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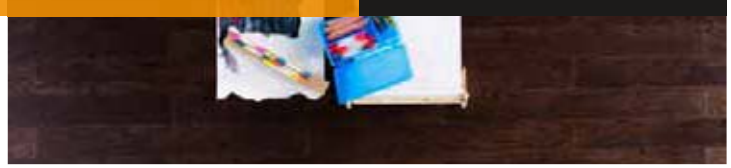

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About this report
This report describes the sustainability work carried out on a global level by the IKEA Group during financial year 2010, from 01 September 2009 to 31 August 2010 (FY10).

How to read this report
The structure of this report reflects the environmental and social responsibility approach to our stakeholders, and how we work to address the environmental impacts of our operations.

Each chapter provides a description of developments during FY10 and our systematic work in many areas. We use key performance indicators (KPIs) to show results against our targets.

In the final chapter, we have gathered the metrics presented throughout this report. This report is our communication on progress (CoP) as a signatory to the UN Global Compact, and a cross reference list shows how we implement the ten principles of the UN Global Compact in our operations.

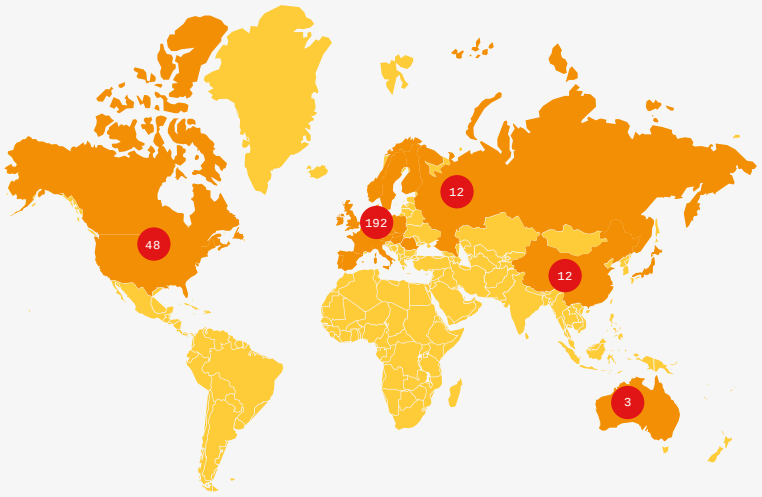
Would you like to know more?
You can find more information and download documents on our website. Please visit "About IKEA/ People and the Environment" at www.IKEA.com



We encourage you to send your feedback and/or questions about this report to us at sustainability.report.se@IKEA.com

IKEA® at a glance FY10

IKEA GROUP STORES WORLDWIDE In 2010, the IKEA Group opened 12 new stores, in 7 countries. On 31st August 2010, the IKEA Group had a total of 280 stores in 26 countries.



CO-WORKERS IN 2010

127,000

CO-WORKERS PER FUNCTION
Purchasing, distribution, wholesale, range & other: 14,500
Retail: 96,500
Swedwood: 15,500
Swedspan: 500

CO-WORKERS PER REGION
Asia & Australia: 8,000
North America: 15,500
Europe: 103,500

THE IKEA GROUP
The IKEA Group had operations in 41 countries –29 Trading Service Offices in 25 countries and 27 Distribution Centres and 11 Customer Distribution Centres in 16 countries.

INDUSTRIAL GROUPS
Swedwood, an industrial supplier within the IKEA Group, had 15,500 co-workers and 41 production units in 9 countries. Swedspan, an industrial supplier within the IKEA Group, had 500 co-workers and 5 production units in 5 countries.

SUPPLIERS IN 2010
IKEA had 1,074 suppliers in 55 countries.

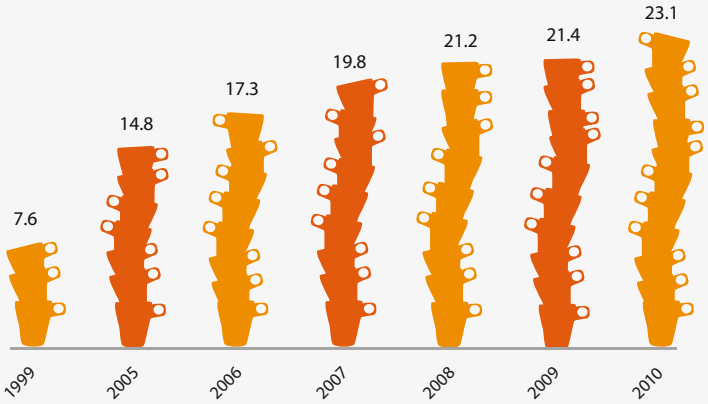
PRODUCTS IN THE RANGE
The IKEA range consisted of approximately 9,500 products.

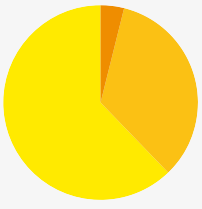
IKEA GROUP STORE VISITORS IN FY10
The IKEA Group stores had 626 million visitors.

ESTIMATED VISITS TO IKEA WEBSITES DURING 2010
IKEA websites had 712 million visits.

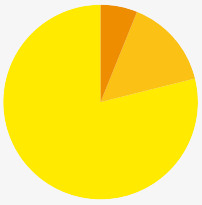
PRINTED CATALOGUES, LANGUAGES & EDITIONS
The IKEA catalogue was printed in more than 197 million copies in 29 languages and 61 editions.

ANNUAL SALES FIGURES, BILLION EURO
Sales of goods, excl. rental income





PURCHASING PER REGION, %
North America: 4%
Asia: 34%
Europe: 62%



SALES PER REGION, %
Asia & Australia: 6%
North America: 15%
Europe: 79%

TOTAL SALES FY10: 23.1 BILLON EURO
Sales increased 7.7% FY10 compared to FY09.

IKEA FOOD SERVICES TURNOVER FY10
Turnover for IKEA Food was 1.1 billion EURO.

Highlights FY10



IKEA® SUSTAINABILITY DIRECTION

LEADS THE WAY FORWARD

Our new direction outlines our priorities for 2015. These priorities shall influence our entire value chain, from product design and development to the very end of a product's life.

Read more under Sustainability Direction

CONTINUED IKEA INVESTMENTS IN

RENEWABLE ENERGY

The implementation of the FY09 decision to install solar panels on roughly 150 stores and distribution centres is progressing well. In FY10 the number of buildings with solar panel systems nearly doubled, from nine to 17, and we expect the number to increase to around 40 buildings by the end of FY11.

Read more under Climate



INTRODUCING THE

IKEA® SUSTAINABILITY PRODUCT SCORE CARD

This new internal tool for more sustainable product development and purchasing will help classify the IKEA home furnishing range. It will steer us to select the best possible alternatives within 11 criteria that have an impact on the product's sustainability profile.

Read more under More sustainable products



IKEA FOUNDATION

INCREASES FUNDING TO HEALTH PROGRAMME

The IKEA Foundation has decided to invest an additional 7.5 million euro in UNICEF's water and sanitation programme in India. This support will help expand the scope of this programme in 15 states.

Read more under Communities



SUBSTANTIAL INCREASE OF

CERTIFIED WOOD

IN IKEA PRODUCTS

In addition to IWAY forestry requirements, the share of certified solid wood increased substantially in FY10, to 23.6 percent from 16.2 percent the year before. IKEA has actively supported certification efforts in some of our key wood sourcing areas, notably Russia.

Read more under Forestry

DOUBLED SHARE OF

MORE SUSTAINABLE COTTON

IN IKEA TEXTILES

More than 80,000 farmers in India and Pakistan are now using more sustainable farming practices, and the share of more sustainable cotton in the IKEA range more than doubled compared to last year to 13.4 percent of our total cotton use.

Read more under Cotton





“We have unique opportunities”

Welcome to the IKEA Sustainability Report 2010!
I’m proud to share with you some of the things that IKEA has accomplished so far together with our customers, co-workers, suppliers and partners such as WWF, UNICEF and Save the Children. Working together, taking many small steps in the same direction, means that we can make huge contributions towards a more sustainable future.

The IKEA vision is to create a better everyday life for the many people, and we believe that home is the most important place in the world. We offer affordable home furnishing products and solutions, while also taking responsibility for people and the environment. We want our customers to be able to freely choose from our range, knowing that they do not have to choose between sustainability, style, function or price.

IKEA has begun a long journey with sustainability as one of four cornerstones in our overall direction “Growing IKEA – together”. This, combined with a long history and culture built on enthusiasm and a constant strive for renewal, makes us well equipped to tackle some of the global challenges we are all facing. I’m convinced that we will find new, unique opportunities to build a better tomorrow.

I’m delighted to welcome our new Chief Sustainability Officer Steve Howard on-board. His competence and passion, not least when it comes to climate-related issues, will help support the innovation and drive we need to make IKEA a truly sustainable company and help our customers to live a more sustainable life at home.

On behalf of all of IKEA, I thank you for taking the time to read this report and share our progress.



Mikael Ohlsson
President and CEO, IKEA Group





“IKEA can play a vital role”

The release of this report also marks the start of my journey at IKEA. I’m excited to join many dedicated colleagues in a company that puts its social and environmental values at the heart of its business.

My aim is to incorporate sustainability into every part of the IKEA experience – from raw materials and how products are made to inspiring us to live a more sustainable life at home.

IKEA has laid a great foundation over the last decade or so, and that shows in this report. Persistent, hard work within forestry and cotton cultivation is paying off; the IKEA Foundation helps us improve the lives of many millions of children in need; and the goal to use 100 percent renewable energy in all IKEA units is an industry-leading commitment.

I know that IKEA possesses both the desire and the ability to take on the challenge of transformational change. Much of the world is in an era of unprecedented growth with populations in the world’s cities swelling by more than one million people every week. Quite simply, sustainability can no longer be an optional, luxury item in a society heading towards nine billion people. Living a more sustainable life must be affordable and accessible for everyone. Our products and services should have no negative impact on the planet, but preferably have positive impact and generate zero waste and zero carbon.

This doesn’t mean that the world can’t still be exciting. Future generations must be allowed to enjoy the same or better quality of life as we have today, but in a way that takes care of both people and our planet. IKEA plays an important role in meeting the many people’s aspirations through innovative, exciting products that will increasingly offer a more sustainable way of life, giving people better choices without compromises to the way they want to live, work and play.

This is the challenge we must embrace if we are to provide a great quality of life for present and future generations. I believe IKEA can do this. We can and will play a vital role in a more sustainable future.



Steve Howard
Chief Sustainability Officer, IKEA Group

Steps towards a more sustainable IKEA®

1956

Flatpacks and self-assembly become part of the IKEA concept.



1989

IKEA appoints its first environmental manager.

1990

The first IKEA environmental policy is developed.

1991

IKEA bans the use of tropical wood not coming from sustainable forestry or plantations.

1992

The IKEA Catalogue becomes the first major colour print publication in the world to use TCF (Totally Chlorine Free) paper.

1993

IKEA becomes a founding member of the global forest certification organisation Forest Stewardship Council (FSC).



1994

The ILO helps formulate a clause on child labour to be inserted into purchasing contracts with suppliers. IKEA begins cooperating with Save the Children to promote and protect children's rights.

1998

IKEA employs its first forestry manager to secure sustainable use of forestry resources.

1999

A Waste Management Manual is established.

2000

IKEA launches the code of conduct IWAY for suppliers, and a special code of conduct on child labour. A child rights project with UNICEF is started in India.

2002

Together with WWF, IKEA starts a number of projects to support the development of responsible forestry.

2003

IKEA starts the annual Soft Toys Campaign with IKEA PS BRUM teddy bears. In 2005, the campaign is expanded to all IKEA soft toys.



2004

The first IKEA Social and Environmental Responsibility Report is published.



2005

IKEA Social Initiative, today incorporated in the IKEA Foundation, is founded. IKEA and WWF start Farmer Field Schools in India and Pakistan to train cotton farmers in more sustainable cultivation practices, and become founding members of the Better Cotton Initiative.

2006

Our energy project "IKEA Goes Renewable" is started.

2007

IKEA and WWF begin cooperation on projects aimed at reducing emissions of greenhouse gases.

2008

A Future Search workshop with external parties and NGOs is held on the topic "How could IKEA take a leading position in creating a more sustainable world?".

2009

Start of the IKEA Foundation's support of UNICEF and Save the Children child right programmes in India and Pakistan's cotton areas. The Never Ending List is introduced to share our progress within sustainability with IKEA customers.

2010

IKEA develops a Sustainability Direction for 2015, with key priorities and overall goals.

The IKEA® Sustainability Direction 2015

The IKEA Sustainability Direction outlines our priorities for 2015. These priorities shall influence our entire value chain, from product design and development to the very end of a product's life.

For some priorities, we have already set specific, overall goals. During FY11, more targets at all levels of the organisation will be developed to help us measure our progress.

1. Offering a range of products that are more sustainable



2. Taking a leading role towards a low carbon society



3. Turning waste into resources



4. Reducing our water footprint



5. Taking social responsibility



1. Offering a range of products that are more sustainable

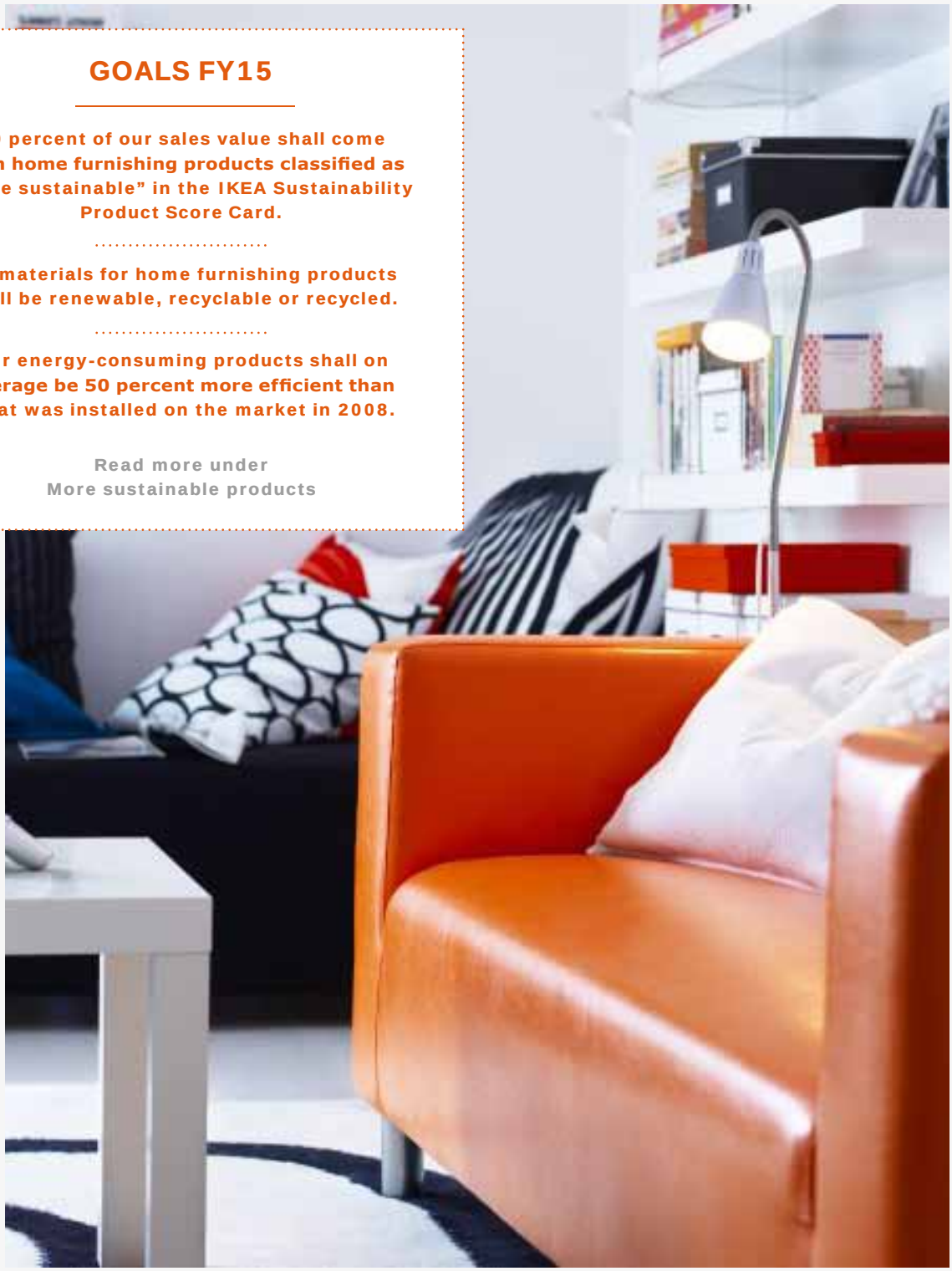
GOALS FY15

90 percent of our sales value shall come from home furnishing products classified as "more sustainable" in the IKEA Sustainability Product Score Card.

All materials for home furnishing products shall be renewable, recyclable or recycled.

Our energy-consuming products shall on average be 50 percent more efficient than what was installed on the market in 2008.

Read more under
More sustainable products



2. Taking a leading role towards a low carbon society

GOALS FY15

By being innovative, energy efficient and using more renewable energy, we shall significantly reduce CO_2 emissions from our own operations, the supply chain and customers travelling to IKEA stores.

We shall help reduce CO_2 emissions in society by offering products, solutions and know-how that enable our customers to reduce their carbon footprint and live a more sustainable life at home.

We shall actively participate in developing tools to measure a company's positive impact on the climate.

Read more under Climate



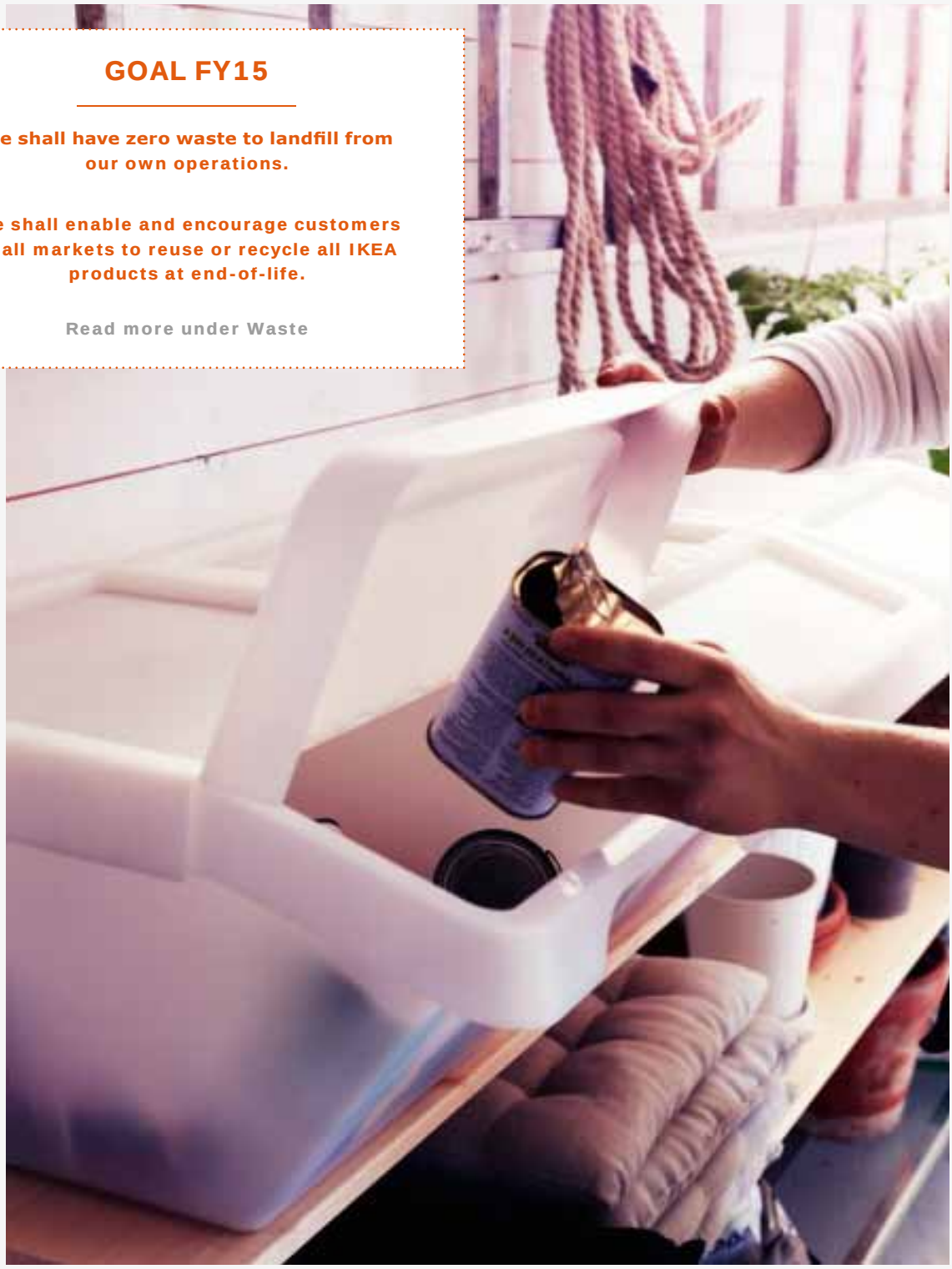
3. Turning waste into resources

GOAL FY15

We shall have zero waste to landfill from our own operations.

We shall enable and encourage customers in all markets to reuse or recycle all IKEA products at end-of-life.

