IKEA Forestry
Due Diligence

Fair Wood Seminar – Japan’s Illegal Logging Measures: “Goho” Wood and Retailers Role

Global Environmental Forum, Friends of the Earth – Japan
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Outlook for today

• IKEA introduction
• Wood use
• Drivers of responsible wood procurement
• IKEA Forestry Standard & tools
• Challenges

Wood is IKEA identity

IKEA was founded in 1943.

- 1940’s: Early years – from ballpoints and stockings to furniture
- 1950’s: Our first catalogue: Developing own designs - and starting to pack them flat!
- 1960’s: Expanding - Germany, Australia, Canada... Start to purchase in Greater China
- 1970’s: Expanding - USA, UK, Italy...
- 1980’s: Expanding - China, Poland, Spain...
- 2000’s: Expanding - Russia, Japan and on the Internet
Top 5 Wood buyers
among home improvement retailers & consumer goods companies

1. The Home Depot (USA)
2. Lowe’s (USA)
3. IKEA (Sweden)
4. Kimberly-Clark (USA)
5. Procter & Gamble (USA)

Source: http://www.rainforests.net/top5woodbuyers.htm
Consumer attitude* 消费者的观点

8564 respondents in 8 markets (US, UK, SW, Germany, Italy, France, China, Poland), % of all consumers who selected the issue as most important for IKEA to address

在宜家8个主要的消费市场共8564名消费者，他们认为宜家的重要性方面

- Quality and durability of its products 质量和耐用性
- Energy used in the manufacture of its products 能量消耗
- Fair treatment of workers in its suppliers 公平对待供应商员工
- Fair treatment of employees in IKEA 公平对待宜家员工
- Sourcing of the wood used in its products 木材来源
- Waste and energy in stores 废物和能源
- Energy used in transport 能量消耗

* Lippincott Study 2011

90% of IKEA retail market implement law on legality!

- EU Timber Regulation
- US Lacey Act
- Australia Illegal logging Bill

What could be the consequences for IKEA of breaking the law?

- Brand damage
- Legal consequences

IKEA’s IWAY Standard, Forestry Specific Section

- Integration of ALL legal requirements
- IKEA’s due diligence system
IKEA forestry direction

IKEA minimum requirements
宜家最低要求

1) known origin of wood
宜家优先选用木材来源

2) not from any of the following
禁止下列来源木材:

Illegal logging, Social conflicts, Geographically identified HCVF, Conversion, GMO

IKEA preferred sources

Forests verified as responsibly managed according to a system recognized by IKEA currently, only FSC FM & CoC certified wood and recycled wood meet IKEA requirements for preferred sources.

IKEA forestry direction

IKEA preferred sources

IKEA minimum requirements

IKEA Forestry Tools (1)

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

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

Wood Tracing System (WTS) –
web based system for managing, visualizing, analyzing data from suppliers and storing data from audits.

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

Auditing – IWAY Forestry (5)

Auditing – Wood Supply Chain Audits

IKEA

IKEA Supplier

IKEA Sub-supplier

Logging site
What is audited?

Supplier level audit:
- Forestry responsible
- Wood procurement procedure
- Communication of IKEA requirements down supply chain
- Risk analysis and Verification
- Records of incoming wood
  - Supply chain structure
  - Evidence of wood origin
  - Evidence on landing volume
- Separation of unverified wood

Audit of logging site:
- Document proof of legality (obtaining logging rights, logging license etc)
- Field evidence of compliance with legislation (logging site borders, logging methods & season compliant with management plan, etc)
- Evidence of compliance with IKEA min requirements

IKEA China forestry team

IKEA wood verification

- **63.5%** of IKEA wood comes from FSC CoC certified suppliers

- **17.3%** of wood verified by IKEA internal audits (90% in China)

- **81%** of wood comes from 3rd party- or IKEA-verified suppliers
**Challenges of responsible wood supply 1(3)** 木材采购面临的挑战 1(3)

- A limited amount of certified wood on the market.

**And how to address those challenges?** 如何迎接挑战

- Increase supply from IKEA pref sources
  - Help certify FM and CoC
  - Over 80% of FSC certified forests in China supported by IKEA funded projects

**Challenges of responsible wood supply 2(3)** 木材采购面临的挑战 2(3)

- It is normally not possible or meaningful to trace individual products 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

- Verifying the origin of boards in some countries (China)

Challenges of responsible wood supply 3(3) 木材采购面临的挑战 3(3)

- Customer expectations (Brand capital) & legal requirements - drivers
- System approach – physical tracing of wood is resource inefficient
- Mitigation has to take place in the supply chain to bring the risk down to low before placing on the market
- Business advantage for companies who have operational DD systems
- We are happy to share our 15 years of experience

Wrap up
Thank You!
ありがとうございました!

Questions?
質問？

mikhail.tarasov@ikea.com