

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)

= 11160 Kilometers

(distance Älmhult – Surabaya)

**= 1 % world industrial
wood consumption**

IKEA FY14 Forestry Key Figures

Solid wood and board materials

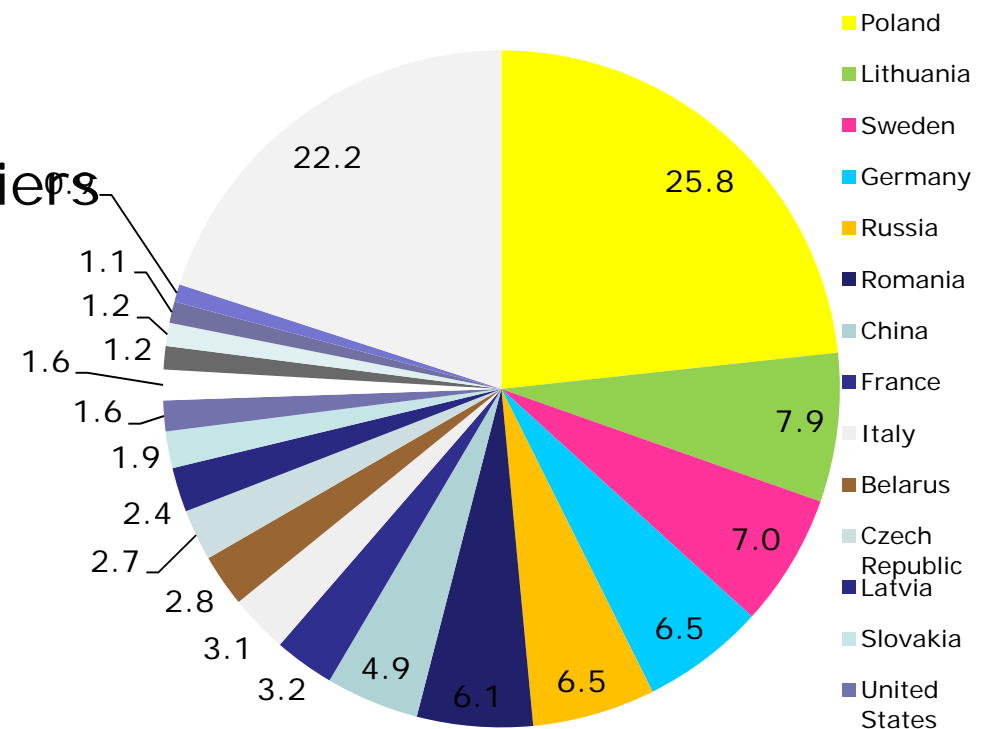
Total volume of wood in IKEA: 15,5 million m3 RWE

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

360 suppliers, 3031 sub-suppliers

25 wood types (genus level)

48 countries of origin.



Combating illegal logging

- FLEGT VPAs enable legality and SFM
- Laws against illegal wood can level the playing field
- Companies' due diligence can reduce the market for illegal timber considerably
 - Mobilise all businesses!
- Technology improves the performance of authorities and companies' DDS
- Cooperation is the key

However...

- No FLEGT licensed wood so far
- Uneven implementation of the EUTR
- EUTR is difficult to implement for companies and hard to enforce for authorities (DDS).
- Companies have not been mobilised fully (Especially not SMEs)
- Becoming a barrier to trade
- Investment in technology is needed