Read more under Waste



4. Reducing our water footprint

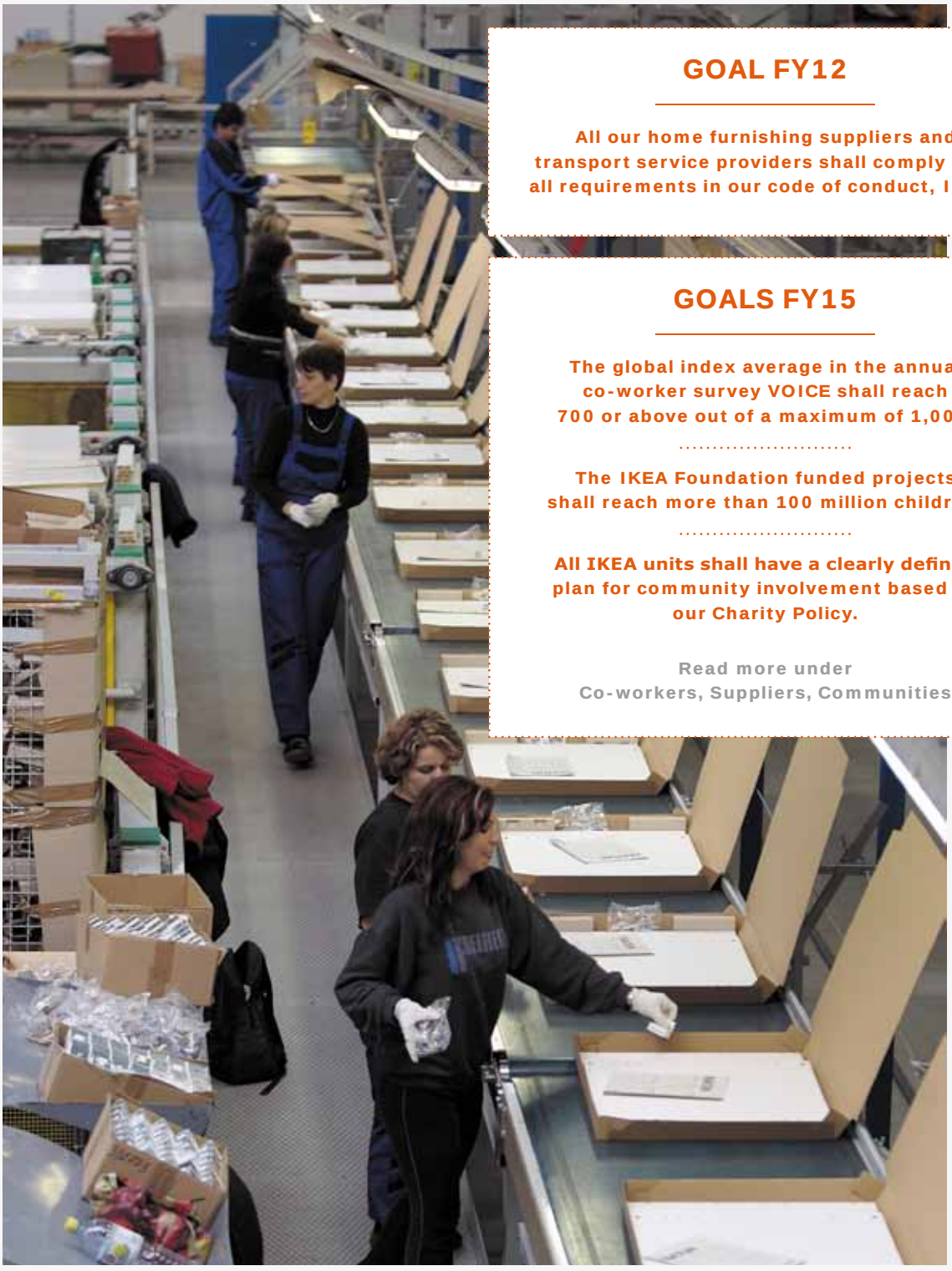


GOAL FY15

We shall significantly reduce our water footprint in our own operations as well as throughout our supply chain.

Read more under Water

5. Taking social responsibility



GOAL FY12

All our home furnishing suppliers and transport service providers shall comply with all requirements in our code of conduct, IWAY.

GOALS FY15

The global index average in the annual co-worker survey VOICE shall reach 700 or above out of a maximum of 1,000.

The IKEA Foundation funded projects shall reach more than 100 million children.

All IKEA units shall have a clearly defined plan for community involvement based on our Charity Policy.

Read more under
Co-workers, Suppliers, Communities

Integrating the IKEA® Sustainability Direction into everything we do

When creating a better everyday life for the many people, it is a prerequisite to care about people and the environment. IKEA sees sustainability as a business opportunity as well as a condition for being a good company. IKEA Sustainability Direction for FY15 will help us consistently move all aspects of our operations in the right direction towards our goals.

SUSTAINABILITY IS A CORNERSTONE OF OUR OVERALL DIRECTION

Sustainability is one of the four cornerstones of the overall direction for the IKEA Group, "Growing IKEA – Together". Sustainability shall be an integrated part of our business, which means that all IKEA strategies and business plans must clearly and systematically integrate sustainability improvements and investments as part of everyday operations. To assist this process, we have developed the "IKEA Sustainability Direction" with key priorities and overall goals for FY15.

To integrate sustainability into our business, we need to take social and environmental responsibility in every step of the value chain. We will therefore create and secure sustainable set-ups for:

- product development and sourcing of raw materials of home furnishing and food products
- production and distribution
- marketing
- stores and shopping centres
- the product's end-of-life

SPECIFIC GOALS TO BE SET IN ALL PARTS OF IKEA

For some priorities, we have already set specific, overall goals complemented by a number of area-specific targets. During FY11, more targets at all levels of the organisation will be developed to help us measure our progress.

IKEA VISION, BUSINESS IDEA & SUSTAINABILITY



Our business idea is to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.



The IKEA vision is to create a better everyday life for the many people.



Wherever we are, we shall act with respect to have a positive impact on people and the limited resources of our planet to ensure long-term profitability.

LOCAL, NATIONAL AND GLOBAL RESPONSIBILITY

The IKEA culture is key in defining how we integrate sustainable behaviour throughout our organisation. Among our values are togetherness, humbleness, simplicity and cost-consciousness. We believe in doing more with less, listening to and learning from others, and being fair and honest.

Every IKEA manager is responsible for including sustainability in his or her area of responsibility and to set goals. To support them, there are sustainability managers and many social and environmental specialists covering a wide range of areas, such as chemical experts, forestry specialists, energy experts, code of conduct specialists and auditors. In addition, all IKEA stores and distribution centres have social and environmental co-ordinators who work with sustainability related training, working conditions, safety, waste management, and water and energy conservation.

IKEA DOES NOT ACCEPT CORRUPTION IN ANY FORM

IKEA does not accept corruption in any form, whether direct or indirect, and works proactively to prevent it. All suppliers must sign an acceptance of this policy.

Our corruption policy, Rules of Prevention of Corruption, and an investigation policy describe how we will act when we suspect fraud, corruption, theft and other illegal behaviour. Firm policies and an internal ethics programme with training and workshops help to minimise the risk of illegal behaviour in the IKEA organisation. We make regular risk assessments on different markets and handle any deviations to policy and guidelines with systematic urgency.

GLOBAL COMPACT'S GUIDING PRINCIPLES

IKEA is a signatory to the United Nation's Global Compact. We are committed to aligning our operations and strategies to the Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption.

THE GLOBAL COMPACT
WE SUPPORT

Read more on page 89
Communication on progress

WORKING TOGETHER WITH OTHERS

IKEA cooperates with companies, trade unions, NGOs and organisations to develop and strengthen the impact of our work within the social and environmental field. By sharing experiences and learning from others, we can accomplish more than we could have done by working on our own.

IKEA works in partnership with UNICEF and Save the Children to strengthen children's rights, and with the global conservation organisation WWF on projects within forestry, cotton and climate change.

Read more on page 90
List of key organisations

We want a better everyday life for the many people

IKEA is on a never ending journey, striving towards a more sustainable future for all our stakeholders. The vision to create a better everyday life for the many people is not just about offering great home furnishing products – it is also about contributing to a better future by taking social and environmental responsibility towards our customers, our co-workers, our suppliers and the people who work for them, as well as towards the entire community.

IKEA CUSTOMERS

We want our customers to always feel confident that the products they purchase from IKEA are of good quality and safe to use. They should be able to freely choose among all our products, knowing that IKEA is committed to sustainable practices and that they do not have to choose between sustainability, style, function or price.

More than 38 million customers in 23 countries are members of IKEA FAMILY, the customer club that helps us care for and reward our most active customers. Several stores run IKEA FAMILY activities aimed at engaging customers to participate in our sustainability work and support a variety of projects in the local community. The IKEA FAMILY LIVE Magazine helps us reach six million households around the world with tips and ideas for a more sustainable life at home, as well as in-depth features on what we do to take responsibility for people and the environment.

Customer feedback on individual products are systematically documented in case of returns and/or complaints so that IKEA can take action when needed. Any indication of safety problems will immediately be followed by global measures to prevent injury and/or health hazards.

To collect structured feedback from customers, IKEA conducts market research through the "Brand Capital" survey – a tool to monitor and improve the implementation of the IKEA concept and to measure customer satisfaction in each market. The survey is conducted once a year. In addition, we monitor how satisfied customers are with their local IKEA store through the annual "Customer Satisfaction Index" (CSI) survey. The survey provides an international benchmark for our stores, and ensures that customer satisfaction issues are regularly addressed.

Read more on page 19
Customers

IKEA CO-WORKERS

Our co-workers are our most valuable resource – when they grow, IKEA grows. IKEA is committed to being a good employer that offers a safe and healthy work environment together with development opportunities for each individual.

IKEA conducts an annual company-wide survey to collect feedback from co-workers. We want to learn what motivates them and what they are dissatisfied with, so that IKEA can keep improving as an employer. The survey is completed anonymously to encourage honest feedback.

Read more on page 31
Co-workers



COMMUNICATING SUSTAINABILITY TO ALL CO-WORKERS

IKEA communicates its work with sustainability to co-workers in different ways to raise awareness of what we do and how co-workers can contribute. In FY10, we created "Our Never Ending Job", an inspiring reference book covering many small and large actions that IKEA has taken in the field of sustainability. Printed on recycled paper in 18 languages, it is distributed to all current co-workers in 41 countries, as well as to those that will join us over the next two years.

IKEA SUPPLIERS AND THEIR EMPLOYEES

IKEA is a production-oriented company, and we strive to build long-term relationships with suppliers that share our values and who want to grow and develop together with IKEA.

Many ideas for design and product development are born on the factory floor when IKEA co-workers are on-site, and this close relationship also opens up possibilities for frank and honest dialogue about topics related to environmental and social issues. We cooperate with suppliers to spread best practices in various areas to increase their ability to take on more social and environmental responsibility. For a supplier, investments in working conditions and the environment often lead to more orders, better productivity and improved profitability, thereby improving competitiveness.

Every three years, IKEA conducts a supplier survey to collect feedback from our suppliers on our relationship. The feedback is given anonymously to protect suppliers and encourage frank and open input. We ask questions about, for instance, if IKEA is sensitive to suppliers' opinions, if discussions are respectful, and if IKEA handles complaints in a satisfactory manner. If the feedback indicates a need for improvement, an action plan is developed for the area concerned.

Read more on page 36
Suppliers

COMMUNITIES

IKEA is active in the communities where we do business. We participate in a wide range of activities globally, nationally and locally. Through partnerships with carefully selected organisations, we support projects that are designed to match the needs of the communities in which they take place.

Read more on page 53
Communities

NGOS AND OTHER STAKEHOLDERS

Regular dialogue with some of our stakeholders and partners is an important way for us to gain and share knowledge that helps us move forward. By cooperating with companies, trade unions and organisations, we accomplish more than we could have done by working on our own.

Read more on page 90
List of key organisations

THE ENVIRONMENT

IKEA strives to minimise the negative impact on the environment by applying innovative thinking in every step of the long chain, from the very first idea for a product to when the customer no longer wants it. Cost-consciousness is part of our culture, and it inspires us to try to make more from less resources and minimise waste in every form.

We believe that IKEA has the possibility to even contribute to a better environment. For example, we can help reduce greenhouse gas emissions and minimise waste and water consumption in society by offering products that help our customers live a more sustainable life at home.

Read more on page 59
Environment



OUR FIRST YEARLY SUMMARY "WELCOME INSIDE"

The IKEA Group has started to release a Yearly Summary with the purpose to communicate how our income is used, in a format that talks to the many people. The first summaries cover FY09 and FY10, and are available on www.IKEA.com.

CUSTOMERS


19:-






For every soft toy you buy
IKEA donates
€1
to help educate a child.
Together we are already
helping 8 million children.

Introducing a new tool to develop more sustainable products

We want customers to confidently and freely choose among all our products, knowing that IKEA is committed to sustainable practices and that they do not have to choose between sustainability, style, function or price. The IKEA Sustainability Product Score Card will help us offer a more sustainable range of products.

INTRODUCING THE IKEA SUSTAINABILITY PRODUCT SCORE CARD

A new tool for more sustainable product development and purchasing has been developed for introduction during FY11. The IKEA Sustainability Product Score Card will help classify the IKEA home furnishing range. It will steer us towards selecting the best possible alternatives within 11 criteria that have an impact on a product's sustainability profile throughout its life-cycle.

IKEA Sustainability Product Score Card criteria, in brief:

- More from less (using less material in the product)
- Renewable material
- Recycled material
- Environmentally better material
- Separable & recyclable material
- Product quality
- Transport efficiency (number of products per container)
- Energy efficient production
- Renewable energy in production
- Raw material utilization at suppliers
- Product use (less use of energy and water, and less waste in customers' homes)

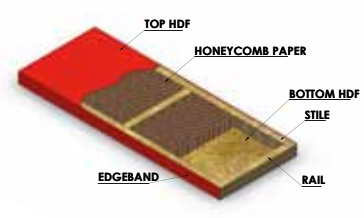
For a product and its packaging to be classified as more sustainable compared to its predecessor or to comparable products on the market, it must score a certain number of points in the IKEA Sustainability Product Score Card. It is a prerequisite that the product is produced by suppliers that live up to the social and environmental requirements in the IKEA code of conduct IWAY.

The IKEA Sustainability Product Score Card is an internal tool that will help us measure our progress and improve the sustainability in our entire range of products. Therefore, scores will not be communicated to customers in the form of individual product labels.

MAKING MORE FROM LESS

If STUVA had been in the range a few years ago, we would only have been able to make 13 STUVA storage boxes from the wood of one tree. Today, one tree is enough for 23 of them! How did we do it? We replaced some wood with air, using a technique called Board on Stiles instead of the traditional 18 mm chipboard.





Board on Stiles

1. Stiles are combined with honeycomb paper in an automatic process. Heated, thin fibreboard is placed on each side and everything goes into a rolling press.
2. After pressing, the board is split into a number of different widths depending on the product line.
3. The boards are drilled and varnished or painted – ready for packaging.
4. Strong and lightweight, the final product allows for better filling rates in containers and trucks, and is easy for customers to handle.

GOALS TO DEVELOP MORE SUSTAINABLE PRODUCTS

IKEA has set new product development targets for the end of FY15 based on our Sustainability Direction.

- 90 percent of the IKEA sales value shall come from home furnishing products classified as "more sustainable" according to criteria in the new IKEA Sustainability Product Score Card.
- All product materials shall be renewable, recyclable or recycled.
- Our energy-consuming products, such as lights and white goods, will be at least 50 percent more efficient than average installed products on the market in 2008 (based on estimated averages for the European markets).
- Our water-consuming products (such as taps, dishwashers and washing machines) will be at least 50 percent more efficient than average installed products on the market in 2008 (based on estimated averages for the European markets).

SOLUTIONS FOR A MORE SUSTAINABLE LIFE AT HOME

Read more on page 83
Sustainable life at home

IKEA wants to help customers take simple measures at home that contribute to a better environment and save on household expenses. IKEA products can help customers adopt a more sustainable behaviour at home, and – as a group of several hundred million people – reduce their overall climate impact.

All IKEA kitchen taps are now fitted with a Pressure Compensating Aerator (PCA) that can reduce water use by 30 percent on average. The same technology will be introduced for all bathroom taps in FY11.

IKEA has also extended the range of products to help with waste-sorting, moving from mainly kitchen-based products to also include solutions suitable for secondary storage areas. For example, RETUR is a series of wall-hanging storage products to be used for paper, cardboard, batteries, glass and plastic, etc., and DIMPA provides a low-price portable alternative.

All incandescent light bulbs have been phased out and replaced with low-energy alternatives named SPARSAM, and the range of LED-based light products is being expanded.

MORE RESOURCES TO SUSTAINABLE PRODUCT DEVELOPMENT

IKEA of Sweden is responsible for developing the range of home furnishing products. Now all of its eight business areas have a dedicated sustainability leader, supported by a central group of seven people, responsible for leading and supporting the sustainability work within product development and supply chain.

In addition, product developers, technicians and others are invited to take part in three different training modules on waste, energy and water issues. A separate training programme is available on how to use the IKEA Sustainability Product Score Card.

DECISION TO BUY RSPO CERTIFICATES

Read more about Roundtable on Sustainable Palm Oil at www.rspo.org

IKEA has decided to purchase Roundtable of Sustainable Palm Oil (RSPO) Certificates to help stimulate more sustainable palm oil production.

In early 2011, we will buy certificates equivalent to the volume of palm oil used for IKEA products. IKEA has also decided to take on a more active role in the RSPO.

IKEA suppliers purchase palm oil mainly from Malaysia and Indonesia. This raw material is associated with environmental issues such as deforestation and peat land destruction, as well as social issues relating to indigenous populations and working conditions.

While palm oil used in IKEA products represents only around 0.1 percent of the global market, IKEA is relatively large in the candle segment. Today, IKEA uses approximately 60,000 tonnes of palm oil in total, of which around 59,000 tonnes are used for candle production. The rest is used for frying oil and food production, hygiene products and to prepare rattan for home furnishing products.

IKEA candles contain around 30 percent palm oil. We replaced paraffin in candles with palm stearin a few years ago in an effort to achieve a smaller carbon dioxide footprint. Based on what we know today, we believe that actively contributing to more sustainable palm oil production is the most effective way forward towards more sustainable products. However, the quest for more sustainable raw materials is constant, and IKEA continues to investigate alternatives to palm oil.

DEVELOPING GUIDELINES FOR FOOD OPERATIONS

IKEA has decided to assess the environmental impact of food operations in the stores. With the help of external expertise, we hope to get a better understanding of how to reduce energy and water consumption as well as minimise food waste and food packaging. The purpose is to create guidelines, to be rolled out in FY11, on how to minimise our environmental impact.

DECISION TO INTRODUCE UTZ CERTIFIED COCOA

IKEA has decided to introduce one UTZ Certified cocoa product in the IKEA food range in FY11, a dark chocolate bar. IKEA is expected to be the first retailer to offer a product with 100 percent, fully traceable UTZ Certified cocoa. As with UTZ Certified coffee purchased at IKEA, customers will be able to trace the beans used in the dark chocolate bar all the way back to the plantations through a code on the packaging.

For more information on UTZ Certified, please visit www.utzcertified.org

NEW ANIMAL WELFARE STANDARD FOR CHICKEN

IKEA has introduced its first animal welfare standard for food sourcing. The standard on broiler chicken has been developed together with Compassion in World Farming (CIWF), and the goal is that all chicken suppliers will comply as of January 2011.

The standard specifies the maximum stock density of 30 kg birds per square meter (m^2) compared to the current EU requirement of a maximum of 36-42 kg birds/m^2. Other requirements include that the chickens must have natural light through windows, perching and pecking objects, and access to straw bales to encourage foraging.

The work to develop more animal welfare standards continues in cooperation with CIWF. IKEA expects standards for egg laying hens, pig, beef cattle and dairy cattle to be the next to be developed in FY11 and FY12.

Read more about Compassion In World Farming at www.ciwf.org.uk

STANDARD FROM THE SALMON DIALOGUE CLOSE TO COMPLETION

IKEA and all its suppliers of salmon products participate in the Salmon Dialogue, a multi-stakeholder initiative managed by WWF. The Salmon Dialogue has developed principles and criteria for environmentally, socially and economically responsible salmon farming, which are to be finalised during 2011. The ambition is that all IKEA salmon products shall be sourced according to the Aquaculture Stewardship Council (ASC) standard by 2015.

Read more about the Aquaculture Stewardship Council at www.ascworldwide.org



GOOD EGG AWARD

IKEA Italy and IKEA Belgium received the "Good Egg Award" from Compassion in World Farming (CIWF) in 2010 following the decision to source eggs exclusively from hens that are not confined to cages.

The way we work

ECONOMISING ON RESOURCES

We want as many people as possible to be able to afford IKEA products as part of our vision to create a better everyday life. This applies to the home furnishing range as well as to the meals served in IKEA restaurants and the food sold in the Swedish Food Market.

Cost-consciousness is essential to this idea. This inspires us to make economical use of all resources and to seek innovative solutions. This in turn helps us to reduce our overall environmental impact.

HOME FURNISHING PRODUCTS

MAKING MORE FROM LESS

IKEA strives to use the least possible resources to make the best possible products, and we work systematically to integrate sustainability into our product solutions. Using hollow legs on furniture and chipboard as filling are classic IKEA ways of saving on wood resources.

We are also introducing new quality standards in cotton production to minimise the use of raw material while enhancing quality, and blending cotton with other materials to reduce cotton use.

RENEWABLE, RECYCLABLE AND RECYCLED MATERIALS

By the end of FY15, all product materials shall be renewable, recyclable or recycled. The main raw materials used in IKEA products are wood, cotton and glass. The latter is recyclable, while wood and cotton are renewable materials.

SUSTAINABLE SOURCING OF RAW MATERIALS

Raw material extraction is often associated with environmental and social concerns. IKEA wants to support the development of sustainable practices for what are often long and complex supply chains.

We work actively with our partners to spread better management practices in cotton-growing areas in India and Pakistan, and to increase the availability of certified wood.

In the future, we want to focus even more on finding ways to not only decrease the amount of raw materials required for IKEA products, but also to find alternative materials to avoid the depletion of precious resources.

Read more on page 59
Forestry

Read more on page 64
Cotton

NO ECO-LABELLING OF IKEA HOME FURNISHING PRODUCTS

We label our home furnishing products exclusively with the IKEA logo, as we want our customers to know that this stands for products that are safe and produced with respect for people and the environment. As this applies to the entire IKEA range, we have chosen not to use any certification labels for home furnishing products.

We want customers to confidently and freely choose among all our products, knowing that IKEA is committed to sustainable practices and that they do not have to choose between sustainability, style, function or price.

FOOD PRODUCTS

TACKLING CONCERNS OVER FISHING AND ANIMAL WELFARE

IKEA wants to offer quality food products at low prices, while also giving our customers peace of mind knowing that we source food products in a responsible manner.

IKEA has restrictive requirements on food products to prevent overfishing, and we cooperate with Compassion in World Farming (CIWF) to develop animal welfare standards.

The herring sold by IKEA comes from sustainable fisheries outside the coasts of Norway, and all of our salmon suppliers take part in WWF's Salmon Dialogue. When local restaurant dishes include fish caught in the wild, it must not come from endangered stocks.

Read more on page 49
Industry-specific requirements for IKEA Food suppliers

ALL COFFEE AT IKEA IS UTZ CERTIFIED

All coffee sold and served at IKEA is UTZ Certified. That means it has been produced with care for people and the environment, and that you can trace the beans all the way back to the plantations through a code on the packaging. UTZ Certified is an independent non-profit organisation that sets social and environmental standards for sustainable coffee growing and distribution, and now also cocoa and tea.

For more information on UTZ Certified, please visit www.utzcertified.org

ORGANIC FOOD AVAILABLE IN ALL STORES

All stores must offer at least one food dish based on exclusively organic ingredients, and a minimum of 10 percent of the range in the Swedish Food Market must be organic.

