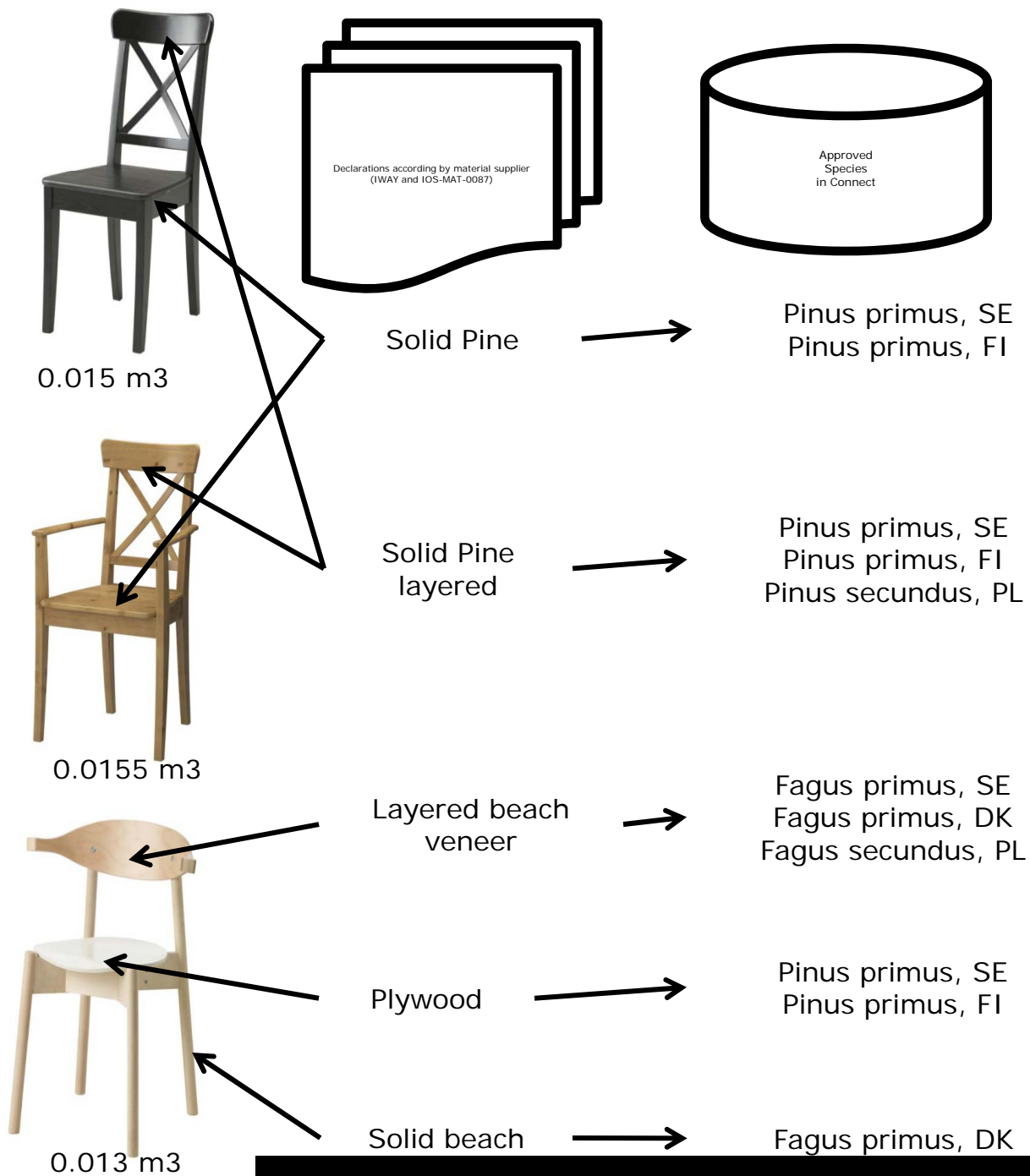
- IKEA considers the legal due diligence systems in certification best practice
- Control points are in the right place. In the forest or where the wood leaves the forest
- IKEA due diligence integrates both FSC and PEFC approaches to ensuring of legality



FSC and traceability

- FSC Chain of Custody does not mean traceability through the supply chain.
- One up – one down.