Demand Side Laws on Legality of Wood

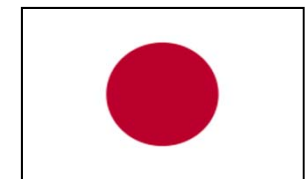
- EU Timber Regulation

- US Lacey Act

- UK Timber Trade

- Japan FLEGT

**90 % of
IKEA sales !**





“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

IKEA requirements on wood

I Minimum requirements

II Wood from more sustainable sources



TWAY MUST

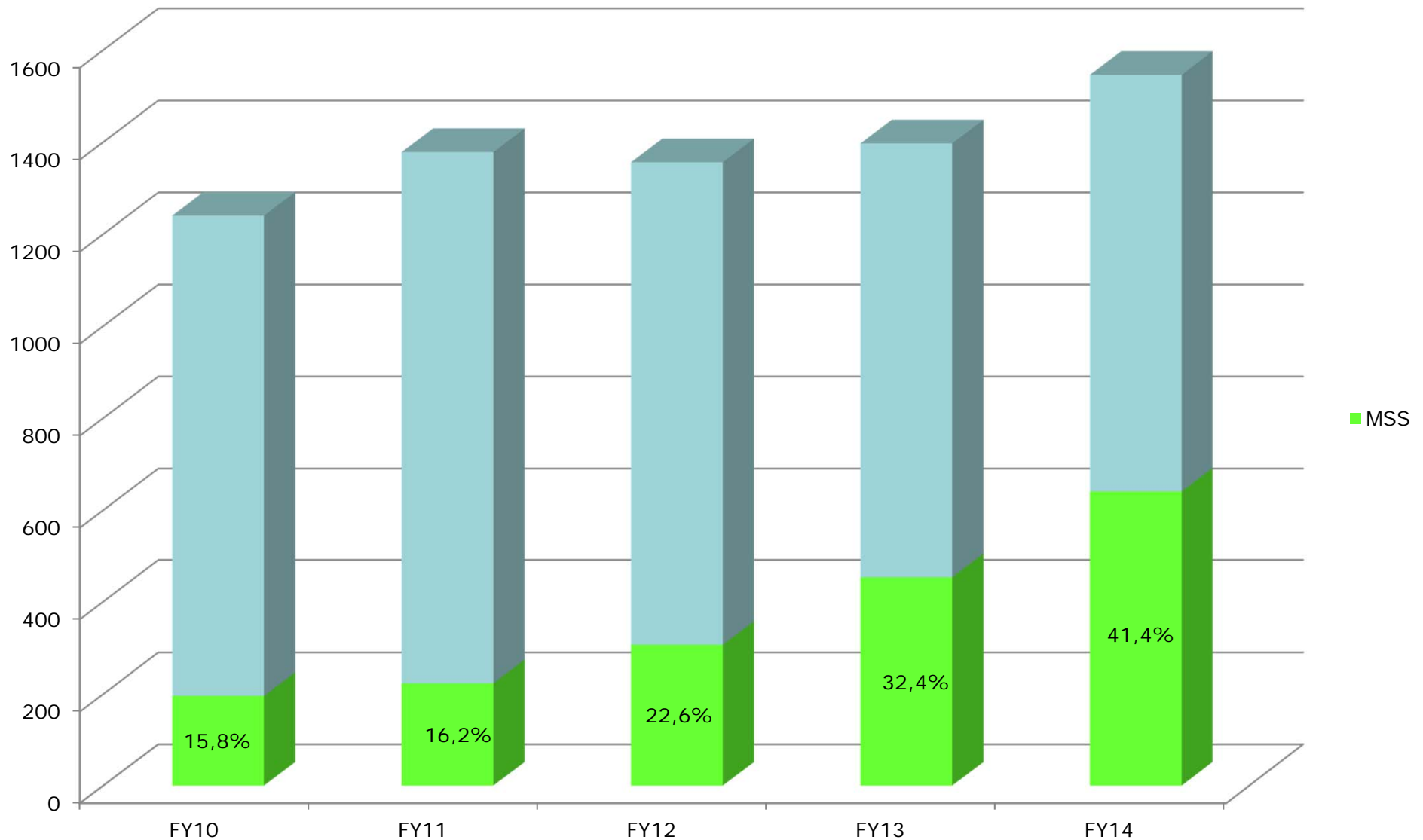
**Approved
Species**

**Known
Origin**

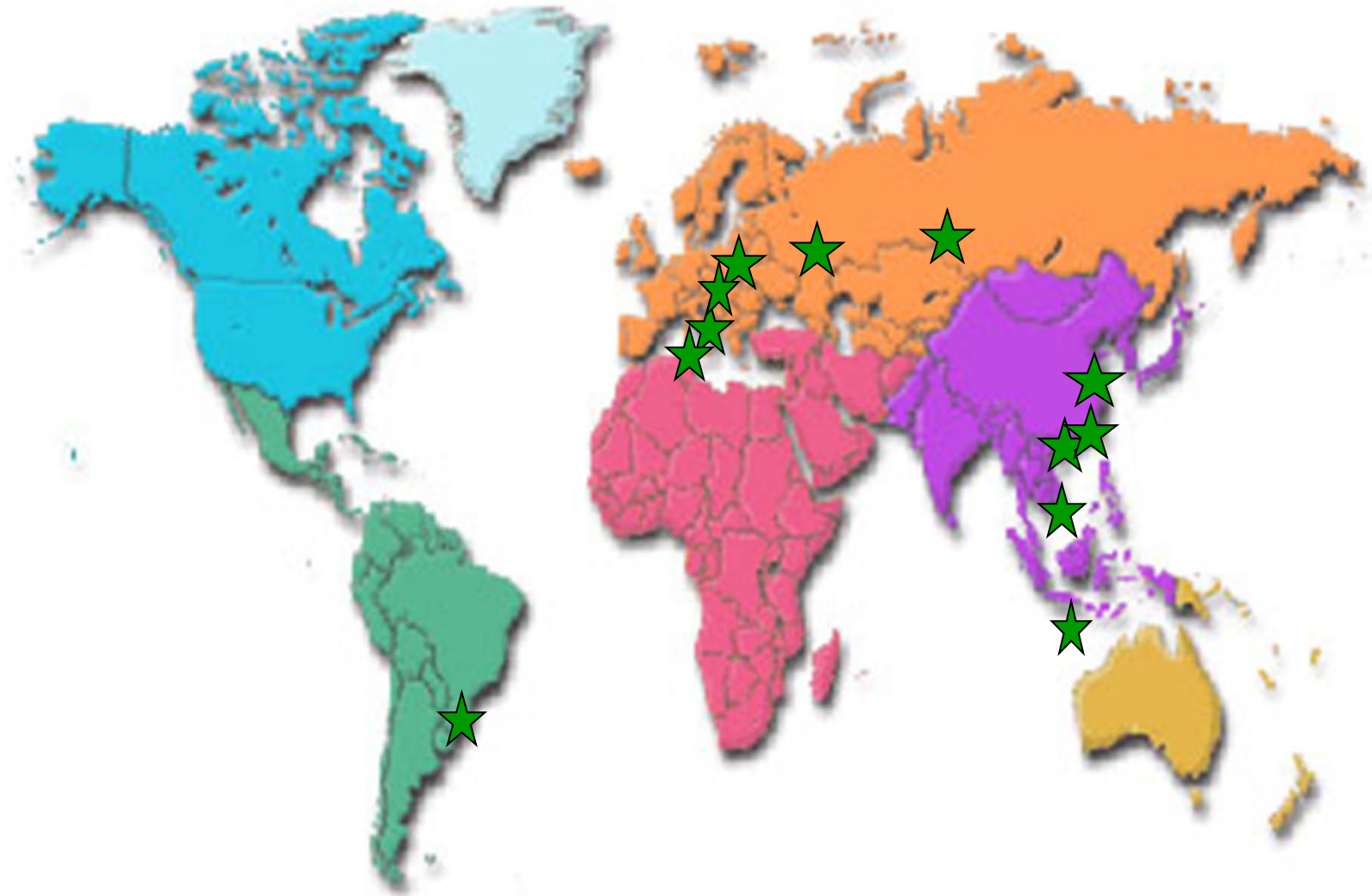
**Minimum
requirements**