Currently, 14 percent of the global articles found in the Swedish Food Market are produced from organic ingredients. In addition, many markets source organic food for their national menu in the restaurants; for example IKEA Italy has around 70 organic ingredients used for restaurant food preparation.

COOPERATING WITH OTHERS

IKEA engages in dialogue with several stakeholders on animal welfare, such as the Compassion in World Farming (CIWF) and the Salmon Dialogue.

COMMENTS ON KPIS AND FIGURES 2010

IKEA has set new targets for the end of FY15 and will start reporting on progress in FY11. The IKEA Sustainability Product Score Card, which will be rolled out in FY11, will play a major role for more sustainable product development and purchasing in coming years.

The efficiency of energy and water consuming products will be compared with the estimated average installed products on European markets, using 2008 as a base year.

Today, we have little reliable data on the share of recycled and recyclable materials used for IKEA home furnishing products, but we know that the share of renewable materials remains fairly constant at around 70 percent as cotton and wood are our two most important raw materials.

All incandescent light bulbs were phased out during FY10, and sales of energy saving alternatives have increased.

KPI – CUSTOMERS: MORE SUSTAINABLE PRODUCTS

	FY10	Goal FY15
IKEA home furnishing products classified as more sustainabile, %	–	90
Renewable, recyclable, recycled materials %	–	100
Improved efficiency, %		
Improved efficiency of energy consuming products (compared to the average installed on the market 2008)	–	50
Improved efficiency water consuming products (compared to the average installed on the market 2008)	–	50

OTHER FIGURES

	FY07	FY08	FY09	FY10
Compact Fluorescent Light (CFL) bulbs sold %				
Compared to total light source range	51	55	57	55
Halogen light bulbs sold %				
Compared to total light source range	–	–	–	30
Appliances with energy rating A+ or A in the range, %				
Ovens	–	–	91	99
Freezer/fridges	–	–	100	100
Dishwashers	–	–	100	100
Organic products, %				
Organic products in the Swedish Food Market range, %	6	8	11	14

We work proactively to ensure safe and healthy products

We want our customers to feel confident that the products they purchase from IKEA are safe and of good quality. This is why our products are subject to extensive testing, and why IKEA works proactively to stay ahead of standards and regulations.

PREPARED FOR INCREASED REGULATION ON PRODUCT SAFETY

IKEA works proactively to meet and comply with legislation and standards on product safety. The number of international and national standards and requirements for consumer products are increasing, and the trend of shorter lead times for implementation continues. More than 60 new or updated legislations and standards that affect IKEA home furnishing products are expected to come into force during the coming three years. These requirements concern various areas, such as forest traceability, environmental requirements and reporting obligations, health, children's products and stability requirements.

Chemicals are a necessary part of most home furnishing products and manufacturing processes, but IKEA works actively to eliminate, replace and reduce harmful substances in products and production wherever feasible. IKEA has decided that, by end of FY13, substances that are due to be prohibited by law shall have been phased out from IKEA products before the legislation is in place.

ACTIVE PARTICIPATION IN STANDARDISATION EFFORTS

IKEA is often invited to participate in both national and international standardisation work in order to contribute knowledge and experience that helps secure high-quality standards and testing methods. In FY10, IKEA made an agreement with the Swedish Standard Institute to develop official translations of Chinese standards relating to home furnishing products. This will simplify the interpretation of Chinese requirements and help IKEA and other companies avoid non-compliance issues.







QUALITY TESTING SINCE THE 1960s

IKEA started to test product quality at the IKEA Test Laboratory in Älmhult, Sweden, in the 1960s. Today, this laboratory alone conducts 6,000-7,000 tests annually on fire resistance, durability, emissions and much more. Tests are based on various European and international safety and quality standards as well as IKEA-unique criteria that look at how customers might use the products. The laboratory is also a competence centre working closely with IKEA designers, product developers and technicians during product development.

REMOVING LEAD FROM HOME FURNISHING PRODUCTS

Whenever possible, IKEA strives to remove harmful substances from our products above and beyond legal requirements. Lead and cadmium are two such examples, and IKEA drinking glasses have been free of these substances since the early '90s.

In FY10, IKEA introduced new cost- and energy-efficient lead- and cadmium-free screen printing paint systems for glass, one using UV technology and one using thermal plastic inks. These printing techniques will be used for both drinking glasses and decorative glass products. In FY10, IKEA also introduced an alternative production method for mirrors, resulting in a lead-free mirror range.

When U.S. regulatory authorities decided on tougher limits for lead levels in children's products as of February 2010, IKEA decided to remove all lead from the entire range of IKEA fixtures and fittings by the end of FY11, and implementation at IKEA suppliers is under way.

WIDER SCOPE FOR THE IKEA CHILDREN'S SCHOOL

Co-workers across IKEA who work with the Children's IKEA range go through regular training in the IKEA Children's School. Our teachers are experts in their field and teach us about children's development and needs with focus on quality, safety and health. In FY10, invitations to the training sessions were extended to also include retail managers and suppliers of children's products.

The introductory e-learning has been updated and now includes a film "IKEA Children's School – The Movie" that gives an overview of children's needs and the implications on the IKEA range. The e-learning module is followed by classroom activities during one to three days, depending on the work role, before a participant is licenced to work with the IKEA Children's range.

ENABLING BETTER INFORMED FOOD CHOICES

We plan to provide full nutritional information to customers for the food served and sold in IKEA stores during FY11. This is already available on products in the Swedish Food Market range and on restaurant food served in some U.S. states. Transparent information on all food products and dishes will make it easier for customers to make informed choices.

The way we work

A GENEROUS RETURN POLICY AND STRICT FOLLOW-UP ROUTINES

IKEA has a generous return policy, and customers have at least 30 days to bring back purchased products for a full refund regardless of the reason for the return. Every return is systematically documented so that IKEA can analyse reasons for returns and take action when needed. There are routines in place for returns related to quality problems, so that measures can be investigated by IKEA and the supplier in question. In addition, return reasons that can be an indication of safety problems immediately prompt measures to prevent injury and/or health hazards.

RIGOROUS SAFETY ALARM PROCEDURES

Any indication of safety problems with IKEA home furnishing and food products immediately prompts measures determined by our Safety Alarm process to prevent injury and/or health hazards.

The Safety Alarm process helps us to secure and monitor product safety and safety standard compliance on all IKEA markets and to initiate corrective and preventive action if needed. All IKEA co-workers have a duty to report safety-related incidents or risks involving IKEA products. Our guidelines state that the threshold should be deliberately low for reporting, and that over-reporting is encouraged.

Alarms are directed to a central internal watchdog team, which is on stand-by around the clock, for initial classification. In case of severe risk, an immediate sales stop or recall can be set in motion almost instantly. All alarms trigger an investigation into the problem, involving all necessary parts of the IKEA organisation as well as suppliers and authorities when needed. Safety Alarms also provide important information for product developers and designers in their quest to develop safe and healthy products.

Every IKEA store and national Service Office has dedicated resources working with safety alarm procedures, and they receive regular training.

HOME FURNISHING PRODUCTS

PROACTIVE RISK ASSESSMENT AND EXTENSIVE TESTING

IKEA uses proactive risk assessments to ensure product safety by evaluating, detecting and eliminating potential hazards. Each year, thousands of tests are carried out on home furnishing products during IKEA product development, and various tests are conducted continuously during production.

Suppliers are required to have product tests conducted at IKEA-approved third-party laboratories. IKEA has its own third-party accredited test laboratories in Sweden and China, which are complemented by more than 100 external laboratories around the world.

The IKEA Test Laboratory in Älmhult, Sweden, has increased its work with proactive risk assessment during the early stages of home furnishing product development. Special technicians have been trained to work with designers and product developers from the drawing board, providing input to constructions and advice based on prototypes. Tests are conducted not only in relation to standards and regulations, but also based on how customers eventually use the product. In addition, the teams conduct assembly tests to facilitate the process for customers and make the final product safer to use.

SPECIAL FOCUS ON CHILDREN'S SAFETY

IKEA pays particular attention to children's products, which must meet especially high quality and safety requirements. We test IKEA children's products to strict national and international safety standards and legislation at independent, third-party test laboratories and institutes around the world. Tests are made before we start production and thereafter on a regular basis.

Special risk assessment based on children's needs is a cornerstone of our quality work during product development and in the production stage. The purpose is to detect and eliminate potential hazards and to ensure the product is safe to use also in ways an adult may not normally anticipate.

Co-workers across IKEA who work with the Children's IKEA range go through regular training in the IKEA Children's School to learn about children's development and needs, with focus on quality, safety and health.

USING THE SAFEST POSSIBLE CHEMICALS

IKEA aims to refrain from the use of chemicals and substances that could potentially be harmful to people and the environment. We strive to always use materials, surface treatments and production techniques with the lowest possible emissions.

The IKEA range shall comply with the strictest laws and safety standards on all our markets, and we have detailed requirements on the use of chemicals and other substances in the manufacturing process. If one country tightens its rules, we introduce these new regulations on all IKEA markets where and when possible.

Examples of such legislation are the EU RoHS directive on hazardous substances in electrical and electronic components and the REACH legislation on the restriction of chemicals.

IKEA participates in formal and informal networks related to REACH. For instance, IKEA monitors the updates of The International Chemical Secretariat's (ChemSec) initiative "Substitute it Now" (SIN), which lists substances that may be included in REACH.

FOOD PRODUCTS

SAFE AND HEALTHY FOOD PRODUCTS

Health is an important parameter when we develop the IKEA food range. We try to minimise the use of chemical additives, such as certain preservatives, and have prohibited monosodium glutamate (MSG) and AZO dyes, which are suspected to have negative health effects.

We have banned all flavour enhancers in IKEA branded food products. Also, IKEA does not allow genetically modified organisms (GMO) in IKEA branded products. As it is almost impossible to source GMO-free food in the United States and Canada, an exception of the ban has been issued for those countries. However, our own packaged brand products are always GMO-free regardless of where they are sourced and sold.

IKEA has limits on artificially produced trans fats in the cooking oil, food products and dishes sold and used in our stores. A maximum of 2 per cent of the total fat content may be trans fats, which is the smallest quantity that can be measured.

Read more on page 49
Industry-specific requirements for IKEA food suppliers

ENSURING RESTAURANT FOOD SAFETY

IKEA is determined to ensure that the food served in our restaurants and sold in the Swedish Food Markets is safe to eat. IKEA has a mandatory web-based learning programme on food safety for all co-workers working with food in our restaurants, kitchens and stores.

Two annual food safety audits are performed by external parties in every IKEA store. The audit includes food handling, cleaning practices, storage rooms and garbage practices. If deviations from protocol are detected, the store must immediately set up corrective measures and undergo a new audit. In addition, independent third-party auditors conduct compliance and calibration audits to ensure consistent audit judgement levels and follow-up procedures.

Increased customer engagement helps IKEA® make a difference

IKEA customers are encouraged to contribute to positive social and environmental development through campaigns and activities run by IKEA and our partners. Customer engagement reached new highs in FY10 and helped us make a difference in many parts of the world.

ANOTHER RECORD DONATION FROM SOFT TOYS CAMPAIGN

During the holiday season at the end of each year, one euro for every soft toy sold in IKEA stores worldwide is donated, split between Save the Children and UNICEF projects aimed at improving children's education. The FY10 campaign generated 7.1 million euro, and the FY11 campaign generated another 8.6 million euro, enabling UNICEF and Save the Children to extend or start projects in 22 countries.

During one extra week at the end of the FY11 campaign period leading up to Christmas 2010, donations were not only based on soft toys sales, but on all products in the Children's IKEA range and a special children's meal in the restaurants. And, for the first time, stores outside the IKEA Group took part in the campaign, bringing the number of participating stores to more than 300.

Since the campaign began in 2003, the IKEA Foundation has donated 35.2 million euro, enabling improved schools for approximately 8 million children in close to 40 countries.

Read more on page 53
The IKEA Foundation

SUCCESS FOR SUNNAN LAMP SALES AND DONATIONS

For every SUNNAN solar-powered lamp sold in IKEA stores, the IKEA Foundation donates one SUNNAN lamp, split between UNICEF and Save the Children. The lamps are distributed to children in developing countries to help them play, read, write and study after dusk. In the first 12 months from the start in June 2009, more than 500,000 SUNNAN lamps were sold – double the initial goal.

Donating lamps is an important contribution to children in developing countries – especially girls – who struggle to keep up at school because their only opportunity to do homework is at night after completing household chores.

SOFT TOYS ENGAGE CUSTOMERS AND CO-WORKERS

Since the annual IKEA Soft Toys campaign began in 2003, the IKEA Foundation has donated 35.2 million euro benefiting approximately eight million children in close to 40 countries. There are many examples of how the campaign engages both customers and co-workers – and the commitment grows from year to year!





For example, IKEA Poland encouraged additional soft toy sales by inviting customers to "give twice" by buying a soft toy and leaving it in transparent boxes placed near the store exits. As a result 6,000 soft toys were donated to eight children's hospitals around Poland in addition to the donation made by the IKEA Foundation to UNICEF and Save the Children educational projects. In Sweden, two co-workers from the store that generated the biggest soft toy sales were treated to a field trip to Moldavia with UNICEF to visit projects funded by the campaign.

IKEA FAMILY MEMBERS INVITED TO HELP PAKISTAN FLOOD VICTIMS

With homes, schools, hospitals, crops and livestock being destroyed by the 2010 flooding in Pakistan, an estimated nine million children and their families urgently needed shelter, food, water and health care.

The IKEA Foundation appealed to millions of IKEA FAMILY members to support a web-based donation campaign benefitting UNICEF and Save the Children emergency relief efforts in Pakistan. In addition, we have donated more than one million IKEA products, including 700,000 buckets, 200,000 blankets and 10,000 SUNNAN lamps.

HIGH ENGAGEMENT AMONG IKEA FAMILY MEMBERS

In several IKEA stores, the IKEA FAMILY customer club is used to engage customers in a variety of community projects. It can be through specific activities and campaigns, as well as through IKEA donations that are based on the number of times the IKEA FAMILY membership card is swiped in-store.

In the UK, every IKEA FAMILY card swipe raises money for the conservation charity Woodland Trust. Since 2007, about one million GBP have been raised, and 230 acres of woodland have been created.

IKEA FAMILY members that swipe their cards in Sweden raise 0.25 SEK to Save the Children's parent hotline, and this has generated four million SEK in the past two years. In Australia, IKEA FAMILY members can now choose which charity IKEA donates money to – each swipe generates 0.10 AUD to UNICEF Australia or, depending on which store the card is swiped in, three different local charities that work with children and young people.

In France, each card swipe during February every year generates 0.20 euro in money or IKEA furniture to "Fondation Abbé Pierre", an NGO that helps the most disadvantaged find decent, long-term housing. And IKEA Spain ran an IKEA FAMILY card swipe activity in March and April, when 0.10 euro was donated to support a variety of social projects selected at store level.

Read about current IKEA FAMILY activities in your country at www.IKEA.com

SUCCESS FOR CHRISTMAS TREE CAMPAIGN IN RUSSIA

Several IKEA markets have run Christmas Tree Campaigns in recent years. The latest country to successfully use this to engage customers in forestry issues was Russia. All Russian stores offered the opportunity for customers to bring back trees, purchased at IKEA, after the holidays to get part of the money back. For each returned tree, IKEA Russia donated 50 roubles to WWF.

Nearly 60 percent of the trees sold were returned, enabling the donation of 1.6 million roubles to a WWF school project in Arkhangelsk in northern Russia, teaching children the basics of responsible forestry and engaging them in tree planting. The returned Christmas trees were used by IKEA suppliers to produce items such as chipboard and pellets, while twigs and needles that could not be refined were used as bio-fuel.

The way we work

CUSTOMERS JOIN GLOBALLY, NATIONALLY AND LOCALLY

IKEA wants to help its customers to engage in activities that in some way contribute to a better world. These activities can be global, national or local.

The IKEA FAMILY customer club, with more than 38 million members in 23 countries, is often used to engage customers in a variety of community projects.

For more information on activities in your country, please visit www.IKEA.com

ENCOURAGING AND ENABLING RECYCLING

IKEA wants to make it easy for customers to recycle our products at the end of their lifecycle. Our Sustainability Direction for FY15 states that IKEA must take responsibility to enable and encourage customers to recycle and reuse products when they are no longer wanted.

Today, many stores offer at least some opportunities for customers to return and sort waste for recycling. For example, customers can return batteries and compact fluorescent light (CFL) bulbs at most IKEA stores. CFL bulbs use 80 percent less energy and last 10 times longer than traditional bulbs. However, CFL bulbs contain a small amount of mercury, which means that the bulbs have to be recycled in a safe way.

IKEA has started investigating the opportunities for full recyclability of different materials used in IKEA products, and how cyclic systems can save scarce natural resources and minimise CO_2 emissions.

Read more on page 85
Closing the loops

Read more on page 70
Waste

PROMOTING A MORE SUSTAINABLE LIFE AT HOME

We want to inspire IKEA customers and co-workers to adopt more sustainable behaviour in their everyday life and thus reduce their environmental impact. IKEA aims to identify products and services that we could offer to help our customers live a more sustainable life at home and to create customer awareness of how they can help reduce climate impact. The focus is on reducing energy and water consumption, preventing food waste and minimising other household waste.

Read more on page 83
Sustainable life at home

ENGAGEMENT IN EARTH HOUR

During Earth Hour, IKEA units from around the world pledge support of planet earth by turning off non-essential exterior and interior lighting, as well as offering a range of climate-related activities for customers and co-workers. WWF runs the Earth Hour event annually to increase awareness of climate change and to inspire practical actions that reduce our carbon footprint.

Read more about Earth Hour at www.earthhour.org

SALES SOFT TOYS CAMPAIGN (MILLION EURO)



CO-WORKERS











Strong co-worker relations help us grow and develop together

IKEA co-workers are our most valuable resource. We want co-workers that share our values to stay and grow with us. This is why we place emphasis on safe and healthy working conditions, sound benefits and career development based on equal opportunities and strong corporate values.

NEW GOALS FOR CO-WORKER SATISFACTION

We want our co-workers to stay and thrive with IKEA, and we continuously monitor overall job satisfaction and motivation through a company-wide survey called "VOICE".

In FY10, IKEA set the goal for the end of FY15 that the global average VOICE index should reach 700 out of a maximum 1000, up from 659 in FY10. We have also decided that the Leadership index, which measures co-workers' view on their managers, shall reach 75 by the end of FY15 compared to today's 73.

National and local improvement goals are to be set based on the surveys' sub-categories that are the most important for that particular organisation.

MORE TRANSPARENT CAREER OPPORTUNITIES SUPPORT DIVERSITY

IKEA has decided to introduce more transparent ways of spotting potential and promoting co-workers in order to increase diversity and expand the pool of upcoming talent.

For example, co-workers can nominate themselves to the new international "Backpacker Programme". Nominees are assessed through an online global tool before national Human Resources teams finalise the selection of a total of 200 young potentials for a one-year trainee programme in two different countries. The programme will not only help IKEA develop leaders for key positions and recruit them internally, but also provide each country with a broad pool of potential future leaders to develop in local programmes. The Backpacker Programme is expected to run for five years, with a 50/50 ratio of male and female participants.

Another way to promote diversity and equal opportunities is the "+200" project, which has the objective of identifying internal candidates to be developed as potential successors to 200 top management positions.



CO-WORKER ADVOCATE TEAM SUPPORTS U.S. CO-WORKERS

In the United States, IKEA co-workers who may have concerns with their managers, think they may have been unfairly treated or just need coaching on work relations have access to a special internal HR function to assist them. This Co-worker Relations team assists in anticipating, addressing and diffusing workplace issues; resolving disputes between and among management and co-workers; as well as working to maintain a positive and productive work environment. Co-workers' issues can be reported to the "iSpeak" call-centre or website, and a team of four people stand by to listen to their concerns, mediate, provide advice and suggest solutions or conduct an investigation. The team also has access to external competencies to help with, for example, legal advice.

BETTER HEALTH & SAFETY STANDARDS, WORKING CONDITIONS

Today, IKEA units base most of their occupational health and safety standards on local regulations and national legislation that vary from country to country. IKEA is now looking into the various standards, and we aim to level out differences by setting a minimum standard.

We are also looking into various ways of improving general working conditions in key areas. For example, IKEA and representatives from the European Works Council have conducted a case study at a saw mill in Slovakia, owned by IKEA's industrial arm Swedwood, in order to learn more about working conditions outside the retail environment. The aim is to develop guidelines and spread good examples to other IKEA industrial units.

NEW PRINCIPLES AND GUIDELINES FOR COMPENSATION & BENEFITS

IKEA wants to offer competitive and transparent compensation and benefits that attract, motivate and retain talent. To support this, IKEA has developed global, mandatory guidelines for compensation and benefits that are to be implemented on all markets during FY12.

The guidelines provide a common global approach combined with clear local responsibility to secure relevance, competitiveness and to meet the individual need in line with different life situations. Each country must offer the same benefit structure for all co-workers in the country and support co-workers with individually adapted benefits to reflect and meet changing needs in life over the years.

Benefits are to be based on core IKEA values as well as local laws and market conditions, and there must be an element that is considered outstanding on the market. For example, legislated parental leave varies from country to country, and IKEA may locally select this as an area where outstanding benefits could be offered.

"A GREAT PLACE TO WORK"

In 2010, the Great Place to Work Institute's annual Trust Index Survey listed IKEA Poland as the best large workplace (more than 1,000 employees) in Poland, and the 49th best large workplace in Europe. IKEA Spain and IKEA Finland were ranked the second and third best large workplace in their respective countries.

Nearly 300,000 employees provided feedback on 1,300 companies, making this the largest annual workplace survey in the world. The survey's definition of a great workplace is an organisation where employees trust the people they work for, have pride in what they do and enjoy the people they work with.



The way we work

OUR VALUES SHOW US THE WAY

IKEA embraces human rights and respect for the individual, and the way we work is based on a strong and living company culture. The foundation is a set of shared values that guide us in our everyday work.

We value togetherness, humbleness, simplicity, cost-consciousness and common sense. We share a strong desire to learn and improve. We encourage co-workers to question accepted solutions and test new ideas, and see mistakes as a way to grow and develop. We expect our managers to lead by example, to live and explain the IKEA values.

LISTENING TO OUR CO-WORKERS

IKEA uses a company-wide survey called "VOICE" to monitor how co-workers view various aspects of their employment at IKEA. Each year, we ask our co-workers to fill in the survey anonymously to highlight what motivates them and what they are dissatisfied with. Results from the survey help define areas to develop at IKEA. As a complement, the "IKEA Leadership Index" quantifies how co-workers view their managers.