Self declaration form

Plant Materials Traceability Requirements

Spec. no: **IOS-MAT-0087**
Date: 2013-11-01
Version no: AA-432233-5

Self declaration for legal harvesting of Plant material according to IOS-MAT-0087

This form shall be used to certify compliance with requirements according to IOS-MAT-0087 concerning:

Materials used in production

Solid pine board, pine glueboard	

Statement of legal harvesting

All plant materials defined in IOS-MAT-0087 (AA-432233-5) and used in production for IKEA, are to our best knowledge legally harvested based on the following documentation available at IKEA supplier.

Tick one or several items from below list:	
Land titles	<input type="checkbox"/>
Lease/concession agreements	<input type="checkbox"/>
Forest declarations	X
Harvesting authorization/cutting license	<input type="checkbox"/>
Approved harvesting plans	<input type="checkbox"/>
National wood tracking system records	<input type="checkbox"/>
Contracts	<input type="checkbox"/>
Official receipts	X
Log invoices	<input type="checkbox"/>
Transport licenses	<input type="checkbox"/>
Import/export licenses	<input type="checkbox"/>
Forest estate records	<input type="checkbox"/>

**It is not
normally
possible to trace
individual
product back to
the forest**



Materials of wood origin in a modern simple chest of drawers



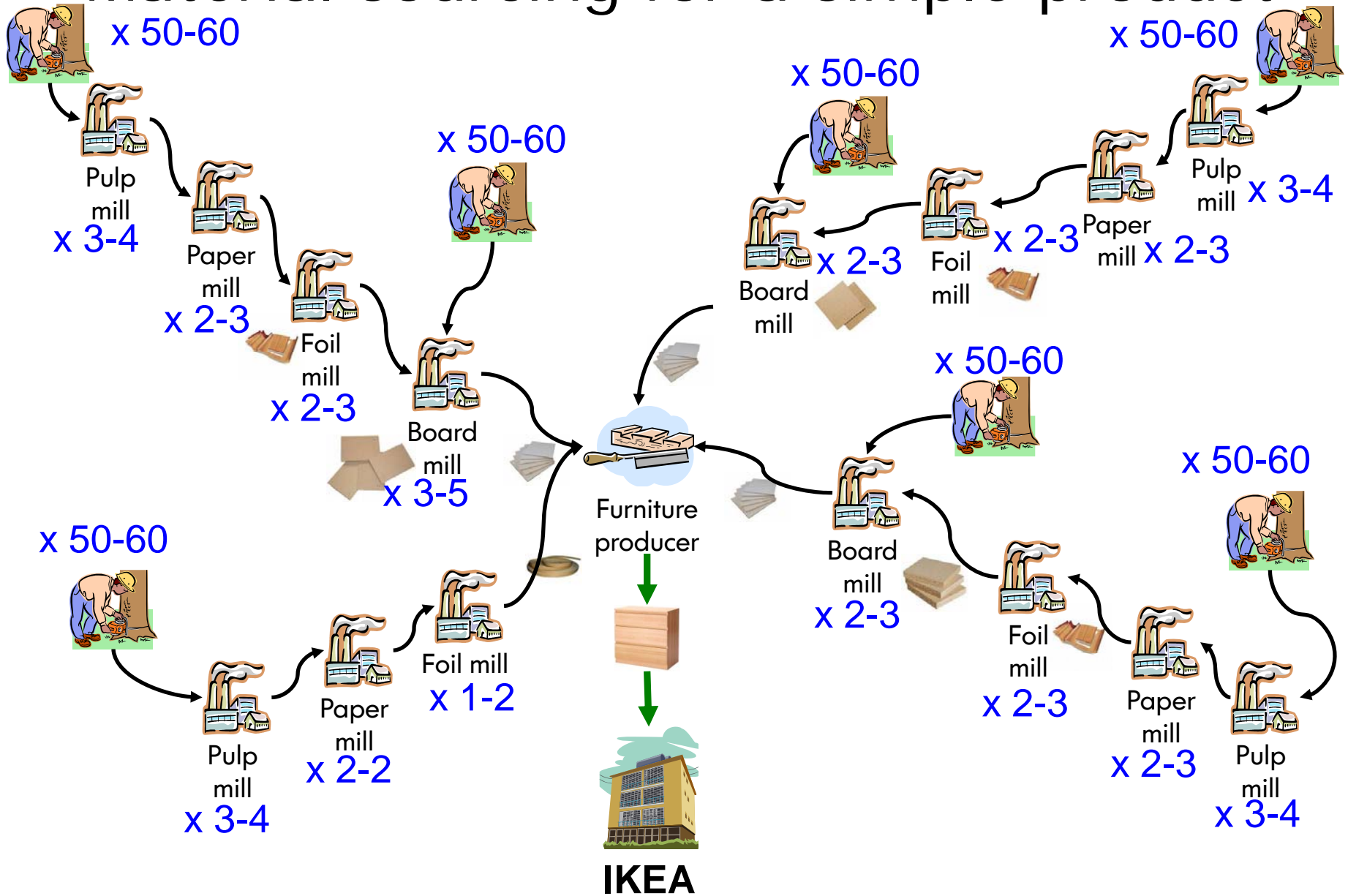
Board, 3 types

Paper core foil,
3 types*

Paper core
edge band*

**7 composite
wood based
materials**

Material sourcing for a simple product





Forestry

Barcelona 140415



Forestry

Barcelona 140415







Forestry

Barcelona 140415







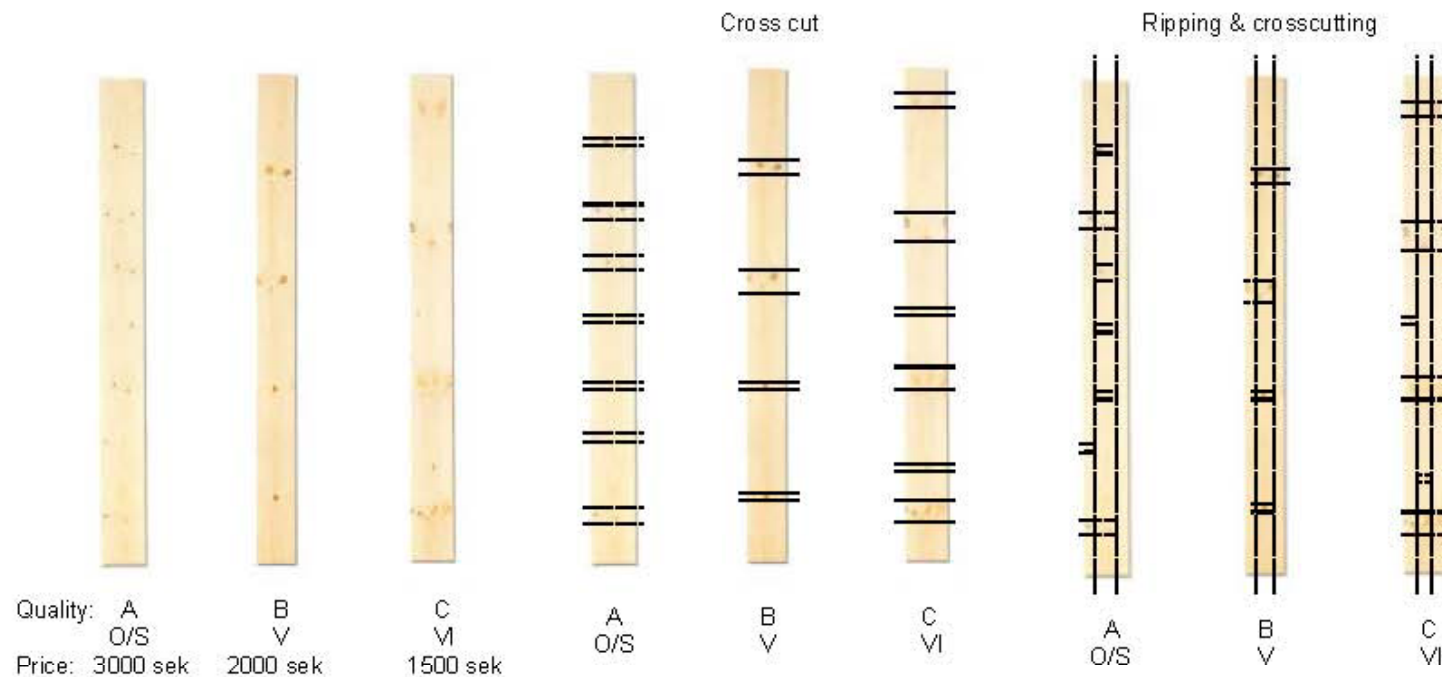


Adaptive production

Orla cooperation



Wood qualities and cutting patterns



Risks and DD vary

- Type of product
 - Solid wood
 - Solid components
 - Layerglued
 - Glueboard
 - Board
 - Particleboard
 - MDF - HDF
 - Bamboo
 - Paper
- Species used
 - Poplar
 - Oak
 - Bamboo
 - Eucalyptus
 - Imported wood

Challenges!

- Availability of certified wood
- Integration in the business agenda
- High staff turnover
- Administrative challenges
- Paper

Backward Integration with FSC



Shandong province