Development FY10-14

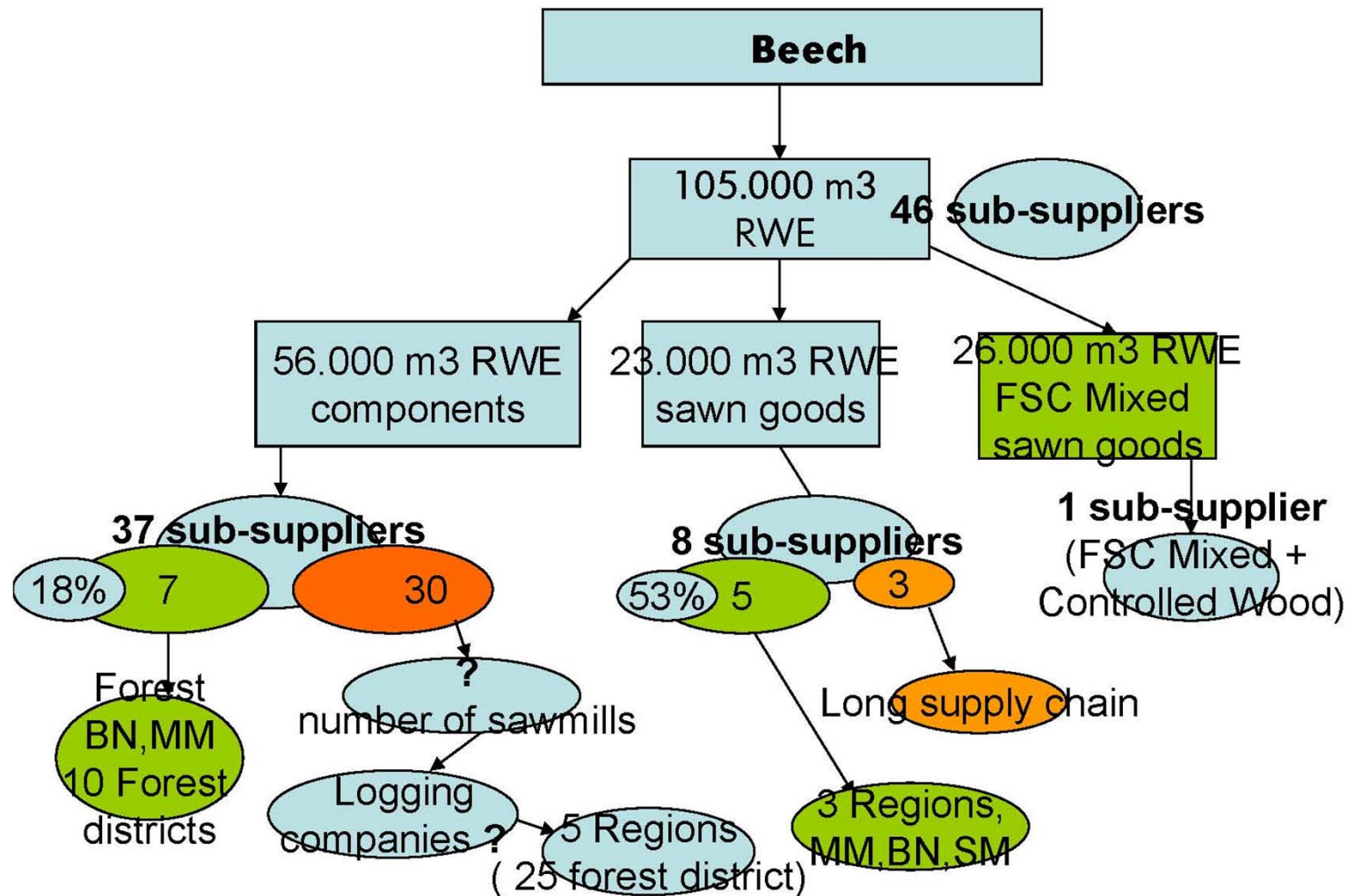
wood from more sustainable sources



20 IKEA Foresters



Supply Chain Beech



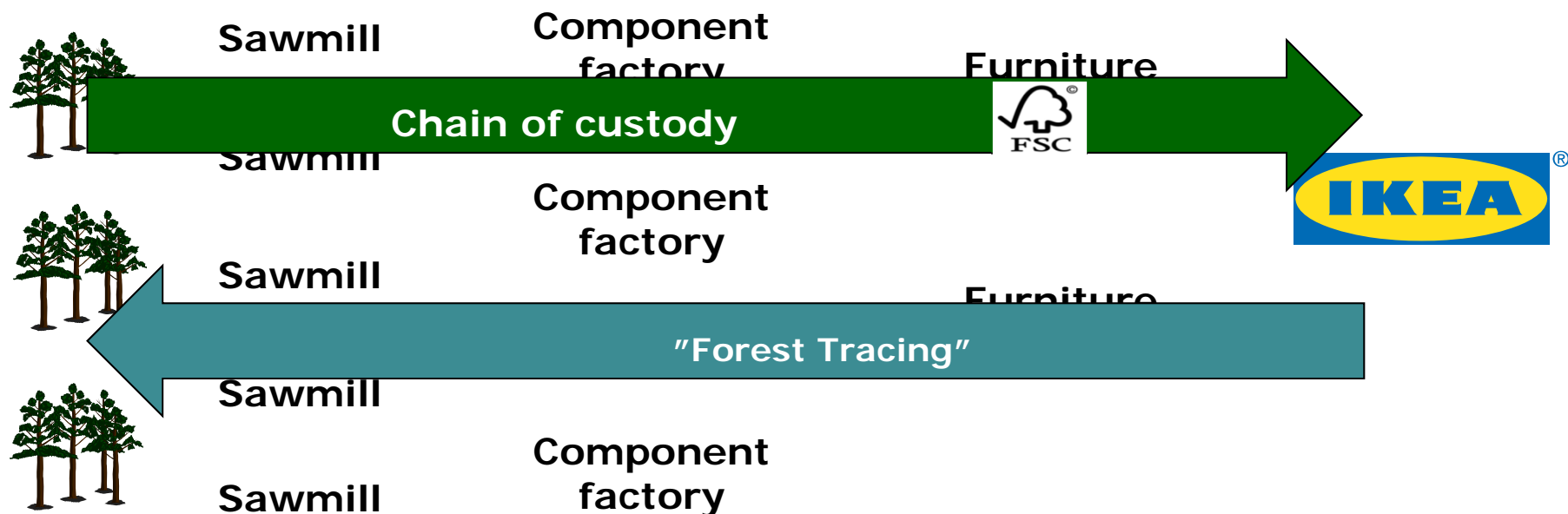
Role of certification

- **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 ensure legality**



FSC and traceability

- FSC Chain of Custody does not mean physical traceability
- Considerably reduces the risk of unwanted wood entering the supply chain
- One up – one down.