SAFE AND HEALTHY WORKING CONDITIONS

IKEA strives to offer a safe and healthy work environment for all our co-workers. The safety of co-workers and customers is a top priority at IKEA, and much emphasis is placed on making sure co-workers get appropriate training and have access to the right tools and safety-gear.

All co-workers within retail and distribution undergo safety training before starting to work at IKEA. This includes training on how to use equipment and machinery, fire and evacuation training, routines to prevent and handle workplace accidents, ergonomics, etc. If appropriate, co-workers are also trained on how to handle threats – such as bomb threats – and robbery situations.

Each country shall have its own safety committee with co-worker representatives, working actively to secure a safe working environment. Each IKEA unit also has a risk manager, responsible for local safety routines and drills based on the IKEA Group Risk Manual. Safety work is evaluated annually.

DIALOGUE WITH UNIONS

IKEA strives to have open and honest dialogues with co-workers, unions and other co-worker associations locally and internationally, building and developing constructive relationships based on mutual respect. Through our commitment to this dialogue, we challenge ourselves, our co-workers and their associations to find innovative and sustainable solutions based on the IKEA culture of simplicity and cost-consciousness.

IKEA supports each co-worker's right to freedom of association and does not express any preference within the institutional and recognised co-worker associations. We respect the rights of our co-workers to join, form or not to join a co-worker association of their choice without fear of reprisal, interference, intimidation or harassment.

STRIVING FOR DIVERSITY AND EQUAL OPPORTUNITIES

We are convinced that IKEA becomes more creative and dynamic with a diverse work force, and we strive to recruit co-workers of different backgrounds and experiences. The top 800 IKEA managers around the world represent more than 50 different nationalities, and our overall ambition is to have a workforce that mirrors the diverse IKEA customer base.

SUPPORT TO FULFILLING CAREERS

We want our co-workers to have a fulfilling career and grow with us, both professionally and personally. Each co-worker is in charge of his or her own competence development with continuous support from IKEA.

Co-workers who have mastered their current job are encouraged to seek new challenges. This could be in the form of more responsibility or through an alternative career route inside IKEA by changing location or work function. The annual development talk is one opportunity to discuss and outline career paths as well as training needs.

Competence development in many forms is available to all, from the introduction of new co-workers to top management, often in the form of on-the-job training complemented by traditional classroom courses and a wide range of web-based training activities for all aspects of IKEA operations.

E-learning activities from the IKEA Learning Centre help develop relevant and essential skills for various IKEA functions and reach many co-workers with the same education.

KEEPING CO-WORKERS INFORMED

Access to relevant information is a necessity to enable co-workers to do their job, but IKEA also wants to build strong relations with co-workers and help them engage in their workplace with a sense of value and belonging. Well-functioning internal communication is a foundation for our co-workers' ability to perform their tasks and to learn and develop, as well as for effective leadership.

Each manager is responsible for ensuring that his or her co-workers have the ability and tools to receive and understand relevant information. Communication skills are part of all basic leadership training programmes, and there are a number of tools and specialists available to support managers.

The IKEA Intranet is complemented by a variety of different channels such as regular meetings, easily accessible notice boards and plasma screens, newsletters and closed-circuit radio. The global co-worker Magazine Readme which is distributed to all co-workers and translated into 19 languages. This magazine is in many parts of the organisation complemented by national and local magazines.

In many countries, IKEA has web-enabled services on the Internet to better reach co-workers with limited computer access at work and better access outside work. Co-workers can log in through the web browser of any computer or mobile phone to access a range of simply written benefit descriptions and self-serve applications relating to wages and benefits, as well as news and information about various IKEA activities.

TRANSPARENT JOB MARKET THROUGH "JOBS AT IKEA"

We want to make it easy for potential job applicants to see whether IKEA fits their needs and aspirations, and we want to recruit co-workers who will enjoy a long-term career with IKEA. This is why IKEA values are one important aspect of the "Jobs at IKEA" section of the IKEA website. The content and structure gives an overview of what it is like to work at IKEA, with co-worker stories and descriptions of various jobs, and job applications can be made online.

In FY10, IKEA received nearly one million applications, both for unsolicited and specific open positions.

SUPPORTING WORK-LIFE BALANCE

Co-workers of different ages are at different stages of their lives, and have different professional needs and abilities.

IKEA can meet individual co-worker needs for work-life balance in various ways, for example, by offering flexible working hours, part- or full-time work, more or less responsibility, job sharing or telecommuting.

COMMENTS TO KPIS AND FIGURES 2010

Overall results from VOICE and the leadership index remain steady. There is a clear connection between good leadership and a good working climate, which in turn has a clear connection to business results. This is why we have ambitious global goals for FY15. With global goals as a base, national and local improvement targets are developed from local survey results and the priorities that are the most important for that particular organisation.

There are more women than men working on the IKEA sales floors, and while the share of women is increasing at management level, we still have some way to go before we reach our goal of full gender balance. When the percentage of male/female managers does not add up to 100, it is due to vacancies.

IKEA operates in a constantly evolving and competitive retail environment with high staff turnover. However, staff turnover continued to decrease in FY10, as a result of the economic downturn as well as persistent efforts to increase the retention rate. The average length of employment for an IKEA co-worker is around four years, and staff turnover is significantly lower among full-time co-workers.

KPI – CO-WORKERS: VOICE

	FY07	FY08	FY09	FY10	Goal FY15
VOICE and Leadership index (IKEA total)					
Overall VOICE index	629	646	663	659	700
Leadership Index	70	72	73	73	75

KPI – CO-WORKERS: DIVERSITY

	FY07	FY08	FY09	FY10	Goal FY15
Management – share of male/female					
Stores	–	64/36	65/34	60/38	50/50
Retail management	–	64/36	60/39	58/42	50/50
Distribution	–	67/33	69/31	58/40	50/50
Trading	–	64/36	65/35	61/39	50/50
Others	–	74/26	68/32	62/38	50/50
TOTAL management	–	–	–	60/39	50/50

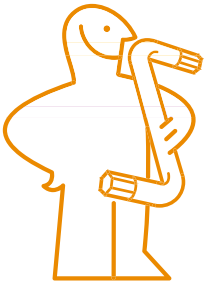
OTHER FIGURES

	FY07	FY08	FY09	FY10
Staff turnover				
Part-time	–	32	22.4	20.5
Full-time	–	16	11.9	10.6
All	–	24	16.4	14.8

CO-WORKERS

127,000

Total number of co-workers



41

Total number of countries



SUPPLIERS











Ten years of learning guide us into the future

IKEA relies on good, long-term relations with suppliers who take social and environmental responsibility. Our focus is to motivate and support suppliers' continuous efforts to improve. The IKEA code of conduct IWAY has played, and will continue to play, an important role in positive developments.

CELEBRATING TEN YEARS OF IWAY DEVELOPMENTS

2010 marks the ten-year anniversary for the IKEA code of conduct, IWAY. Our social and environmental requirements have helped both IKEA and its suppliers to become more responsible and more competitive in a society that rightfully expects us to constantly do better. IKEA has started the work to take IWAY to the next level, making significant efforts to reach full compliance deeper into our supply chains.

Since it was first introduced in 2000, IWAY has contributed to many large and small improvements in the IKEA supply chain. Many suppliers have also experienced that investments in working conditions and the environment often lead to more orders, better productivity and improved profitability, thereby improving competitiveness.

So far, hundreds of lakes, rivers and local communities have benefited from IKEA-required waste water treatment installations at factories, and improved water management has made a huge difference especially in developing countries. Hundreds of thousands of workers now know more about their basic rights, for example about the benefits they are entitled to. They have opportunities to influence health and safety aspects at their workplace, and many accidents have been prevented through better fire safety equipment and regular evacuation drills.

Over the years, the focus in IWAY and our work has shifted to be more about what needs to be achieved rather than on detailing how to do it. This has opened up opportunities for flexible solutions better adapted to each individual situation, encouraging suppliers to take more responsibility themselves. Monitoring and audits have remained an important part of securing compliance, but we have also devoted an increasing amount of resources to supporting and developing suppliers in a number of key areas in order to strengthen their ability to fulfil and surpass our requirements.

A working group has now started planning for IWAY of the future, which is expected to be ready for implementation in FY13. The work will involve a variety of internal competencies and external experts to ensure the best possible scope and content.



SUPPORTING SUPPLIER DEVELOPMENT

IKEA representatives are often on-site at suppliers, where an open dialogue encourages active responsibility for social and environmental issues. A new, systematic approach to home furnishing supplier development was introduced in FY10. Initially around 200 suppliers are eligible to be part of a Supplier Development Programme (SDP).

Read more on page 39
Home furnishing suppliers

The way we work

THE IKEA SUPPLY CHAIN

IKEA has thousands of suppliers and service providers covering the wide range of products and services required for global operations. In addition to the suppliers of home furnishing products in the IKEA range, there are food product suppliers, goods transport service providers and companies that provide IKEA with indirect services and materials. In turn, most of these have a number of sub-suppliers.

Our main focus has been on IKEA home furnishing suppliers, and on supporting them in taking responsibility for people and the environment. IKEA co-workers are often on-site at these suppliers, and our close and long-term relationships with them have contributed to many improvements. Over the past few years, IKEA has gradually increased its efforts to also support developments with the vast range of other suppliers and service providers.

CLOSE AND LONG-TERM RELATIONSHIPS

The supply chain is often long with numerous sub-suppliers. Many IKEA home furnishing suppliers operate in developing countries that struggle with social and environmental challenges.

We believe IKEA contributes to positive developments in the supply chain by being on-site and conducting responsible business, and by cooperating with others – companies, authorities and NGOs.

IKEA strives to build long-term relationships with suppliers who share our values and want to grow and develop together with IKEA. Our focus is to motivate and support suppliers to take more responsibility and ownership themselves, so that developments become sustainable and independent of IKEA presence.

THE CODE OF CONDUCT IWAY

IWAY is the IKEA code of conduct, first introduced in 2000. It specifies the requirements that we place on suppliers of products and services. We focus on building the suppliers' understanding of what they need to comply with so that they can implement the most suitable measures more independently. In addition to the main document, there are several industry-specific supplements and a special code of conduct for child labour. IKEA suppliers are responsible for communicating the content of the IKEA code of conduct to their employees and sub-suppliers.

New suppliers are selected based on a list of IWAY start-up requirements. This helps us select suppliers that share our values and who want to grow and develop together with us.

Suppliers must comply with the IWAY start-up requirements before being allowed to deliver to IKEA, while being given a maximum implementation time of 12 months from the first delivery date for other IWAY requirements.

Read more on page 38
Requirements in the IKEA code of conduct

THE IKEA WAY ON PREVENTING CHILD LABOUR

IKEA does not accept child labour and works actively to prevent it. All IKEA suppliers and sub-contractors must comply with a special code of conduct on child labour, The IKEA Way on Preventing Child Labour. It has been established in order to make the IKEA position on child labour clear to suppliers, their sub-contractors and their employees, as well as to other relevant parties. All actions taken shall be in the best interests of the child.

IKEA conducts regular audits to ensure that there are no children working on home furnishing suppliers' premises all over the world. In addition, KPMG, a third-party auditor, conducts unannounced random checks at hundreds of suppliers and their sub-contractors in India with special emphasis on child labour. Third-party auditor Intertek has started conducting child labour audits at IKEA sub-suppliers in Bangladesh.

Read more on page 38
Requirements in The IKEA Way on Preventing Child Labour

COLLABORATION ON GLOBAL SUPPLY CHAIN STANDARDS

IKEA is a member of the Global Social Compliance Programme (GSCP), an industry-initiated programme working towards a sustainable approach for the improvement of working and environmental conditions in global supply chains.

GSCP provides a platform for companies to build consensus on best practices and to work in partnership with suppliers on the continuous improvement of working and environmental conditions through training and capacity building activities.

Read more about Global Social Compliance Programme at www.gscpnet.com

NUMBER OF IKEA SUPPLIERS

1,074* IKEA Home Furnishing suppliers

251 IKEA Transport service providers (excluding Customer Delivery carriers)

90 IKEA Food suppliers (global)

39 IKEA Catalogue suppliers

* IKEA home furnishing suppliers operate in 55 countries around the world, including Swedwood and Swedspan, which are part of the IKEA Group.

The IKEA code of conduct – IWAY

IWAY specifies the requirements that we place on suppliers of products and services. Suppliers are responsible for communicating the content of the IKEA code of conduct to their employees and sub-suppliers. Below is a summary of some of the key points of IWAY.

1. LEGAL COMPLIANCE
The IKEA supplier shall always comply with the most demanding requirements whether they are relevant applicable laws or IKEA IWAY specific requirements.

2. START-UP REQUIREMENTS
The following criteria need to be fulfilled before starting up a business relationship with IKEA:

- No child labour
- No forced or bonded labour
- No severe environmental pollution
- No severe safety hazards
- A transparent and reliable system for records of working hours and wages
- Insurance covering medical treatment for work related accidents to all workers

3. ENVIRONMENTAL STANDARDS
Suppliers shall have plans in place to reduce the environmental impacts from their production and operations.

Suppliers must:

- Work to reduce energy consumption
- Prevent pollution to air, ground and water
- Handle, store and dispose of chemicals and hazardous waste in an environmentally safe manner
- Ensure that workers handling chemicals and hazardous waste have the right competence and are adequately trained

4. SOCIAL AND WORKING CONDITIONS
IKEA expects its suppliers to respect fundamental human rights, and to treat their workers fairly and with respect.
Suppliers must:

- Provide a healthy and safe working environment
- Provide health and safety training for workers
- Ensure their buildings are safe, have reasonable privacy, are quiet and have facilities for personal hygiene, in those instances where housing facilities are provided
- Pay at least the minimum legal wage and compensate for overtime
- Base overtime on voluntary agreements, not exceeding legal limits
- Allow time off and regular breaks
- Not discriminate on any basis
- Not prevent workers from exercising collective bargaining activities
- Not accept corporal punishment, threats of violence or other forms of mental or physical coercion

The IKEA Way on Preventing Child Labour

The IKEA Way on Preventing Child Labour details the IKEA position on child labour and specifies mandatory requirements for IKEA suppliers and their sub-contractors. Below is a summary of the key points.

1. GENERAL PRINCIPLE
IKEA does not accept child labour. IKEA supports the United Nations (UN) Convention on the Rights of the Child (1989). Our position is also based on the International Labour Organisation (ILO) Minimum Age Convention no. 138 and the Worst Forms of Child Labour convention no.182.

2. IMPLEMENTATION
IKEA requires that all suppliers shall recognise the UN Convention on the Rights of the Child, and take actions to prevent child labour.

Suppliers must comply with all relevant national and international laws, regulations and provisions applicable in the country of production.

If child labour is found in any place of production, IKEA requires the supplier to implement an immediate corrective action plan. The corrective action plan shall take the child's best interests into consideration and enable more viable and sustainable alternatives for the child's development.

3. YOUNG WORKERS
IKEA supports the legal employment of young workers. Young workers of legal working age have, until the age of 18, the right to be protected.

IKEA requires all its suppliers to ensure that young workers are treated according to the law, including measures to avoid hazardous jobs, night shifts and ensure minimum wages. Limits for working hours and overtime should be set with special consideration to the worker's young age.

4. LABOUR FORCE REGISTER
Suppliers shall maintain documentation for every worker verifying the worker's date of birth.

5. MONITORING
Suppliers are obliged to keep IKEA informed at all times about all places of production (including their sub-contractors). IKEA has reserved the right to make unannounced visits at any time to all places of production (including their sub-contractors) of IKEA products.

A new generation of supplier development programmes

IKEA is a production-oriented company, and we are often on-site in the factories. This active presence and a solid understanding of production terms give us influence and the opportunity to take on an active role in supplier development. Over the next few years, prioritised suppliers will be eligible for development programmes in six different categories.

INTRODUCING SUPPLIER DEVELOPMENT PROGRAMMES

A new, systematic approach to home furnishing supplier development was introduced in FY10. All 1,074 IKEA home furnishing suppliers have been classified based on capacity, performance and long-term potential, including sustainability aspects. Initially, around 200 suppliers with the highest priority classification are eligible to be part of a Supplier Development Programme (SDP).

During the SDP analysis phase, IKEA identifies a limited number of suppliers with particular potential to improve within a specific area, and offers support for a certain period of time. Support can be provided within six main categories: sustainability, purchasing (including raw materials), logistics, manufacturing, quality and product development.

SDP Sustainability focuses on two sub-categories: energy and water. Forestry issues and several other environmental aspects of suppliers' activities, such as raw material utilisation, are sub-categories covered by other SDP categories.

GOAL TO REACH 100 PERCENT IWAY COMPLIANCE BY END FY12

One of the goals in our new Sustainability Direction is that all IKEA home furnishing suppliers shall comply with all requirements in the code of conduct IWAY by the end of FY12. New suppliers must comply with the IWAY start-up requirements before being allowed to deliver to IKEA, while being given a maximum implementation time of 12 months from the first delivery date for other IWAY requirements.

Read more on page 36–38
IWAY code of conduct

It is realistic to expect challenges to achieve full IWAY compliance by FY12 among suppliers in some Asian countries. For instance, full IWAY compliance in China will take longer since there are major challenges related to freedom of association and working hours. There is a wide gap between legislated working hours and reality in China. The high share of migrant workers in China means that in some regions an 80 hour working week is not uncommon. We have decided to take a step-wise approach to meeting this challenge by working with our suppliers to first secure a maximum 60-hour total work week by the end of FY12 and then work towards the legal limit of 40 working hours per week plus a maximum of 36 overtime hours per month.

Further, IWAY states that workers should have freedom of association. Today, Chinese legislation restricts this, and it is not possible for our Chinese suppliers to comply with our requirement. To improve social and working conditions in China, IKEA cooperates with other international companies and organisations while also seeking support from Chinese authorities. In the meantime, the IWAY requirement on "Health & Safety Committees" allows Chinese workers to give input on their working situation.

INCREASED EFFORTS TO SECURE IWAY AT SUB-SUPPLIERS

The work to secure the IKEA code of conduct IWAY at sub-suppliers has progressed and we have increased our support to suppliers in their work to implement and maintain the IWAY requirements at sub-suppliers' units. We have also increased the number of sub-supplier audits.

Updated global guidelines on how to work with suppliers on IWAY and to better secure the requirements at sub-suppliers were introduced in FY10. The work with sub-suppliers is primarily focused on compliance with the IWAY start-up requirements at those sub-suppliers that are categorised as critical.

The purchasing organisation in South Asia, where suppliers often use many sub-suppliers that can be home-based and/or spread over a large geographical area, has developed a web-based real-time database of sub-suppliers. Here, suppliers continuously update details on their sub-suppliers to the end of the supply chain, providing the necessary details to allow for concentrated improvement efforts as well as unannounced audits in high-risk areas. IKEA is currently looking into a common database solution that can be used where today's systems do not meet IKEA's needs.

IWAY CALIBRATION AND TRAINING ACTIVITIES

The Compliance and Monitoring Group (CMG) has conducted a large number of IWAY calibration activities during the year following the updated IWAY requirements in FY09.

This has given those working with IWAY the opportunity to take part in discussions and workshops in the factories aimed at clarifying the revised IWAY requirements and increasing understanding.

COOPERATING WITH OTHERS ON CHALLENGING TOPICS

IKEA believes that cooperation with others helps us achieve more than we could on our own, not least when it comes to challenging areas and topics that are not unique for IKEA. For example, in South Asia, we collaborate with other retailers to support positive developments related to wages and compensation, as well as code of conduct implementation at sub-suppliers. In northwestern Vietnam, Save the Children has helped us educate 1,500 parents and village influencers in children's rights to prevent child labour in the often home-based textile industry.



The way we work

IWAY SUPPORT AND MONITORING

IKEA co-workers from our local and regional IKEA Trading Service Offices are often on-site at suppliers' factories to support and motivate suppliers to implement and maintain IWAY requirements. Their active presence contributes to suppliers' development.

IKEA auditors regularly visit suppliers to ensure that IWAY criteria are met. These visits can be both announced and unannounced. Over the last few years, the number of unannounced audits has increased substantially. These give us a more accurate picture of suppliers' factories and help us focus support to specific areas of non-compliance.

Each supplier is audited at least every second year, and more frequently in some countries based on risk assessment. IKEA auditors help with action plans when there is non-compliance, and they conduct follow-up visits to review progress.

There are clear mandatory directions for how to conduct audits, what the consequences are in case of incompliance, how to follow up, etc. Incompliance with the IWAY start-up requirements leads to immediate stop of deliveries, while suppliers have up to 90 days to implement corrective actions in case of non-compliance with other requirements. Once non-compliance with start-up requirements is resolved, suppliers are still on probation for six months with intensified monitoring. Non-compliance data are followed up on a monthly basis.

The IKEA Compliance and Monitoring group (CMG) is responsible for ensuring that the same audit judgement level and follow-up procedures are used worldwide. This is done through separate calibration activities and training as well as compliance audits to verify results. Together these ensure a common audit and implementation standard.

Third-party auditors such as KPMG, Intertek Testing Services and PricewaterhouseCoopers verify IKEA working methods and audit results. These third-party auditors also conduct their own audits at IKEA suppliers.

SUPPLIERS RESPONSIBLE FOR IWAY AT SUB-SUPPLIERS

A sub-supplier is defined as a company supplying services, raw material, components, and/or production capacity to an IKEA supplier. It is the responsibility of the IKEA suppliers to ensure that their sub-suppliers acknowledge, understand and accept the IWAY requirements. However, the IKEA supply chain is often long, and ensuring IWAY compliance at many thousands of sub-suppliers represents a major challenge.

IKEA initiates wood supply chain audits at sub-suppliers of wood raw material for IKEA products. For other types of sub-suppliers outside of suppliers' premises, we conduct a limited number of IWAY audits. These audits primarily target sub-suppliers who produce a main part of an IKEA product and those who use processes recognised as potentially harmful to the environment or to the health or safety of workers. Audits also target sub-suppliers operating in an industry or supply setup that is prone to child labour and/or forced and bonded labour.

COOPERATION WITH BSR ON "ONE VOICE – BEYOND MONITORING"

Business for Social Responsibility (BSR) is an organisation developing socially responsible business solutions for many of the world's leading corporations. IKEA is part of the BSR project "One Voice – Beyond Monitoring" to address corporate social responsibility challenges in China.

Read more about Business for Social Responsibility at www.bsr.org

COMMENTS ON KPIS AND FIGURES 2010

The total number of IKEA suppliers has decreased over the last few years, which means that the total number of audits conducted has also decreased. However, the average number of audits per supplier has increased somewhat. Each supplier is audited at least every second year, and more frequently in some regions based on risk assessment. The number of unannounced audits has increased substantially over the last few years.