Hard wood and layer glued

Turn over 36M USD

Capacity commitment

16 years with IKEA

Forest in Russia (Siberia)



8,000 ha leased forest



Forest lease contract till 2060



Sawmill investment



LOG output 40K m3 /Y current

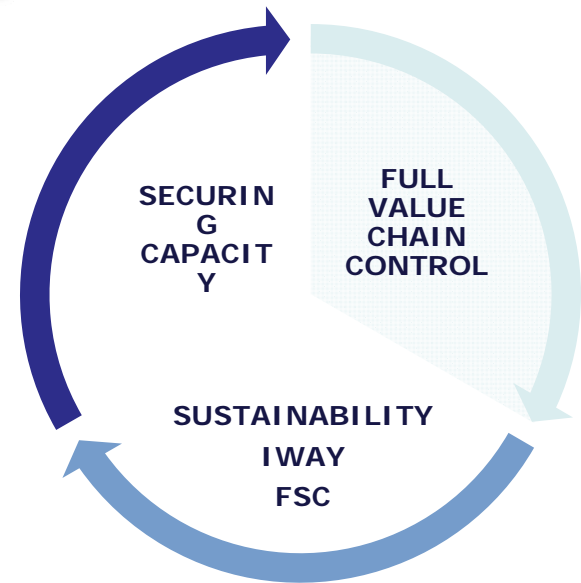
FSC IKEA Support

- Training to company's staff
- HCVF Identification
- Forest management plan
- IKEA budget – 20,000 USD

Benefits & Future



- Better forest management
- All solid wood FSC from FY14
- FSC dowels for ICOMP
- Wood component from RU



IKEA approach

- Integrate in the business agenda
- Work with your suppliers
- System approach with sampling is the basis
 - Mitigation has to take place as close as possible to the forest to bring the risk down to low before placing on the market
 - Certification provides the most robust due diligence system.
 - Physical tracking of wood is not an efficient approach
 - Isotopes and DNA can be means to validate the system but are in most cases not useful for operational tracing
- IKEA Supply AG is the operator
- IKEA of Sweden operates the Due Diligence on behalf of ISAG