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



Materials of wood origin in a modern simple chest of drawers



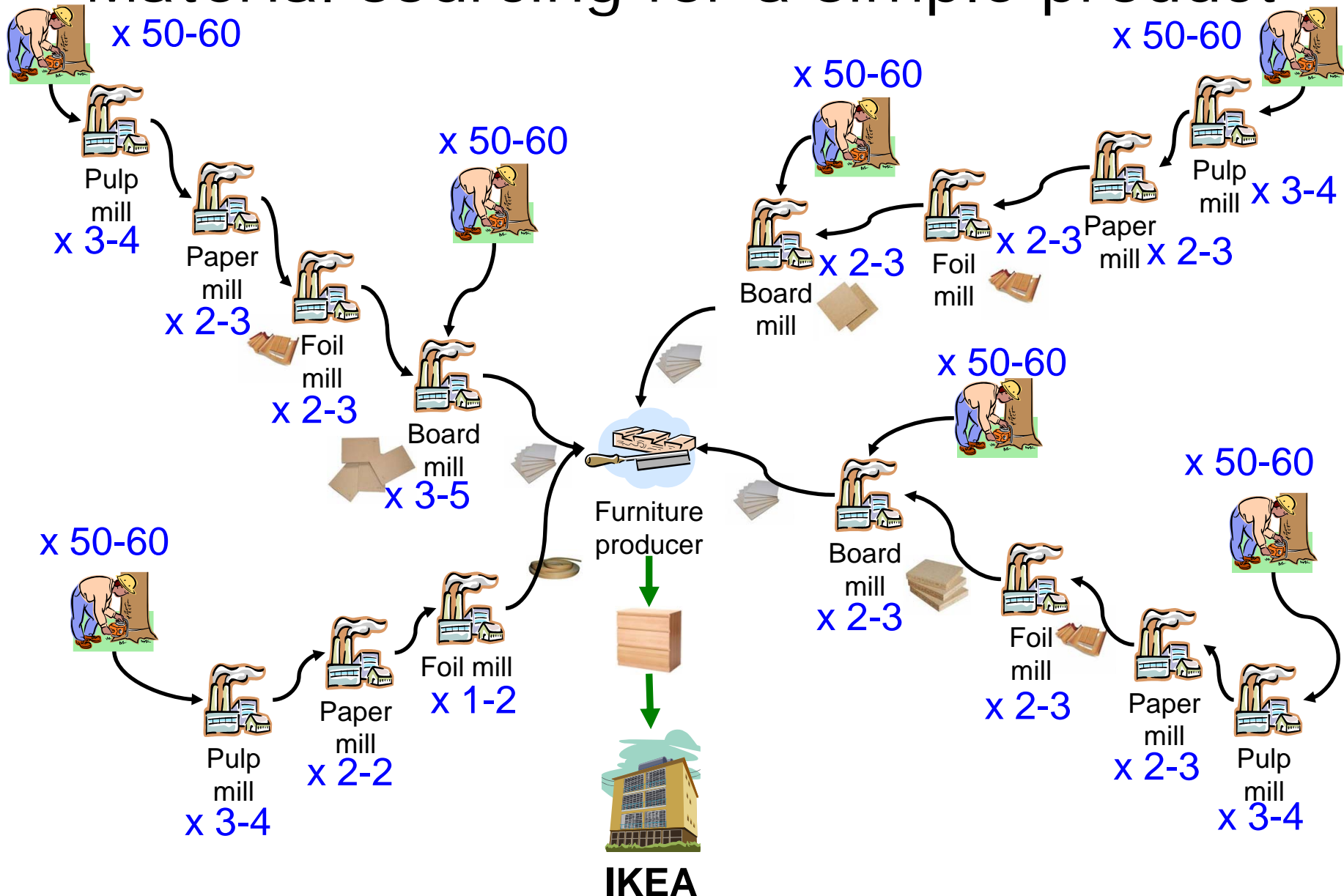
Board, 3 types

Paper core foil,
3 types*

Paper core
edge band*

**7 composite
wood based
materials**

Material sourcing for a simple product



IKEA Approach in High Risk Areas

- **The supplier in the lead**
 - Commitment, standard, tools
- 100% FSC in 2017
- Audits every year
- Supply Chain Audits for uncertified suppliers and supply chains
- New supply chains require approval
- Stop deliveries if IWAY Must violation
- Partnership with external organisations (WWF)
- On the ground capacity (Foresters)
- Training of business teams and suppliers
- Support for certification and backward integration
- Test new technology
- Networking
- Close contact with authorities
- **Continuous learning and improvement**

EUTR

Timber Retail Coalition

(IKEA, Kingfisher, Carrefour, M & S)

- Logical to expand the scope but hand-in-hand;
- Uniform enforcement
- Harmonised performance
- Recognition of certification (Chain-of-custody)
 - Best Practice DDS
 - Contributing to sustainable forest management

Focus!

Forms of Illegal logging in the Russian Far East

- Outright timber theft by wildcat logging brigades (becoming less common)
- “Illegal logging with paperwork” is now more popular:
- Overlogging on timber leases or logging of high-grade in place of low-grade material
- Abuse of “Intermediate” and “sanitary” logging
- Export of stolen timber under the “mask” of timber lease documents

Source: B. Milakovsky, WWF Amur