Our new overall goal is that all home furnishing suppliers shall be IWAY approved by the end of FY12, and, in general, compliance is moving in the right direction on all three continents.

To achieve full IWAY compliance by FY12 among suppliers in some Asian countries we face challenges relating to, for instance, working hours, minimum legal wages and social insurance.

Although we have made progress, working hours continue to be above legal requirements and international norms in some regions. It is also true that in China and Vietnam legal restriction regarding freedom of association prevents suppliers from meeting IWAY requirements. In both of these cases, although not fully approving the suppliers, we have given an exception to these questions in order to work with suppliers to solve issues that are complex and not always fully under their own control.

KPI – SUPPLIERS: HOME FURNISHING SUPPLIERS

	FY07	FY08	FY09	FY10	Goal FY12
IWAY approved home furnishing suppliers, %					
Europe	78	80	79	89	100
Americas	67	91	83	85	100
Asia, total	17	21	22	26	100
China	4	7	7	7	100
South Asia	32	34	41	62	100
South East Asia	52	63	65	68	100
All regions	**50**	**54**	**52**	**57**	**100**

China

There is a wide gap between legislated working hours and reality in China. The high share of migrant workers in China means that in some regions an 80 hour working week is not uncommon.

We have decided to take a step-wise approach to meeting this challenge by working with our suppliers to first secure a maximum 60-hour total work week by the end of FY12 and then work towards the legal limit of 40 working hours per week plus a maximum of 36 overtime hours per month.

We feel this is a realistic and pragmatic approach, and as we will continue to have a long-term relationship with most of our suppliers this will lead to a more sustainable implementation of IWAY.

Our requirement regarding freedom of association contradicts Chinese legislation, and it is not currently possible for our Chinese suppliers to comply. The development of workers' health and safety committees has provided workers with a voice in their everyday working conditions. However, this still does not represent freedom of association.

Still, only 7 percent of Chinese suppliers are IWAY approved with the above exceptions taken into consideration. Achieving full compliance with social insurance requirements remains a challenge, but we are progressing and have secured full coverage of accident insurance in FY10.

We have also seen steady progress related to chemical and waste management, fire prevention and workers' health and safety, and today the average IWAY fulfilment rate for Chinese suppliers is 93 percent.

South Asia

South Asia shows significantly improved IWAY approval rates, most notably when it comes to working hours. Excessive overtime is common in the region, but our focused efforts to support suppliers with guidelines and action plans have led to substantial improvements. Compliance with requirements related to wages, benefits and working hours increased to 92.2 percent from 82.5 percent.

South East Asia

South East Asia, too, shows improvements in almost all IWAY requirement categories. However, the region continues to face challenges related to working hours, which is primarily due to legislation in Thailand that allows for a total of 84 hours worked per week. We have again begun to work with our suppliers to take a step-by-step approach to meeting a 60-hour work week and a fully sustainable IWAY implementation by the end of FY12.

OTHER FIGURES

	FY07	FY08	FY09	FY10
Number of IKEA Trading IWAY audits / of which were unannounced				
Europe	492/7	480/21	375/70	365/29
Americas	42/0	31/0	29/2	29/1
Asia	785/207	693/359	646/451	645/501
Total	**1,319/214**	**1,204/380**	**1,049/523**	**1,039/531**
Number of IKEA CMG calibration audits				
Europe	22	20	19	21
Americas	2	2	2	2
Asia	20	24	22	32
Total	**44**	**46**	**43**	**55**

	FY07	FY08	FY09	FY10
Number of third party audits / of which were unannounced				
Europe	14	17/16	15/15	12/12
Americas	0	0	0	0
Asia	34	29/15	30/30	35/35
Total	**48**	**46/31**	**45/45**	**47/47**
Number of third party child labour audits				
Total	343	435	365	365
Terminated business, number of suppliers				
Due to IWAY non-compliance only	24	20	10	10
Due to non-compliance and other reasons	32	28	43	17

PURCHASING PER REGION, %



62 % Europe



34 % Asia



4 % North America

AVERAGE IWAY FULFILMENT RATES



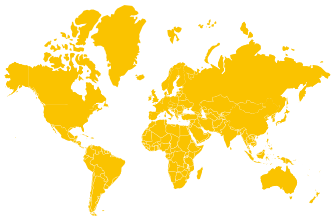
100 % Europe



99 % Americas



94 % Asia



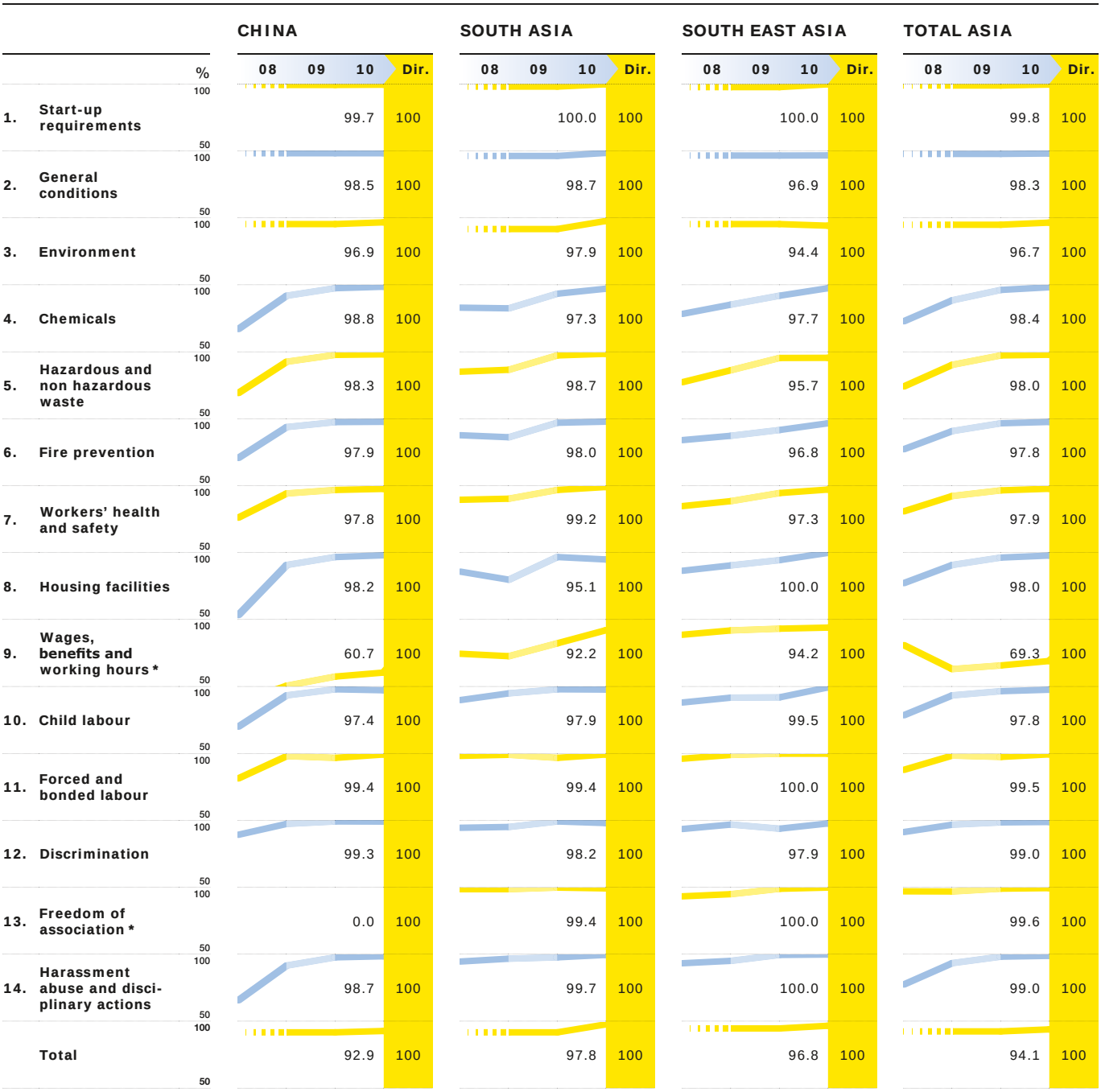
98 % All regions

AVERAGE IWAY FULFILMENT RATES FY10 – REGIONS

		%	EUROPE				AMERICAS				ASIA				TOTAL REGIONS			
			08	09	10	Dir.	08	09	10	Dir.	08	09	10	Dir.	08	09	10	Dir.
1.	Start-up requirements	100 / 50			100.0	100			100.0	100			99.8	100			99.9	100
2.	General conditions	100 / 50			99.5	100			98.8	100			98.3	100			99.3	100
3.	Environment	100 / 50			99.2	100			97.8	100			96.7	100			98.7	100
4.	Chemicals	100 / 50			99.4	100			99.2	100			98.4	100			99.2	100
5.	Hazardous and non hazardous waste	100 / 50			99.4	100			99.2	100			98.0	100			99.2	100
6.	Fire prevention	100 / 50			99.1	100			98.4	100			97.8	100			98.8	100
7.	Workers' health and safety	100 / 50			99.5	100			98.8	100			97.9	100			99.1	100
8.	Housing facilities	100 / 50			99.8	100			100.0	100			98.0	100			99.3	100
9.	Wages, benefits and working hours *	100 / 50			99.0	100			99.3	100			69.3	100			89.2	100
10.	Child labour	100 / 50			99.9	100			100.0	100			97.8	100			99.4	100
11.	Forced and bonded labour	100 / 50			99.9	100			100.0	100			99.5	100			99.8	100
12.	Discrimination	100 / 50			99.8	100			100.0	100			99.0	100			99.6	100
13.	Freedom of association *	100 / 50			100.0	100			100.0	100			99.6	100			100.0	100
14.	Harassment abuse and disciplinary actions	100 / 50			99.9	100			99.2	100			99.0	100			99.6	100
	Total	100 / 50			99.5	100			99.0	100			94.1	100			97.8	100

* See Comments on KPIs and figures 2010 on page 42.

AVERAGE IWAY FULFILMENT RATES FY10 – ASIA



* See Comments on KPIs and figures 2010 on page 42.

Making sure IKEA® uses responsible transport service providers

IKEA transport service providers are key to efficient and sustainable goods shipments from suppliers to warehouses and stores, and to home deliveries from store to customer. In FY10, customer delivery transport providers started implementing IWAY to secure our requirements on social and environmental responsibility.

INTRODUCING IWAY AT CUSTOMER DELIVERY TRANSPORT PROVIDERS

IKEA's long-haul ocean and land transport service providers have been covered by the code of conduct IWAY since 2005. In FY10, IKEA expanded the IWAY scope to include customer delivery carriers that transport products from our customer distribution centres (CDC) directly to IKEA customers.

These carriers generally use smaller vehicles to transport products to customers' homes. In the first year, eight customer delivery carriers representing 20 percent of our total expenditure in this category were audited and approved as compliant with IWAY as well as the industry-specific requirements. This indicates a generally high level of preparedness in the industry with regard to the issues included in IWAY.

The goal is that these carriers as well as the long-haul carriers shall comply with IWAY and the industry-specific requirements by the end of FY12. New suppliers must comply with the IWAY start-up requirements before being allowed to deliver to IKEA, while being given a maximum implementation time of nine months for all other requirements.

CLEAN CARGO DATA TO BE USED FOR PROCUREMENT

IKEA is part of the Clean Cargo Working Group (CCWG), a project under Business for Social Responsibility (BSR). The Environmental Performance Matrix, which maps ocean carriers' environmental impact, was developed in FY09, and carriers have provided data for both FY09 and FY10.

The way we work

IWAY SUPPORT AND MONITORING

IKEA products are transported by road, rail and sea between suppliers, distribution centres and IKEA stores, and from our stores home to our customers.

IKEA audits its transport service providers at least every 24 months to monitor compliance with our code of conduct IWAY, including the transport industry-specific requirements.

In addition, IKEA transport social & environmental developers engage in dialogue with transport service providers on a regular basis to support best-practice exchanges between suppliers and to make sure transport service providers conduct their own internal audits annually.

Read more on page 36
IWAY code of conduct

Read more on page 47
Industry-specific requirements for IKEA transport service providers

USING THE ERRT ENVIRONMENTAL PERFORMANCE SURVEY

IKEA is a member of the European Retailers Round Table (ERRT) and uses its Environmental Performance Survey to evaluate a set of environmental indicators before procuring land carriers and customer delivery carriers. IKEA will only procure transport services from suppliers who achieve a minimum score (100 points in Europe, and 50 points in Russia, Ukraine & Asia Pacific) in the ranking developed under ERRT. The survey, and hence ranking, includes the impact from the largest sub-contractors to give a better overview of a carrier's total situation.

In North America, the minimum requirements to procure land and customer delivery carriers is that they must be a member of the U.S. Environmental Protection Agency (EPA) Smartway programme, and have a score of 1.0 or above.

Read more about the European Retailers Round Table at www.errt.org

Industry-specific requirements for IKEA transport service providers

IKEA transport service providers must comply with the requirements in our code of conduct IWAY, including industry-specific requirements. Below is a summary of key points in the industry-specific requirements.

1. INDUSTRY-SPECIFIC START-UP REQUIREMENTS

- Trucks must be 10 years or younger (5 years for vehicles less than 3.5 tonnes)
- Completed Environmental Performance Survey (EPS) with annual update
- A minimum EPS score of 100 in Europe and 50 in Russia & Asia Pacific
- In North America, carriers must be a member of the EPA SmartWay programme and have a score of at least 1.0

2. OTHER INDUSTRY-SPECIFIC REQUIREMENTS

- Practical plans for reducing CO_2 emissions, including annual targets
- Anti-alcohol and anti-drug policy combined with clear communication
- Emergency phone numbers to all truck drivers
- Fire-fighting equipment in vehicles
- Driver license checks at least annually
- Appropriate personal protective equipment including safety vests
- First aid equipment in all trucks and locomotives
- Appropriate housing facilities
- Working time capped at 60 hours including overtime per week
- Regular rest periods and daily breaks

COMMENTS ON KPIS AND FIGURES 2010

IKEA transport service providers are registered as IWAY-approved only if they fulfil both general IWAY requirements and the industry-specific requirements.

Approval rates in all three carrier categories exceeded the goals set for FY10, reflecting the industry's responsiveness to demands from customers and society within the social and environmental area. In FY10, customer delivery carriers were audited for the first time, and all audited carriers were also approved, indicating a high level of preparedness in this sector.

IKEA uses a limited number of ocean carriers, and the sharp increase in approvals follows the audits of a handful of carriers that represent a large share of our total expenditure in this category.

KPI – SUPPLIERS: TRANSPORT SERVICE PROVIDERS

	FY07	FY08	FY09	FY10	Goal FY12
IWAY approved transport service providers*, %					
Land	5	48	82	83	100
Ocean	5	38	42	96	100
Customer Delivery**	–	–	–	21	100

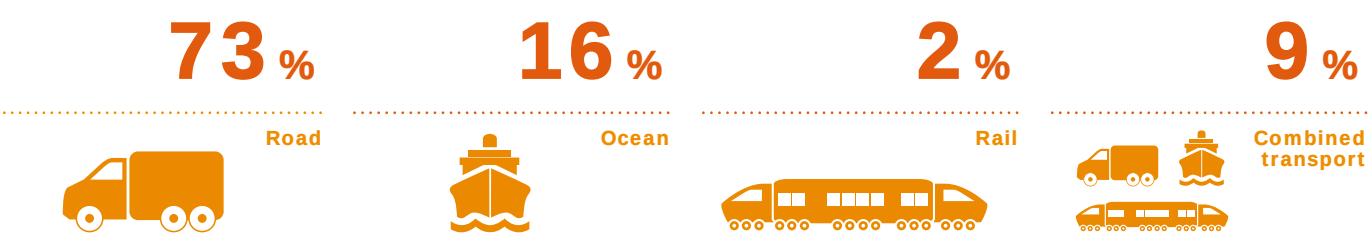
* Approval rates are calculated on the total IKEA expenditure in each category, and carriers are rated as approved only if they fulfil both IWAY and industry-specific requirements.

** Excludes locally and nationally procured Customer Delivery carriers.

OTHER FIGURES

	FY07	FY08	FY09	FY10
Modes of transport (% goods volume)				
Road	69	69	72	73
Ocean	17	18	15	16
Rail	5	4	3	2
Combined transport	8	9	10	9

MODES OF TRANSPORT (% GOODS VOLUME)



Introducing IWAY at national food suppliers

IKEA purchases fresh and packaged food from both global and national suppliers, and our IWAY audits at global suppliers have shown a high level of compliance with our social and environmental requirements. In FY10, we took the first step towards implementing the code of conduct at more than 1,000 national food suppliers.

ALL GLOBAL FOOD SUPPLIERS AUDITED BY THE END OF 2010

The auditing of global food suppliers started in FY09, and all 90 were audited at least once by the end of 2010. So far, all audited suppliers have been IWAY approved as a result of the high level of preparedness and strong control culture in the industry.

INTRODUCING IWAY AT NATIONAL FOOD SUPPLIERS

IKEA has taken a first step towards implementing our code of conduct IWAY at national food suppliers. All national food suppliers are expected to have signed the IWAY Compliance Commitment by the end of 2010, and they will have a maximum of 12 months to implement the code of conduct.

IKEA realises that monitoring and auditing the many national food suppliers will be a challenge, requiring both resources and time. The first IWAY audits among more than a thousand national food suppliers are expected to be conducted in FY12, with around 100 suppliers selected for audits based on risk assessment.



IKEA BRANDED FOOD PRODUCTS

The IKEA branded food products sold in the Swedish Food Market in-store are produced by some 40 suppliers. The FY10 range consisted of 90 products, and approximately 50 new products will be launched over the next year. All IKEA branded food products are based on Swedish recipes and traditions.

The way we work

IKEA FOOD SUPPLIERS

Packaged food for the Swedish Food Market is purchased centrally from our global suppliers, while food for the IKEA restaurants is purchased from both global and national suppliers. The global range, bought from 90 suppliers, is the same in all IKEA stores worldwide. In addition, each country purchases food for the local part of the menu.

REQUIREMENTS ON FOOD SUPPLIERS

In addition to the requirements in IWAY, IKEA food suppliers must fulfil a number of industry-specific requirements.

Global food suppliers' compliance of IWAY requirements is monitored by IKEA auditors. In FY12, audits at national food suppliers will be introduced.

The IKEA Compliance and Monitoring group (CMG) is responsible for ensuring that the same audit judgement level and follow-up procedures are used worldwide. This is done through separate calibration activities and training as well as compliance audits to verify results. Together these ensure a common audit and implementation standard.

The food-specific requirements are not part of the IWAY audits. However, all global food suppliers must have an approved food safety management certification, such as the BRC Global Standard for Food Safety, and provide relevant documentation to prove this. National food suppliers must have a Hazard Analysis Critical Control Point (HACCP) system in place, and provide documentation upon request.

Read more on page 36
IWAY code of conduct

Read more on page 49
Industry-specific requirements for IKEA Food suppliers

Industry-specific requirements for IKEA Food suppliers

IKEA food suppliers must comply with the requirements in our code of conduct IWAY, including industry–specific requirements. Below is a summary of key points.

1. FOOD SAFETY, TRACEABILITY, TESTING AND LABELLING

- A person appointed as responsible for food safety systems, including crisis management, recalls, etc.
- Food safety training for all co-workers on a regular basis
- A Hazard Analysis Critical Control Point (HACCP) system in place
- A Global Food Safety Initiative (GFSI) third party approved food safety management certification
- Full traceability for all ingredients in IKEA products including packaging material
- Routines for analysis from raw material to finished products
- Verified declared shelf life of products
- Verified declared content and nutritional values. The product shall be analysed for energy, water, protein, ash content, sodium, total fat content, saturated fat, trans fats, carbohydrates and sugars. If the product has a declared content of dietary fibres, reduced sugars, or if the product claims to be free from certain allergens, e.g. gluten, this should also be analysed
- Appropriate, legal labels and packaging for all IKEA markets

2. GENERAL PRODUCT REQUIREMENTS

- No use of genetically modified food ingredients
- Restrictions on levels of industrially produced trans fatty acids in the total fat content of food products (below 2 percent)
- Palm oil only from members of the Roundtable of Sustainable Palm Oil (RSPO)
- Restrictions on additives, such as AZO colours and MSG (monosodium glutamate)

3. ANIMAL WELFARE & SPECIES PROTECTION

- No ingredients from force-fed animals and those that have been subject to routine administration of antibiotics or hormones
- Compliance with specific animal welfare standards (i.e. on broiler chicken) that have been approved by IKEA
- No fish from endangered stocks
- Membership in the "Salmon Dialogue" if supplying salmon products
- No lobster or tiger prawns/scampi unless certified by an international organic standard

COMMENTS ON KPIS AND FIGURES 2010

The auditing of global food suppliers started in FY09, and we expect to have audited all 90 at least once by the end of 2010. So far, all audited suppliers have been IWAY approved as a result of the high level of preparedness and strong control culture in the industry. The first IWAY audits among national food suppliers are expected to be conducted in FY12, with around 100 suppliers selected for audits based on risk assessment.

KPI – SUPPLIERS: FOOD SUPPLIERS

	FY07	FY08	FY09	FY10	Goal FY15
IWAY approved food suppliers, %					
Global food suppliers	–	13	41	67	100
National food suppliers	–	–	–	–	100

Introducing audits at IKEA® Catalogue Suppliers

We have worked with the environmental aspects of the IKEA Catalogue since the early '90s, and our paper and print suppliers have been required to report environmental data for a number of years. In FY10, we decided to develop code of conduct audit procedures and will conduct the first audits during FY11.

INTRODUCING SYSTEMATIC AUDITS FOR CATALOGUE SUPPLIERS

IKEA Catalogue suppliers have provided regular information on environmental performance and compliance towards the IKEA Catalogue Sustainability Requirements since 2002.

At the end of FY10, IKEA decided to conduct systematic audits of IKEA Catalogue suppliers. We have started to develop audit procedures and train internal resources to conduct audits based on the IKEA Catalogue Sustainability Requirements. The first audits will be conducted during FY11.





IKEA MONITORS THE IMPACT OF THE CATALOGUE

All IKEA Catalogue suppliers are required to report water and energy consumption, as well as emissions to water and air. This data is used by IKEA to calculate the environmental impact indicators per catalogue copy annually.

The way we work

THE IKEA CATALOGUE IS OUR MAIN MARKETING CHANNEL

The IKEA Catalogue has been an indispensable way of communicating the IKEA range to our customers. The IKEA Catalogue 2011 (produced in FY10) was printed in more than 197 million copies in 29 languages and 61 editions. It is read by more than 400 million people in 38 countries.

STRIVING FOR SUSTAINABLE CATALOGUE PRODUCTION

All catalogue suppliers document data on fibre sourcing and use; water and energy consumption; as well as emissions to water and air. Using this information, IKEA reports the catalogue's environmental impact per copy.

The IKEA Catalogue was the first major colour publication in the world to be printed on TCF (Totally Chlorine Free) paper. The bleaching technology in the paper and pulp industry has developed since then, and the focus is on avoiding the use of elementary chlorine. Today, the paper we use for the IKEA Catalogue is a mix of both TCF and ECF (Elementary Chlorine Free) paper.

In FY08-09, we moved to a new compact format for the IKEA Catalogue to reduce paper consumption and cut transportation needs. This also resulted in lower CO_2 emissions per copy.

Industry-specific requirements for IKEA Catalogue suppliers

IKEA catalogue suppliers must comply with the IKEA Catalogue Sustainability Requirements, which are based on the code of conduct IWAY, as well as industry-specific requirements for pulp and paper suppliers; artwork, repro and IT online service suppliers; and for gravure and offset printing suppliers. Below is a summary of key points in the industry-specific requirements.

1. PULP AND PAPER SUPPLIERS:
- The origin of wood fibres for pulp and paper must be known
- Virgin wood fibre must comply with IKEA wood requirements
- No elementary chlorine used for bleaching processes
- All transport of fibre, pulp and paper must be documented
- Use of energy must be documented and energy reduction targets set
- Use of energy from renewable sources must be reported
- Specific limits on emissions to air and water

2. ARTWORK, REPRO AND IT ONLINE SERVICE SUPPLIERS:
- A procedure to take environmental aspects into consideration when purchasing computers and screens
- Reuse or recycling/destruction of discarded electronics by authorised companies
- Use of energy must be documented and energy reduction targets set

3. GRAVURE PRINTERS:
- Safe plating processes and safe chrome management
- Documentation of production and paper consumption
- Use of energy must be documented and energy reduction targets set
- Clean water consumption must be documented
- Emissions to air and water must be documented
- All transport related to printed products must be documented

4. OFFSET PRINTERS:
- Safe discard of plate developer
- Documentation of production and paper consumption, including waste
- Use of energy must be documented and energy reduction targets set
- Clean water consumption must be documented
- Emissions to air and water must be documented
- All transport related to printed products must be documented

COMMENTS ON KPIS AND FIGURES 2010

The IKEA Catalogue 2011 (produced in FY10) involved a total of 39 suppliers. Overall, the industry-specific environmental data has improved, reflecting increased integration of sustainability aspects in the purchasing process and in supplier selection. Energy consumption and CO_2 emissions have continued to decrease, and the share of certified fibres has increased.

However, VOC emissions per copy have increased. This increase has been identified to derive from two large-volume printing suppliers. An investigation has been started together with the suppliers, and there will be corrective action plans. In addition, the share of certified suppliers decreased with the inclusion of a new paper supplier. Within the implementation of a corrective action plan, this supplier is expected to get its environmental management system certified by December 2010.

OTHER FIGURES

	FY07	FY08	FY09	FY10
IKEA Catalogue Requirements approved suppliers, %				
IKEA Catalogue Sustainability Requirements, approved suppliers	70	71	73	86
Industry-specific requirements, approved suppliers	54	53	50	65

	FY07	FY08	FY09	FY10
Environmental key performance indicators				
Printed number of Catalogues (millions)	193	198	198	197
Certified paper suppliers (%)	82	61	94	89
Catalogue paper (tonnes)	108,240	113,099	103,784	102,476
FSC Certified Chain-of-Custody fibre (%)	5	5	19	21
Recycled fibre content (%)	8	6	6	11
Energy consumption (GWh = million kWh)	629	617	603	584
Share of renewable energy (%)	38	40	51	50
CO_2 emissions from Catalogue production (tonnes)	127,233	130,961	120,426	95,905
Water consumption (m^3)	2,913,406	3,552,789	2,998,621	2,815,209
Environmental data per Catalogue copy				
Water consumption (litres)	17.48	17.92	14.96	14.26
Energy consumption (kWh)	3.26	3.11	3.04	2.96
Fossil carbon dioxide (kg CO_2)	0.66	0.69	0.61	0.49
Emissions to air (gr VOC, volatile organic compounds)	1.04	1.01	0.75	1.12
Emissions to wastewater (gr COD, Chemical Oxygen Demand)	4.09	3.88	3.83	3.49

COMMUNITIES











The IKEA Foundation projects reach out to 100 million children

IKEA believes that home is the most important place in the world, and children are the most important people in the world. That's why the IKEA Foundation works in partnership with UNICEF and Save the Children to make a difference for millions of children in need around the world by reducing malnutrition and infant disease, and by dramatically improving literacy.

EXTENDED COMMITMENT TO HEALTH PROJECTS

UNICEF's child survival programmes in India focus on improving the health and nutrition of children, and increasing the number of children surviving their first five years. The programme supported by the IKEA Foundation consists of three parts: the health projects involve immunization, maternal and child care, and establishment of sick born care units; the nutrition projects focus on advocating for breastfeeding and nutritious food for children and expecting mothers; and the water and sanitation projects aim at ensuring water safety and better sanitation in households and institutions.

In FY10, the IKEA Foundation decided to invest an additional 7.5 million euro in UNICEF's water and sanitation programme – which is a doubling of previous donations. This support will help expand the scope of this programme in 15 states.

Close to 80 percent of all childhood deaths in India take place within the first year of the child's life, and the majority of these deaths occur in the first week. The IKEA Foundation supports UNICEF's approach of setting up "model" Sick Newborn Care Units in district hospitals, providing essential instruments, training staff and renovating premises. Here, vulnerable newborn babies receive essential care to survive their first days and weeks of life. The initial "model" sick newborn care unit funded by the IKEA Foundation has now been scaled up by the Indian government, 213 are operational and 291 clinics are due to open in 15 states.

In addition, the IKEA Foundation decided to invest 1.8 million euro in the US Columbia University's Earth's Institute programme in India's Uttar Pradesh. The donation will be used to set up "model districts" to help give poor rural families greater access to health care. This support complements the UNICEF child survival programmes funded by the IKEA Foundation.

COTTON PROJECT VILLAGES IN PAKISTAN AFFECTED BY FLOODS

The IKEA Foundation supports UNICEF and Save the Children child rights projects running 2009–2015 covering a number of cotton producing states in India and Pakistan. The devastating floods in the summer of 2010 will cause delays to the projects in the provinces of Sindh and Punjab in Pakistan.

Read more on page 64
Cotton





"I WANT TO BECOME A TEACHER"

When the Save the Children child rights project, sponsored by the IKEA Foundation, came to her village in Maharashtra, India, 12-year-old Sweta stopped skipping school to pick cotton. "Now my family wants me to get an education instead. And I want to become a teacher." Sweta belongs to a child group, where the village motivator helps her stay on top of her homework. Girls usually have less time to play and study than boys, as they're expected to help with younger siblings, do the laundry and cook from an early age.

SUPPORT TO PAKISTAN FLOOD VICTIMS

To help UNICEF and Save the Children alleviate the most urgent needs following the unprecedented flooding in Pakistan in 2010, we have donated more than one million IKEA products, including 700,000 buckets, 200,000 blankets and 10,000 SUNNAN lamps.

In addition, the IKEA Foundation appealed to IKEA FAMILY members to support a web-based donation campaign benefiting UNICEF and Save the Children's emergency work in Pakistan.

Read more on page 27
Customer engagement

SUPPORT TO HAITI EARTHQUAKE VICTIMS

On January 12, 2010, an earthquake devastated impoverished Haiti's capital, Port-au-Prince, leaving three million people in urgent need of assistance. The IKEA Foundation supported the earthquake victims with around 100,000 IKEA products, such as pillows and quilts.

UNDP PROJECT TO EMPOWER WOMEN MAKES PROGRESS

The IKEA Foundation has a long history of investing in projects attacking the root causes of child labour in India. As women are important change agents to create a better future for children, the IKEA Foundation initiated a cooperation with UNDP in 2009. The programme aims to empower 50,000 women in Uttar Pradesh to become entrepreneurs, leaders, role models and agents of change.

The project is progressing as planned. During the first 18 months of the project, 3,000 women have received training on credit management, and a dairy production company employing 12,000 women and a craft-producing company employing 5,000 women have been established.

The goal for the end of 2013 is that the women supported by the project achieve a secure and enhanced income and effectively participate and contribute to decision-making in domestic and public spheres.

The way we work

REACHING OUT TO 100 MILLION CHILDREN

In 2005, IKEA Social Initiative was formed to expand our support of social projects on a global level. In 2010, IKEA Social Initiative-funded programmes were included in the Stichting IKEA Foundation (the IKEA Foundation), and all programmes will be executed in the name of the IKEA Foundation as of 2011.

The IKEA Foundation is a Dutch charitable foundation, funded by the Stichting INGKA Foundation, which also owns the IKEA Group parent company, INGKA holding B.V. Donations from the Stichting IKEA Foundation during 2010 total an estimated 45 million euro.

The IKEA Foundation funds holistic, long-term programmes addressing children's fundamental needs with the aim to create substantial and lasting change – enabling them to eventually take charge of their own future.

We work with strong strategic partners to achieve large scale results by addressing four fundamentals in children's lives – a place to call home, a healthy start in life, a quality education and a sustainable family income – whilst applying innovative solutions to accelerate development.

Read more about the IKEA Foundation at www.ikeafoundation.org

UNICEF, SAVE THE CHILDREN AND UNDP ARE PARTNERS

UNICEF and Save the Children are the IKEA Foundation's two largest partners, being the leading organisations working to improve children's rights. Together we work for a better everyday life for the many children.

Since 2009, the IKEA Foundation has also cooperated with the United Nations Development Programme (UNDP) in the Indian state of Uttar Pradesh. The cooperation is focused on empowering women as a means to reach the ultimate goal of making improvements for children – women and mothers are the key to improving children's wellbeing and achieving lasting change in society.

Read more about UNICEF at www.unicef.org

Read more about Save the Children at www.savethechildren.net

Read more about UNDP at www.undp.org

LONG-TERM COMMITMENTS FOCUS ON SOUTH ASIA

Long-term commitments are focused on South Asia, and particularly India, where the needs of children are great and IKEA has been doing business for many years.

HEALTH, EDUCATION AND WOMEN'S EMPOWERMENT

The IKEA Foundation focuses its long-term programmes on three areas; a healthy start in life; education and protection; and women's empowerment. Over the programme period, the IKEA Foundation has committed 125 million euro to these programmes in South Asia.

The support to child survival programmes in India with UNICEF and Earth Institute totals approximately 68 million euro over the project period. The education and protection programmes with Save the Children and UNICEF in the cotton-seed and cotton producing areas of India and Pakistan, as well as the UNICEF projects in the carpet belt and metal ware industry of Uttar Pradesh, India, will benefit from a 51 million euro donation over the project period. The women empowerment programme with UNDP is funded with 5.5 million euro over the project period.

A healthy start in life

Since 2007, the IKEA Foundation supports UNICEF programmes in 18 Indian states aimed at increasing child survival rates as well as improving their life-long development. Strong emphasis is placed on preventive Health, Nutrition and Water and Environmental Sanitation initiatives. It reaches out to 80 million children and 10 million women with proven low-cost actions that have a big impact on child and maternal survival.

Child rights in cotton and carpet areas

The IKEA Foundation believes that children everywhere have the right to be protected from exploitation, abuse and neglect. All children should have access to quality education, and child labour is unacceptable. Between 2009 and 2015, some 10 million children will benefit from the IKEA Foundation-supported programmes, managed by UNICEF and Save the Children. Close to 20,000 villages in the carpet-making districts of India and in the cotton- and cotton seed-growing areas in India and Pakistan will benefit.

Women's empowerment

Women and mothers are important change agents for improving children's well-being and achieving lasting change in society. This is why all programmes supported by the IKEA Foundation include community-based actions that help empower women to create a better future for themselves, their communities and their children. A specific cooperation with UNDP will enhance the social, economic and political empowerment of 50,000 women in 500 villages.

THE IKEA SOFT TOYS CAMPAIGN

During the holiday season at the end of each year, one euro for every soft toy sold in IKEA stores worldwide is donated, split between Save the Children and UNICEF projects aimed at improving children's education. Since the campaign began in 2003, the IKEA Foundation has donated 35.2 million euro, enabling improved schools for approximately 8 million children in close to 40 countries.

Read more on page 27
Customer engagement

SUNNAN LAMP SALES AND DONATIONS

For every SUNNAN lamp customers buy, one is donated from the IKEA Foundation, split between UNICEF and Save the Children to give to children who cannot draw, write or read after sunset in developing countries. In the first 12 months from the start in June 2009, more than 500,000 SUNNAN lamps were sold, enabling donations to children in need in Pakistan and India.

Read more on page 27
Customer engagement

OTHER IKEA FOUNDATION COLLABORATIONS

The IKEA Foundation also partners with a number of other organisations. To find a full list of current partners, go to the IKEA Foundation's website.

Read more about the IKEA Foundation at www.ikeafoundation.org

EMERGENCY RELIEF

The IKEA Foundation is committed to protecting children in emergencies. We help with product donations and invest in their recovery by providing financial support for children's rehabilitation and resumed education. Financial support can be provided to assist with the mid- and long-term recovery in the aftermath of disasters such as earthquakes, floods and cyclones.

To support immediate humanitarian relief efforts during major emergencies, the IKEA Foundation helps with in-kind donations of IKEA products such as blankets, cooking utensils and comforting soft toys.

IKEA® wants to be a good neighbour in the local community

On top of the IKEA Foundation's commitment to improving the life opportunities of the many children, IKEA wants to be a good neighbour in the local community. This means that all IKEA units shall engage in local social and environmental issues, and lend a helping hand in times of need.

MANY LOCAL INITIATIVES TO SUPPORT THE LOCAL COMMUNITY

Our efforts to be a good neighbour in the local community are reflected in a wide range of activities initiated by IKEA stores, distribution centres and offices. Below are a few examples of national and local activities that have taken place during the year to support social and environmental causes.

All Canadian IKEA stores and their 4,500 co-workers help "Make-A-Wish® Canada" grant room makeover wishes to children living with life-threatening medical conditions. Stores donate products in-kind and IKEA co-workers offer inspirational home furnishing expertise. In addition, customers were invited to donate $1 CAD to the organisation at the self-serve check-outs during July–September to help Make-A-Wish® Canada create lasting memories for deserving children.

In Germany, "Operation Daywork" offers students aged 15 and over a day off school to support children around the world. Their wages are donated towards building schools in countries such as Rwanda, Sudan and Angola. In FY10, IKEA provided 330 students with work as part of Operation Daywork, and donated 20,000 euro.





SUPPORTING SOW A SEED IN BORNEO

IKEA supports Sow a Seed, a project aiming to reforest and maintain 18,500 hectares of lowland forest in Sabah in Malaysian Borneo, and to protect the area from logging for a period of 50 years. Since the start in 1998, nearly 9,500 hectares of forest have been replanted with native tree species. The project has also contributed to the building of homes, meeting places for social events, and field accommodations for more than 150 local workers and their families.

The planting phase is expected to be completed in 2013, and funds have been set aside for maintenance until 2023. The project also provides three years of research funding for the Swedish University of Agricultural Sciences.

Sow a Seed is a partnership between IKEA, the Swedish University of Agricultural Sciences, the Yayasan Sabah Group and the Malaysian forestry company RBJ.

Read more at "About IKEA / Our responsibility / Forestry / Sow a seed" at www.IKEA.com

The IKEA store in Innsbruck, Austria, donated 7,000 euro to refurbish the local BIWAK youth commune for young, unaccompanied refugees, contributing to a more cheerful, lively and communicative atmosphere in the house.

The Perryville distribution centre in Maryland, US, helped the Cecil County Domestic Violence and Rape Crisis Center by carrying out a 5,000 USD refurbishment of the facility. Co-workers volunteered their time to paint and furnish the kitchen, the office, the foyer and the basement tweens room.

In the UK, IKEA Coventry participates in "Operation Christmas Child", run by the Samaritan's Purse charity. In FY10, the store donated display toys and various IKEA products to orphans and children in need, and this Christmas all co-workers were encouraged to donate toys, educational supplies, hygiene products and sweets, pack then in shoeboxes and wrap them as gifts.

IKEA Trading North America made a donation of 5,000 USD to help restore the Buffalo Bend Nature Park outside Houston, Texas. The money was used to buy 140 trees, which were planted by IKEA co-workers.

In Russia, IKEA and the Kirov Certification and Quality Centre work together with a Russian forest concession owner to help find ways of getting additional income from a well-managed forest without increasing logging. Job opportunities and extra income can be generated from, for example, berries, mushrooms and honey, as well as from hunting.

The way we work

GLOBAL, NATIONAL AND LOCAL COMMUNITY PROJECTS

IKEA engages in community projects at a global level as well as nationally and locally, supporting projects that are designed to match the needs of the communities in which they take place.

As part of our commitment to being a good neighbour, most IKEA stores are actively involved in their local communities in partnership with carefully selected organisations. The IKEA FAMILY customer club, with more than 38 million members in 23 countries, is sometimes used to also engage IKEA customers in various community projects. There are many examples of national and local community projects, which can be found on the IKEA website.

For more information on what IKEA is doing in your country, please visit www.IKEA.com

THE IKEA CHARITY POLICY

IKEA has a Charity Policy and Community Involvement Guidelines for global, national and local community support. The guidelines clarify principles and definitions, what kind of projects IKEA prefers to support and with which type of partners. They also provide guidance on how to structure projects, as well as how to work with accounting.

All IKEA-sponsored projects should focus on prioritised social and/or environmental issues. The prioritised social issues are related to children, the homeless, and victims of emergencies and/or natural disasters. The prioritised environmental issues are related to the protection of natural resources, climate change, and education and training in these areas.

WWF, UNICEF AND SAVE THE CHILDREN ARE KEY PARTNERS

UNICEF, Save the Children and WWF are the preferred partners in community projects supported by IKEA. All three are global IKEA partners, and we have well-established and well-functioning relationships.

Read more on page 53
The IKEA Foundation

Read more on page 59
IKEA and WWF forestry projects

Read more on page 64
IKEA and WWF cotton projects

Read more on page 73
IKEA and WWF climate projects

ENVIRONMENT













More certified wood volumes and wider scope for IKEA® requirements

Wood has always been one of the most important raw materials for IKEA. Our IWAY Forestry requirements demand the legality and traceability of the timber used in our products, which means that the IKEA standard is applied throughout the supply chain. In addition to these minimum requirements, our certified wood volumes increased substantially in FY10. The decision has also been taken to apply IWAY Forestry requirements to suppliers of board materials.

SUBSTANTIAL INCREASE OF CERTIFIED WOOD VOLUMES

The share of certified solid wood increased substantially in FY10 to 23.6 percent, from 16.2 percent the year before. This improvement is a result of several factors.

In 2009, certified wood areas increased by 15 million hectares globally, thus increasing the overall availability of certified wood. IKEA has actively supported certification efforts in some of our key wood sourcing areas, notably Russia, in cooperation with WWF and the national FSC organisation. Chinese certified forest areas have also increased substantially as a result of a cooperation between IKEA, WWF and other parties.

All Swedwood and Swedspan production units, with one exception, are now FSC chain-of-custody certified. All Swedwood forest leases are also Forest Management-certified. Nearly 42 percent of Swedwood's solid wood is FSC-certified.

IKEA FORESTRY REQUIREMENTS FOR BOARD MATERIALS

As of September 1, 2010, the IKEA forestry requirements for wood also apply to board materials. This means that the volume of wood-based products covered by our requirements has more than doubled compared to before, when the requirements applied only to solid wood products.

Applying IKEA forestry requirements to board materials means that IKEA suppliers must implement systems to ensure that our requirements, including legality of the wood used in the board, are met. Board product suppliers and key sub-suppliers have been consulted, and practical trials have been performed as part of preparations during FY10. IKEA purchasing teams have been trained by IKEA forestry specialists on the requirements and how to provide support to suppliers. In addition, our IWAY auditors have had specific training on monitoring this new scope.

The work to set goals for the volume of certified board material is expected to be completed in FY11. Many of the roughly 100 board product suppliers are expected to achieve full compliance from the start but will have four months to adjust to the new requirements and put action plans in place before being subject to normal noncompliance consequences. Some implementation challenges are expected in China and South East Asia, while most European and Russian suppliers are well prepared to meet the new requirements.

IKEA is in active dialogue with both product suppliers and key board material manufacturers with the aim of facilitating and encouraging increased use of certified wood in all IKEA wood-based products.

Read more on page 62
IKEA requirements for wood used in IKEA products





IKEA AND WWF HELP INCREASE CERTIFICATION IN CHINA

A joint IKEA and WWF project has helped increase the FSC-certified area in Northeast China. So far, six Chinese forest bureaus have had a total of 1.4 million hectares of forest certified, representing 88 percent of the total FSC-certified area in China. The project has also mapped high conservation value forests, with tiger conservation as a key indicator, and developed forest management plans for nine forest bureaus in the area.

Read more about the IKEA and WWF cooperation on forestry at www.panda.org/IKEA

EXTRA EFFORTS TO SECURE LEGAL WOOD SOURCING IN CHINA

During the year, IKEA purchasing teams and forestry specialists have focused efforts on helping Chinese suppliers to improve their procedures to secure that the wood they use for IKEA products comes from legal sources.

All business dialogues have systematically included discussions around illegal logging, and we have conducted a large number of wood supply chain audits in China. In addition, IKEA has helped several suppliers identify controversial wood sources and supported their efforts to replace them with safer alternatives.

More than 80 audits were conducted by IKEA or third-party auditors in China in FY10. A small share of this audited volume, 4.2 percent, was not approved due to unclear origin or non-compliant procedures. However, none of these audits showed any evidence of illegal wood in the supply chain.

PREPARED FOR LEGISLATION AGAINST ILLEGAL LOGGING

The Lacey Act in the United States prohibited import of products containing illegally felled wood already in 2008. Similar legislation will be introduced in the EU after 2012 and is being discussed in Australia, Switzerland and Japan. IKEA welcomes such legislation, as it helps motivate and drive global improvements in forestry management.

IKEA is well prepared to meet these new demands. We are increasing our use of FSC-certified wood and have long had systems in place to avoid questionable wood entering the supply chain. This means that we can expect to comply with the demands for appropriate due diligence systems.

TWO NEW ALLIANCES TO PROMOTE LEGAL WOOD TRADE

In FY10, IKEA joined two alliances aimed at promoting legal wood trade through functional market regulation.

IKEA and other retailers launched the Timber Retail Coalition (TRC) in April 2010 to help ensure minimum ethical standards for all timber and wood products sold in the European Union. The TRC will work to promote the introduction of EU-wide regulation on timber sourcing practices. By providing a single platform for engaging with policymakers, the TRC will support measures to curb illegal logging by ensuring that illegally harvested timber products do not have easy access to the EU marketplace.

To influence and support the development of tools and guidelines based on the U.S. Lacey Act, IKEA joined the Forest Legality Alliance (FLA). FLA is a joint effort of the World Resources Institute and the Environmental Investigation Agency, supported by the United States Agency for International Development and companies in the forest sector. The goal is to reduce illegal logging through supporting the supply of legal forest products.

Read more about the Forest Legality Alliance at www.wri.org/fla

DIGITAL MAP TO SAFEGUARD RUSSIAN FORESTS

IKEA has funded a World Resource Institute project in Russia to develop a new digital map of the Russian State Forest Bureaus' holdings and borders. The map is available on the Internet and provides detailed information, for example, about the high conservation value forests in Karelia and Irkutsk. It assists IKEA and others to better assess wood sourcing risks in the area.

The way we work

IKEA FORESTRY REQUIREMENTS

All IKEA solid wood and board product suppliers must live up to the IKEA code of conduct IWAY as well as the IKEA forestry requirements.

We do not accept wood from forests where high conservation values are threatened. In sensitive areas we require the forest manager to have a certified management plan that respects the conservation values. We require our suppliers to document the origin of their wood.

Suppliers must deliver a wood procurement plan and demonstrate that they have systems to ensure that IKEA minimum requirements are met before they are allowed to start deliveries to IKEA. Our forestry specialists assess the wood procurement plan and the evidence provided. Compliance with the requirements is followed up through regular audits and reporting.

Read more on page 62
IKEA requirements for wood used in IKEA products

A STRATEGIC APPROACH TO FORESTRY CHALLENGES

Our long-term goal is to source all wood used in IKEA products from forests verified as responsibly managed, according to a system recognised by IKEA. IKEA refers to such forests as preferred sources. Today, Forest Stewardship Council (FSC), including Forest Management (FM) and Chain of Custody (CoC) standards, is the only certification scheme recognised by IKEA. The current goal is that 35 percent of IKEA's solid wood volumes shall come from preferred sources by the end of FY12.

Wood is a valuable resource. Resource efficiency is therefore of great importance not only from an environmental point of view but also from a cost perspective. We are constantly searching for new techniques to get the best possible return from every tree trunk.

Our global sourcing means that we source wood also from regions that are troubled by illegal logging and other unsustainable forestry practises. Our suppliers in these areas struggle with low availability of certified wood volumes and traceability in complex supply chains. To be able to operate in these regions, IKEA has systems in place to avoid controversial wood entering the supply chain, and we cooperate with forest managers and NGOs to increase the availability of wood from responsibly managed forests. We believe we best contribute to lasting positive change by conducting responsible business and actively supporting certification development in countries such as China and Russia.

The Wood Supply function of IKEA works to support selected wood suppliers in developing efficient and sustainable supply strategies. Its aim is to secure future price reductions and access to competitive wood raw material.

MONITORING FOCUSED ON HIGH-RISK SUPPLY

IKEA suppliers must be able to report the origin of their wood every four months, which forms the basis for the risk assessment and planning of our wood supply chain audits.

IKEA focuses its approach and resources for supplier monitoring and wood supply chain audits on high-risk suppliers and high-risk areas. This means that IKEA suppliers sourcing wood certified by acknowledged forest certification schemes such as FSC is mainly monitored through independent auditors. Our own audit resources focus on suppliers that are not yet forest management or chain-of-custody certified, e.g. suppliers operating in areas associated with risks of unacceptable forest management practises, including illegal logging, and suppliers that have failed earlier audits.

In addition, third-party auditors, such as Rainforest Alliance SmartWood Programme, conduct wood supply chain audits for IKEA. Wood supply chain audits by IKEA or third party auditors are based on risk assessments using supplier data on wood origin. Any indication that unwanted wood could be entering the IKEA supply chain triggers a stop of deliveries and an audit.

Audits in the Swedwood and Swedspan supply chain are always conducted by third-party auditors to avoid conflicts of interest as the two industrial groups are owned by the IKEA Group.

IKEA FORESTRY SPECIALISTS

IKEA forestry specialists spread knowledge about responsible forestry in the wood supply chain. They also support our trading service offices with wood supply chain audits, when they trace the supply of wood all the way back to the forest to verify that IKEA requirements are met.

SPECIAL FOCUS ON LOGGING IN RUSSIA AND CHINA

IKEA is engaged in a number of projects together with WWF to address the challenges of illegal logging and unsustainable forestry in Russia and China, which are two of IKEA's most important wood sourcing countries. We have also chosen to concentrate most of our own resources here by dedicating two-thirds of our forestry specialists to the area. Some of these specialists focus entirely on cross-border trade as approximately one-third of the wood IKEA suppliers source in Russia is processed in China.

IKEA conducts seminars and training sessions in Russia and China together with representatives from forestry companies and authorities such as customs. IKEA also encourages suppliers to participate in the WWF initiative Global Forest & Trade Network (GFTN) to strengthen their commitment to eliminate illegal logging and promoting responsible forestry. GFTN in Russia has 41 members, representing large forest companies with around 75 percent of FSC certified areas in Russia. In China, IKEA works with the Rainforest Alliance Trees Programme, WWF China and the Chinese Academy of Forestry in addition to the Forest Stewardship Council (FSC), to improve the standards of forest management and availability of certified wood.

COOPERATING WITH WWF

IKEA cooperates with WWF to support responsible forestry, and to increase the availability of certified wood. For example, there are joint WWF projects aiming to ensure responsible forest management practices and to curb illegal logging in the cross-border trade between China and Russia, as well as a number of projects in Laos, Cambodia, Vietnam, Lithuania, Bulgaria, Romania and Ukraine.

IKEA is also a member of the Global Forest & Trade Network (GFTN). The GFTN is a WWF initiative to eliminate illegal logging and drive improvements in forest management. Participants are committed to promoting responsible forestry and credible certification.

Read more about the WWF projects on www.panda.org/IKEA

Read more about the GFTN on www.gftn.panda.org

MOST IKEA OUTDOOR FURNITURE IS MADE FROM ACACIA

IKEA outdoor furniture represents about 6 percent of the wood used for our home furnishing offer. IKEA does not use wood from high value tropical tree species, e.g. teak or mahogany. Most of our outdoor furniture is made of acacia, which is sturdy and hardwearing. Acacia is mostly grown in plantations to produce wood for the pulp and paper industry. IKEA sources acacia from plantations in Indonesia, Vietnam and Malaysia.

Today, the acacia used for IKEA products must comply with our minimum forestry requirements, which means that the origin must be known and it must not be illegally felled. Our long-term goal is to source all wood in the outdoor furniture range from forests that are independently verified by a third party as responsibly managed.

Today, the availability of FSC-certified acacia in Vietnam is limited. IKEA cooperates with WWF to increase suppliers' ability to meet requirements on timber legality, and to help plantation owners to develop responsible management.

IKEA requirements for wood used in IKEA products

The IKEA Forestry Standard is a material-specific supplement to the IKEA code of conduct IWAY. It contains basic requirements for IKEA wood product suppliers. As of September 1, 2010, the requirements also apply to suppliers of board materials.

1. MINIMUM CRITERIA ON WOOD FOR IKEA PRODUCTS

- Not from forests that have been illegally harvested
- Not from forestry operations engaged in forest related social conflicts
- Not harvested in uncertified Intact Natural Forests (INF) or other geographically identified High Conservation Value Forests (HCVF)
- Not harvested from natural forests in the tropical and sub-tropical regions being converted to plantations or non-forest use
- Not from officially recognised and geographically identified commercial Genetically Modified (GM) tree plantations

Suppliers must have procedures in place to secure this throughout their supply chain. They must know the origin of their wood and accept audits at every link in the chain. They regularly report the wood origin, volume and species used in IKEA products via the IKEA Forest Tracing System.

2. CRITERIA FOR IKEA PREFERRED WOOD SOURCES

Wood certified according to Forest Stewardship Council (FSC) Forest Management (FM) and Chain of Custody (CoC) standards meets the IKEA requirements for preferred sources. Suppliers using preferred wood sources must also have a valid FSC Chain of Custody or other chain of custody certificate recognised by IKEA, covering in its scope the production for IKEA.

COMMENTS ON KPI AND FIGURES 2010

The amount of solid wood used for IKEA products has decreased, partly as a result of increased use of board material.

The share of certified solid wood increased substantially in FY10 to 23.6 percent, from 16.2 percent the year before. The overall availability has increased, and nearly 42 percent of Swedwood's solid wood is now FSC-certified.

In order for us to reach our goal of a 35 percent share of certified wood in the range in FY12, we will continue to support suppliers in their work to ensure proper documentation. Today, some strategically important IKEA suppliers have access to wood from certified forests, but have not fully implemented chain-of-custody certification to verify this. As a result these wood volumes cannot be accounted for in the statistics over certified wood. The work to set goals for the volume of certified board material is expected to be completed in FY11.

In FY10, the number of wood supply chain audits increased substantially, and the audited wood volumes more than doubled, while the approved share of these volumes increased to 97 percent. Cases of non-compliance are most commonly related to a lack of proper administrative routines, and the past few years' positive development means that we are approaching the FY12 goal of 100 percent.

IKEA focuses its approach and resources for supplier monitoring and wood supply chain audits on high-risk suppliers and high-risk areas. A majority of audits were conducted in Russia and China, the Balkan and South East Asia. For instance, more than 80 audits were conducted by IKEA or third-party auditors in China. A small share of this audited volume, 4.2 percent, was not approved due to unclear origin or non-compliant procedures. However, none of these audits showed any evidence of illegal wood in the supply chain.

KPI – ENVIRONMENT: FORESTRY

	FY07	FY08	FY09	FY10	Goal FY12
Responsible forest management, %					
Wood* used in IKEA products coming from forests certified as responsibly managed	6	7	16	24	35
Audited wood* volumes that comply with IKEA minimum forestry requirements	59	80	92	97	100

* Solid wood, veneer, plywood & layer glued

OTHER FIGURES

	FY07	FY08	FY09	FY10
Total amount of wood used in IKEA products (m³)				
Solid wood	7,080,000	7,223,000	5,686,000	5,320,000
Board material	–	–	–	7,000,000
Number of wood supply chain audits				
Performed by IKEA	50	84	60	117
Performed by 3rd party (e.g. from Smartwood)	4	3	3	7
Audited volumes in wood supply chain audits				
Cubic metres	900,000	1,500,000	500,000	1,270,820
Share of total wood used in IKEA products, %	14	20	9	24

TOP 5 TREE SPECIES USED FOR SOLID WOOD IN IKEA PRODUCTS


Pine


Beech


Spruce


Birch


Acacia

TOP 5 SOURCING COUNTRIES FOR SOLID WOOD

22.3 % Poland

14.8 % China

14.5 % Russia

9.4 % Romania

4.7 % Sweden

Increasing the share of more sustainable cotton in the range

More and more farmers join IKEA-supported projects in India and Pakistan aimed at making conventional cotton production more sustainable. Our engagement has continued to generate very encouraging results, despite devastating floods in Pakistan, and the share of more sustainable cotton in the IKEA range has increased. We now aim to reach 100 percent by the end of FY15.

EXPANDING FARMING PROJECTS IN INDIA AND PAKISTAN

IKEA and WWF started working together to support cotton farmers by introducing more sustainable farming practices in 2005. Today, IKEA supports projects run by a number of organisations in order to reach a larger number of farmers. In FY10, an additional three cotton farming projects with local partners were initiated in India, bringing the current total to 15 projects in six states in India and one in Pakistan.

On average, participating farmers in all our projects have halved their water consumption and chemical pesticide use, while the use of chemical fertilisers has been cut by 30 percent.

The 2009/2010 harvest of this more sustainable cotton reached 160,000 tonnes with around 62,000 farmers using better management practices. Harvested volumes as well as the number of farmers using the new practices are expected to increase rapidly over the next few years as successful project farmers spread their knowledge and inspire others. During the 2010/2011 season, we expect the harvest of more sustainable cotton to reach 254,000 tonnes, involving some 80,000 farmers.

Inspired by the work done by IKEA and WWF, one IKEA textile supplier in India has independently started similar projects involving neighbouring farmers.

INCREASED SHARE OF MORE SUSTAINABLE COTTON IN THE RANGE

IKEA purchased 25,500 tonnes of more sustainable cotton from project farmers during the 2009/2010 season, more than twice as much as the year before. This means that the share of more sustainable cotton in the IKEA range jumped to around 13.4 percent of our total cotton use.

IKEA will continue to buy only parts of the volumes created with more sustainable management practices in order to avoid creating premium prices and to speed up the process of making this cotton a tradable commodity available to all.





"OUR HEALTH IS MUCH BETTER NOW"

Tapu Kehar Rangapara in Gujarat, India, suffered from serious health problems triggered by the chemicals used on his cotton farm. When he joined the IKEA-funded cotton farming project, things soon started to improve. "I used to be exhausted all the time. I had bad rashes to my skin, and my wife and I both had constant headaches. Now we are much healthier and life is better."

TOWARDS "BETTER COTTON" IN THE IKEA RANGE BY FY15

IKEA wants all cotton used for IKEA products to be produced according to the social and environmental criteria developed by the Better Cotton Initiative (BCI) by the end of FY15.

BCI started testing its draft criteria in 2009-2010 in regional pilot projects in West Africa, Brazil, Pakistan and India. The first cotton to be produced according to the draft BCI criteria was harvested in October 2010 in Pakistan, in an area that was initially part of the IKEA and WWF project. IKEA aims to buy some of this first Better Cotton harvest.

NEW INITIATIVE TO HELP SPEED UP CAPACITY BUILDING

IKEA, the Rabobank Foundation, BCI, the Dutch Sustainable Trade Initiative (IDH), WWF, Solidaridad and a number of international retailers have developed a joint strategy to speed up the implementation of Better Cotton as a tradable commodity.

To support this strategy, the Better Cotton Fast Track Programme (BCFTP) and a related fund have been established. The fund will initially be used to run 10 Solidaridad cotton projects in India and two WWF projects in Pakistan. The goal is to reach a production of one million tonnes of Better Cotton by 2015.

Read more about Solidaridad at www.solidaridad-network.org

PROJECT FARMERS AFFECTED BY FLOODS

Heavy monsoon rains from July 2010 onwards have left many millions of people in Pakistan injured or homeless, and around 15 percent of the nation's cotton crops were lost due to flooding. Heavy rains have also hit parts of India and China, causing harvest delays and contributing to all-time high prices for cotton on the world market.

Farmers working on IKEA-supported projects in southern Punjab, Pakistan, have had some damage to their crops, while largely escaping significant losses.

To help UNICEF and Save the Children alleviate the most urgent needs in Pakistan, the IKEA Foundation donated more than one million IKEA products, including 700,000 buckets, 200,000 blankets and 10,000 SUNNAN lamps.

Read more on page 53
The IKEA Foundation

The way we work

A STRATEGIC APPROACH TO COTTON CHALLENGES

Cotton is one of the most important raw materials for IKEA. It has excellent comfort qualities as it is soft and breathable – and it is a renewable resource. At the same time, it is a material associated with major concerns for both people and the environment. IKEA works to reduce its need for cotton, but it is not realistic to believe that all cotton can be replaced with alternative materials. This is why we work actively to increase the availability of more sustainable cotton.

By encouraging cotton farmers to introduce more sustainable farming practices, IKEA has set out to create lasting and large-scale improvements in conventional cotton cultivation. Together with parties including other international companies, NGOs, governments and authorities, we can actively contribute to improve conventional cotton production and take part in making this more sustainable raw material a globally available commodity – without creating premium prices. We are step-by-step increasing the share of this more sustainable cotton across the range.

IKEA cooperates with WWF and local partners to spread more sustainable cotton growing practices, and the IKEA Foundation cooperates with UNICEF and Save the Children to address children's rights issues associated with cotton farming. IKEA is also a founding member of the Better Cotton Initiative (BCI).

IKEA SUPPORTS COTTON FARMING PROJECTS

IKEA cooperates with WWF and other partners to influence mainstream farmers in India and Pakistan – two of IKEA's main cotton sourcing countries – to grow cotton in a more sustainable way. It started as Farmer Field Schools with 20 weeks of training for 450 farmers in 2005. The projects also involve local organisations in order to reach larger number of farmers, and IKEA now estimates that around 80,000 farmers have introduced or are about to introduce more sustainable practices.

The projects are based on hands-on training in the field, which allows farmers themselves to see and experience the benefits of changing the way they grow cotton. Successful farmers act as an inspiration to others, and better farming practices are being spread from farmer to farmer. Their environmental impact is reduced and efficiency improved, while cotton crop yields are maintained and their earnings increased.

An increase in sustainable farming practices leads to significant improvements in mainstream cotton farming in several cotton-producing states in both countries and drastically increases available volumes of cotton grown in a more sustainable manner.

CONNECTING SUPPLIERS TO MORE SUSTAINABLE COTTON

We support IKEA suppliers working with cotton textiles to connect with suitable raw material sources. IKEA has also facilitated access to a number of new cotton sources to enable suppliers to blend the right quality. In return, the suppliers must commit

to buying more sustainable cotton as it becomes available.

SEARCHING FOR FUNCTIONAL TRACEABILITY SYSTEMS

Tracing the cotton used in IKEA products all the way back to the farms it grew on is an important part of securing more sustainable cotton products. Today, IKEA uses a web-based traceability system initially introduced to be used in connection with our cotton projects in India and Pakistan. This system is being introduced throughout the IKEA cotton supply chain, but IKEA is also search for alternative, innovative solutions that may be better suited for large-scale tracing.

PART OF THE BETTER COTTON INITIATIVE (BCI)

IKEA is one of the founding members of the Better Cotton Initiative (BCI). This global multi-stakeholder organisation aims to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. Leading participants are international companies and NGOs, as well as an increasing number of ginners and textile producers.

BCI has developed draft criteria for Better Cotton. Criteria cover environmental aspects, such as the use of chemicals and water, as well as social aspects relating to child labour, working conditions and wages. Criteria testing started in 2009 in regional pilot projects in West Africa, Brazil, Pakistan and India. The tests will be monitored and evaluated over the next few years to see if the criteria need further revision. Once these criteria have been fully evaluated, set and introduced, BCI will take on responsibility for verifying compliance at farm level.

Read more on www.bettercotton.org

ADDRESSING CHILDREN'S RIGHTS IN PAKISTAN AND INDIA

We believe that children everywhere have the right to be protected from exploitation, abuse and neglect. All children should have access to quality education, and child labour is unacceptable. The IKEA Foundation has identified cotton and cotton-seed farming as areas where there is a great need to improve the rights and lives of children. Between 2009 and 2015, around 10 million children in more than 15,000 villages in cotton and cotton-seed growing areas in India and Pakistan will benefit from the IKEA Foundation-supported programmes, managed by UNICEF and Save the Children.

Read more on page 53
The IKEA Foundation

REDUCING OUR NEED FOR COTTON

At the same time as IKEA works to use more sustainable cotton, we also try to reduce our reliance on cotton as a raw material for our products.

One way to reduce the need for cotton is to use blends, for example a blend of cotton and linen. Alternative materials play an important role, too. For example, Lyocell made from cellulose fibres is already used in a number of IKEA products that require similar characteristics as cotton. IKEA expects the range of Lyocell textile products to increase substantially in coming years, significantly contributing to a decreased use of cotton.

In addition, IKEA suppliers are adapting production to meet new quality standards that reduce the amount of cotton needed and the weight of textiles, while the overall textile quality is enhanced.

COMMENTS ON KPIS AND FIGURES 2010

The volume of more sustainable cotton increased substantially in FY10, and we have now set out to reach 100 percent in the IKEA cotton textile range by the end of FY15.

Harvested volumes are expected to increase rapidly over the next few years as successful farmers spread their knowledge and inspire others, and more and more IKEA textile suppliers commit to buying this more sustainable cotton.

KPI – ENVIRONMENT: COTTON

	FY07	FY08	FY09	FY10	Goal FY15
Share of more sustainable cotton used in IKEA products, %	–	–	6.2	13.4	100

OTHER FIGURES

	FY07	FY08	FY09	FY10
Cotton used in IKEA products, tonnes				
Total cotton use	–	–	185,000	190,000

SHARE OF MORE SUSTAINABLE COTTON USED IN IKEA PRODUCTS, %



Starting to tackle water issues throughout the value chain

IKEA wants to minimise the water footprint throughout the value chain, from raw material sourcing all the way to customers' homes. In FY10, our first attempt to map the full IKEA footprint confirmed the importance of continued efforts to help improve agricultural practices in cotton farming.

A FIRST ATTEMPT TO MAP OUR WATER FOOTPRINT

A first rough estimate of IKEA's overall water footprint based on data from FY09 was developed in FY10. While we still lack consistent and reliable data from most parts of IKEA operations, it is clear that the most significant footprint comes from raw material extraction, and cotton cultivation in particular. In addition, Business for Social Responsibility (BSR) has helped us make a brief overall assessment of water-related risks in the IKEA value chain.

The footprint mapping and risk assessment confirm the importance of IKEA's contribution to introduce better water management practices in conventional cotton farming. They also show the potential in supporting suppliers of textile and metal products in their work to reduce consumption and improve water treatment, as well as in helping customers reduce their consumption at home.

Read more on page 64
Cotton

IMPROVED WATER TREATMENT AT SOUTH ASIAN SUPPLIERS

The number of suppliers in South Asia with biological water treatment plants increased dramatically in FY10. During the year, the number of suppliers with functional treatment plants jumped from five to 32 in Pakistan, Bangladesh and India, and only a handful of suppliers are still in the process of introducing them.

Suppliers had support from an IKEA water specialist and an external consultant, who mapped each supplier's water treatment to see how they could be upgraded and provided technical know-how. In addition, training sessions were held at every supplier to teach them how to optimise plant operations once installed.

Biological treatment plants are now a precondition for new textile suppliers in South Asia. Today more than 75,000 cubic metres of waste water is treated through these treatment plants every day. Some existing suppliers have decided to take water treatment one step further and install reverse osmosis treatment plants at their factories.





"DRIP IRRIGATION HALVED MY WATER USE"

Farmer Dilip Patel in Gujarat, India, joined the IKEA-funded project to introduce more sustainable cotton-farming practices a few years ago, and his farm is thriving. "The best thing I did was to invest in drip irrigation. I have halved my water use and the yield has increased by 40 percent. Now two of my neighbours have decided to install drip irrigation, too."

SUPPLIER PROJECTS TO IMPROVE WATER CONSERVATION

The IKEA purchasing teams in South Asia and Turkey are starting pilot projects aimed at reducing water use and recycling more water.

IKEA water specialists have helped map water consumption at selected suppliers, and they are now developing action plans on how to prevent water waste and how to better conserve and recycle water. The ambition is to spread the results and learnings from these pilots to other suppliers.

Water is also one of the sub-categories for the new IKEA Supplier Development Programmes (SDP). While the most suitable suppliers for SDP water projects are yet to be identified, a programme description has been developed and an SDP water project leader has been identified.

Read more on page 39
Home furnishing suppliers

LOCAL INITIATIVES TO RAISE CUSTOMER AWARENESS

Some IKEA stores have started local initiatives to help raise customer awareness of water-related environmental challenges. For example, our Italian stores try to decrease the use of bottled mineral water by encouraging customers to drink local tap water instead.

In collaboration with a local NGO and public water companies, IKEA SLOM glass bottles with stoppers were sold with a label with information about the quality of local tap water. For every bottle sold, 0.2 euro was donated to the NGO Legambiente, and a total of 6,000 euro was donated to remedy pollution in the Lambro River after an environmental accident.

In addition, three Italian stores offer IKEA FAMILY members, in a special "water house" outside the store, free sparkling and still purified water, which is taken from the local public aqueduct. This "water house" project won the Sustainability International Forum (SIF) Prize in 2010.



SWEDWOOD PLANT TO TREAT STORM AND LOG YARD WATER

Swedwood in Wielbark, Poland has received a break-through environmental permit to construct an improved water treatment plant for storm and log yard water. Swedwood may now treat this water on-site instead of collecting it for evaporation or transportation to a municipal water treatment plant. All storm and log yard water at Wielbark will be collected for oil and particle separation and then directed to a specially designed infiltration pond. The aim is to protect local aquatic systems, invest in sustainable usage of water and, at the same time, minimise transportation.

The way we work

SUSTAINABLE WATER PRACTICES IN COTTON FARMING

The IKEA-supported projects for more sustainable cotton farming in India and Pakistan have reduced participating farmers' water consumption significantly through the introduction of better management practices. Cotton farming can be highly water intensive if appropriate irrigation methods are not used, and project results show that the water consumption can often be halved.

Read more on page 64
Cotton

WATER TREATMENT AT IKEA SUPPLIERS

The IKEA code of conduct, IWAY, includes requirements on water treatment. IKEA supports suppliers to implement waste water treatment processes to ensure water quality in suppliers' local communities. Audits have proven good progress particularly in South Asia, where IKEA has supported the implementation and maintenance of waste water treatment systems to ensure that capacity is appropriate for waste water volumes.

All IKEA home furnishing suppliers must have action plans on how to reduce their environmental impact, and IKEA supports suppliers in regions with scarce water resources. In India, we have helped suppliers improve water recycling and set targets for continued improvements.

All IKEA Catalogue suppliers are required to monitor and report water consumption as well as emissions to wastewater. IKEA calculates and reports this data per Catalogue copy.

Read more on page 39
Home furnishing suppliers

Read more on page 50
Catalogue suppliers

DESIGN TO MINIMISE WATER USE IN MANUFACTURING

Product design can, to some extent, determine the amount of water needed in manufacturing, and IKEA uses a number of techniques that reduce consumption. A printing technique called Soft Pigment Printing (SPP) reduces the water consumption by 60 percent compared to traditional printing techniques while also giving the textile a soft feel and excellent light-fastness. Today, around 40 percent of our printed textile products are produced with techniques that require less water.

REDUCING WATER CONSUMPTION AT IKEA

All IKEA stores and distribution centres measure their water use, and several stores have implemented various measures to reduce consumption. For instance, IKEA France is one of the countries that installs waterless urinals in new stores and retrofits others with grey water systems so that roof run-off water can be used for toilet flushing.

HELPING CUSTOMERS SAVE WATER AT HOME

We have decided to develop the IKEA range to support IKEA customers live a more sustainable life at home by reducing their energy and water consumption, and help them save money at the same time. IKEA kitchen taps are already fitted with a Pressure Compensating Aerator (PCA) that can reduce water use by 30 percent or more by limiting the water pressure and adding air to the water flow, and we are constantly looking for other innovative techniques to support reduced household water usage.

Read more on page 19
More sustainable products

COMMENTS ON KPIS AND FIGURES 2010

Reducing our water footprint is one of the overall priorities in the IKEA Sustainability Direction. A first rough estimate of our overall footprint based on data from FY09 was developed in FY10. Over the next few years, we will address water issues more widely across the value chain.

While the estimates are still rough, it is clear that the most significant footprint comes from cotton cultivation. This confirms the importance of our ongoing efforts to spread more sustainable water management practices in cotton producing areas in India and Pakistan.

OTHER FIGURES

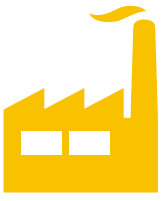
	FY07	FY08	FY09	FY10
Estimated water footprint (1,000 m³)				
Raw material extraction				1,700,000
Production				153,000
IKEA units				4,900
Customers using IKEA products				125,000
Total				**~ 1,982,900**

ESTIMATED WATER FOOTPRINT



Raw material

85.8 %



Production

7.7 %



IKEA

0.2 %



Customers

6.3 %

We want to minimise waste throughout the value chain

Economising on resources is part and parcel of the IKEA culture, and we strive to minimise waste throughout the value chain. We have set an overall goal for FY15 to have zero waste to landfill from our own operations, and have decided that all IKEA markets shall enable and encourage customers to reuse or recycle all IKEA products at end-of-life.

PRODUCTS AND SOLUTIONS TO HELP CUSTOMERS MINIMISE WASTE

IKEA wants to develop products and solutions that enable customers to conveniently sort and reduce household waste volumes. A training module has been developed to help product developers, technicians and others to learn more about household waste issues.

In FY10, IKEA extended the range of products that help customers with waste-sorting, moving from mainly kitchen-based products to also include solutions suitable for secondary storage areas. For example, RETUR is a series of wall-hanging storage products to be used for paper, cardboard, batteries, glass and plastic, etc., and DIMPA provides a low-price portable alternative.

IKEA has a climate-related project focused on reducing energy and water consumption, preventing unnecessary food waste and minimising other household waste. The project aims to provide input to IKEA range development on solutions that would have the biggest positive impact, and to develop communication that inspires co-workers and customers to live a more sustainable life at home.

Read more on page 83
Sustainable life at home

MINIMISING WASTE AT IKEA STORES AND DISTRIBUTION CENTRES

All IKEA stores and distribution centres recycle large quantities of material. The "Waste Management Manual" for the IKEA group was first established in 1999. The manual requires all stores to, at a minimum, sort the most common waste items: cardboard, paper, plastic, wood, metal and glass.

In some stores, as many as 15 categories of waste are sorted. In practice, this ensures that almost 75 percent of the waste is sorted in the stores and more than 80 percent is recycled or used for energy production. This helps us to save resources and can result in considerable savings.

IKEA stores and distribution centres also work to minimise damage to products. However, when damage does occur, IKEA attempts to repair products rather than simply discard them. The results of efforts made in the stores are measured in the Recovery Index.

WASTE RECYCLING FOR CUSTOMERS AT IKEA STORES

IKEA wants to make it easy for customers to recycle our products at the end of their life-cycle. Our Sustainability Direction for FY15 states that IKEA must take responsibility to enable and encourage customers to recycle and reuse products when they are no longer wanted.

Today, many stores offer at least some opportunities for customers to return and sort waste for recycling. For example, customers can return batteries and compact fluorescent light bulbs (CFL) at most IKEA stores. CFL bulbs use 80 percent less energy and last 10 times longer than traditional bulbs. However, CFL bulbs contain a small amount of mercury, which means that the bulbs have to be recycled in a safe way.



FROM TRASH TO TREASURE

What some may see as trash can be a treasure to someone else. This is why IKEA Coventry, UK, donates ex-display textiles, such as sofa covers, curtains and loose fabrics to local schools with little money for materials. Here, artistic students use them for creating new products, such as textile recycling bags, or to design clothes and organise fashion shows.

WASTE MANAGEMENT AT IKEA SUPPLIERS

IKEA wants to minimise the amount of waste generated in the manufacturing process, and if possible to use it in the production of other home furnishing products. Our designers, product developers and technicians get great ideas by spending time in the factories and talking to suppliers. LUSY BLOM cushion is one good example. It is filled with leftovers from IKEA quilt production, so we can make sure the content is safe and healthy as well as making use of material that would otherwise be wasted.

Waste from production can still come to good use even if it is not suited for home furnishing products. For example, the production units at Swedwood and Swedspan – the industrial groups owned by IKEA – often use their own wood waste to produce energy instead of relying on oil and gas.

Some IKEA suppliers use materials and production methods that generate hazardous waste. This is why our code of conduct IWAY states that suppliers must handle, store and dispose of hazardous waste in an environmentally safe manner, and that workers must have the appropriate competence and protection as needed.

Read more on page 85
Closing the loops

INVESTIGATING HOW TO TURN WASTE INTO RESOURCES

Turning waste into resources and minimising its environmental impact are serious challenges to society as a whole. This is why we have started a project called “Closing the loops” to investigate the opportunities for full recyclability of different materials used in IKEA products, and how cyclic systems can save scarce natural resources and minimise CO_2 emissions.



REUSE, RECYCLE – OR PASS IT ON!

In Sweden, IKEA has started a “Buy & Sell” website for used IKEA products to prolong their life, through the IKEA community “Life at home”. Advertising is free of charge for IKEA FAMILY members. All advertisements will also be displayed on Sweden’s largest classified listings site Blocket, while IKEA products advertised on Blocket will automatically be shown on the IKEA community site.

Try it out on www.ikea.se/livethemma

COMMENTS ON KPIS AND FIGURES 2010

Our overall goal for FY15 is that no waste from our own operations shall go to landfills. Already today, a high share of our waste is recycled, reclaimed or used for energy production.

The amount of waste generated by our stores decreased partly as a result of consistent efforts to repair damaged goods to sell “as is” in stores’ bargain corner, which is also reflected in the improved Recovery Index.

Swedspan was formed as a spin-off from Swedwood in 2008, and started reporting comparable data in FY10.

KPI – ENVIRONMENT: WASTE

	FY07	FY08	FY09	FY10	Goal FY15
Waste recycled, reclaimed or used in energy production, %					
Distribution	76	90	90	91	100
Swedwood	68	72	74	95	100
Swedspan	–	–	–	86	100
Stores	84	85	86	84	100

OTHER FIGURES

	FY07	FY08	FY09	FY10
Amount of waste, tonnes				
Distribution	–	33,952	38,929	34,369
Stores	–	276,173	285,156	279,778
Recovery Index, %				
IKEA stores	64	61	61	66

Tackling climate change with a wide range of actions

IKEA wants to take a leading role towards a low carbon society and significantly reduce the carbon footprint from all parts of our operations, while also helping to reduce CO_2 emissions in society. This is why IKEA tackles climate change with a wide range of actions throughout the value chain. In FY10, we started the work to set specific emission reduction targets, and intensified our efforts to find adequate measuring methods.

IKEA WANTS TO HAVE A POSITIVE IMPACT ON THE CLIMATE

We are reducing CO_2 emissions from our own operations, while also examining the opportunities IKEA has to help reduce emissions in society and support our customers to reduce their emissions.

Together with WWF, we have investigated some of these opportunities and how to calculate climate-positive aspects from what we do together with our customers. Inspiring and enabling IKEA customers to make changes at home can make a huge difference. If 50 million customers reduce their food waste by 14 percent, this would save approximately six million tonnes of CO_2 per year. And if 20 million households cut the power used for equipment in stand-by mode by 50 percent, it would save 1.4 million tonnes of CO_2.

AMBITION TO SET SPECIFIC EMISSION REDUCTION TARGETS

Our commitment to tackling climate change means that all parts of IKEA have started to develop specific reduction targets and methods of measuring CO_2 emissions from our own operations, the supply chain and from travel to IKEA stores.

ROAD-TESTING NEW GREENHOUSE GAS PROTOCOL STANDARDS

In FY10, IKEA was one of the companies that were invited to road-test new global standards in the Greenhouse Gas Protocol (GHG Protocol). The tested standards were designed to provide methods to account for emissions associated with individual products across their life-cycles and of corporations across their value chains.

The draft standards were used during the road-test to update IKEA carbon footprint calculations and to report on areas that were not part of earlier mapping activities, for example products' end-of-life, building materials and employee commuting. However, available data are still inadequate and inconsistent in some areas, and emission calculations can only be considered as rough estimates.

IKEA continues to explore and cooperate with others to develop new, improved measuring and reporting methods that will give us the tools we need to accurately monitor our CO_2 emissions.

Read more about the Greenhouse Gas Protocol at www.ghgprotocol.org

WE WANT GOOD TECHNOLOGY TO BE AVAILABLE TO THE MANY

Modern technology can help our customers cut their energy consumption and save money while also reducing their CO_2 emissions. IKEA induction hobs are one good example of how we can make energy-efficient solutions available to the many people by offering good quality at affordable prices. In 2010, we reduced the price on one of our most popular induction hobs substantially in most European markets.



The way we work

EMISSION REDUCTIONS THROUGHOUT THE VALUE CHAIN

IKEA wants to reduce carbon dioxide emissions from all aspects of our operations – from how raw materials are extracted; how our products are manufactured; how the products are transported; how we heat, cool and light our buildings; how people are transported to and from our stores; from the use of our products in customers' homes; and finally at the end of a product's life-cycle.

This is a great challenge, but IKEA is making progress. We are investigating the climate impact from all our operations and are in the process of setting specific emission reduction targets, and we cooperate with others to establish standards on measuring and follow-up.

COOPERATING WITH WWF ON CLIMATE CHANGE

IKEA has cooperated with WWF to tackle climate change since 2007. A majority of carbon dioxide emissions related to IKEA come from material extraction, suppliers, customer transportation, and the use and disposal of products – areas that IKEA can only indirectly influence. This is why several climate projects aim at increasing our ability to positively influence suppliers, customers, policy makers and others while also developing our range to become more energy efficient. Below is a brief summary of our climate projects.

Energy use at suppliers 2010–2011
This supplier energy pilot focuses on Poland and China, and the identification of barriers that prevent us from proceeding faster to a low-carbon supply chain. The project aims to develop relevant strategies to remove these barriers, as well as to develop and run specific actions. The learnings can help us support suppliers' efforts to save energy and reduce their climate impact, while also improving efficiency and reducing costs.

Read more on page 78
Energy use at suppliers

Transport of people 2007–2010
Pilot projects in the United Kingdom, China and the United States have explored more sustainable ways to transport people to and from IKEA stores, helping them to leave the car at home and reduce CO_2 emissions. A toolbox developed as part of the project will offer guidance to IKEA stores on strategies to achieve more sustainable transportation.

Read more on page 81
Transport of people

Sustainable life at home 2010–2011
This project aims at identifying smart products and services that IKEA can offer to help our customers live a more sustainable life at home, and at creating customer awareness of how their behaviour can help to reduce climate impact.

Read more on page 83
Sustainable life at home

Climate perspective on food products 2009–2011
This project aims at finding ways to adapt the IKEA food range to be more climate smart, and what IKEA can do to influence both food suppliers and the customers who buy our food products.

Read more on page 84
Climate perspective on food products

Closing the loops 2010–2011
This project investigates the opportunities for full recyclability of different materials used in IKEA products, and how cyclic systems can save scarce natural resources and minimise CO_2 emissions. It will explore how to close material loops, with specific focus on recyclable products and use of recycled materials in new products.

Read more on page 85
Closing the loops

COMMENTS ON KPIS AND FIGURES 2010

IKEA wants to take a leading role towards a low carbon society, and significantly reduce the carbon footprint from all parts of our operations, while also helping to reduce CO_2 emissions in society.

We have estimated CO_2 emissions from our value chain based on the draft Corporate Value Chain (Scope 3) Accounting and Reporting Standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Current calculations show that 85 percent of the carbon dioxide emissions related to IKEA and our products are attributed to material extraction, customer transportation, the use of products and their end-of-life. These rough estimates help us identify the most important areas to focus on.

We have measured energy consumption for IKEA buildings for a number of years, and CO_2 emissions are calculated from these data. Here, we can see that emissions are increasing not only in absolute terms as a result of increased sales, but also in relative terms: CO_2 emissions expressed as kilograms per sold cubic metre of IKEA products increased by 30 percent to 34.3 kg.

A newly acquired Swedspan factory adds to CO_2 emissions, but the main reason for the overall increase is that the share of renewable energy used in IKEA buildings decreased during the year. When our supply agreements for grid electricity from renewable sources expired in major markets – Germany and France – they were not replaced, as IKEA has decided not to pay premium prices for "green" grid electricity. This is one of the reasons why IKEA invests in alternative solutions, such as solar panel systems and wind turbines.

The reported CO_2 emissions from IKEA suppliers include all home furnishing suppliers, food suppliers and catalogue suppliers. Today, around 70 percent of home furnishing suppliers report actual figures for energy consumption and CO_2 emissions, and these figures are well in line with previous years' estimates.

OTHER FIGURES

	FY10
Estimated CO_2 emissions, tonnes	
Raw materials	**15,700,000**
Production and distribution	**3,400,000**
– Suppliers	2,800,000
– Goods transport	580,000
– Business travel	40,000
IKEA	**920,000**
– Buildings	820,000
– Employee commuting	100,000
Customers	**8,200,000**
– Transportation to stores	2,100,000
– Product use	6,100,000
Products end-of-life	**1,600,000**
Total	**~30,000,000**
Greenhouse Gas Protocol (GHG) Scope 1-2-3 CO_2 emissions, tonnes	
Scope 1 (Direct emissions from sources owned or controlled by IKEA)	123,015
Scope 2 (Emissions generated from purchased electricity consumed by IKEA buildings)	695,170
Scope 3 (Estimate based on the draft GHG Protocol Corporate Value Chain Accounting and Reporting Standard)	~29,200,000
Total Scope 1-2-3	**~30,000,000**

OTHER FIGURES

	FY07	FY08	FY09	FY10
IKEA buildings CO_2 emission, tonnes				
Stores	309,366	314,744	326,700	435,344
Distribution	42,616	41,604	39,963	47,999
Swedwood	196,001	230,000	239,620	246,277
Swedspan	–	–	–	83,835
Offices	5,178	5,178*	2,950	4,730
Total	**553,161**	**586,348**	**609,233**	**818,185**
Total kg CO_2 / m^3 sold IKEA products	**25.9**	**25.7**	**26.4**	**34.3**

*not available, assumed similar as 2007

ESTIMATED TOTAL CO_2 EMISSIONS



53 % Raw materials

12 % Production and distribution

3 % IKEA

27 % Customers

5 % Products end-of-life

Continued investments in renewable energy for IKEA® buildings

IKEA buildings are where we have the best opportunities to directly influence CO_2 emissions, and our investments in renewable energy have increased substantially. To speed up our work to increase energy efficiency and reduce the use of fossil fuel, all IKEA countries have been given the task to set specific CO_2 reduction targets.

MAJOR INVESTMENTS IN WIND AND SOLAR POWER

The implementation of the FY09 decision to install photovoltaic (solar) panels on around 150 stores and distribution centres is progressing well, and the cost of solar panel systems and installation has decreased significantly. In FY10, the number of buildings with solar panel systems nearly doubled, from nine to 17, and we expect to reach around 40 buildings by the end of FY11. Among the countries that have or are about to install solar panel systems are Spain, Germany, the United States, Canada, Czech Republic, Belgium, Italy, the UK and France.

IKEA has also increased its investments in wind turbines in France and Germany, with 52 turbines installed or in the process of being installed and connected to the power grid. These installations are expected to generate around 95 GWh, the equivalent of 10 percent of the total FY09 electricity consumption in IKEA buildings.

SETTING GOALS TO REDUCE CLIMATE IMPACT FROM OUR BUILDINGS

Our Sustainability Direction states that IKEA shall significantly reduce CO_2 emissions from our own operations by being innovative, energy efficient and using more renewable energy. During FY11, all IKEA countries are to develop reduction goals for energy consumption and CO_2 emissions for their stores, distribution centres and factories.

The goals are to be based on the direction decided in FY06 that all IKEA buildings should, long-term, run on 100 percent renewable energy and that energy efficiency should improve by 25 percent compared to 2005.

Over the past few years, our energy project IKEA Goes Renewable has helped IKEA realise some of the many potentials to save energy and shift from fossil fuels to the relatively high share of renewable energy being used to run IKEA buildings. Specific goals beyond the overall direction will help IKEA gain momentum in its work to reduce the climate impact from our own buildings over the next few years.



SOLAR PANEL INSTALLATIONS IN NORTH AMERICA

IKEA U.S. already has solar panels fitted to three stores around the country, and has started installations on another seven stores and one distribution centre in California. Once all are in use in 2011, the 20,000 panels in California will have an annual output of 6,650 MWh of electricity, representing CO_2 reductions equalling the yearly emissions of 914 cars. The distribution centre in Tejon will have one of the top ten largest commercial rooftop systems in the United States.

By the end of 2010, IKEA Canada will have fitted three Ontario stores with solar panels that are expected to produce around 960 MWh per year, roughly the equivalent of what it takes to power 100 homes. This will be what is believed to be the largest rooftop solar installation owned by a retailer in Canada.

SPECIFIC ENERGY EFFICIENCY TARGETS FOR NEW STORES

IKEA has decided to introduce specific energy efficiency targets for new stores. The current target of 45 kilowatt hours (kWh) per cubic metre of sold goods at the fifth year of operation has been replaced by individual targets appropriate for each stores' conditions, such as the climate, store opening hours, etc.

Research and experience show that new stores in some locations are unable to reach the previous target, while stores in some other locations have the potential to limit their energy consumption to 25–30 kWh/m^3. The current average performance for existing stores is close to 70 kWh/m^3.

STRONG ACTION PLANS BASED ON RETRO-FIT AUDIT RESULTS

In FY08-09, IKEA conducted an audit of all buildings and created individual action plans to make retrofits in order to improve their energy efficiency and use of renewable energy. The implementation of action plans continued in FY10, with many successful examples.

In Canada, the Vaughan store has improved its energy efficiency by almost 35 percent or 3,500 MWh a year, by implementing a series of energy saving measures including reducing the ventilation speed when the store is not busy, fitting fans to blow hot air down from the ceiling and improving the automatic control of lighting and heating systems.

In Austria, the Wels distribution centre has reduced its CO_2 emissions by 62 percent since FY05 and has made annual energy consumption savings of about 19 percent or 1,100 MWh. And, at the end of FY10, they started building a biomass boiler alongside the existing gas boiler to further cut their CO_2 emissions.

Our industrial group Swedwood has reduced its oil and gas consumption by 71 percent compared to FY05, saving 18,500 MWh a year. The factory in Älmhult, Sweden, has reduced its oil consumption by 98 percent by switching from burning oil to wood waste.

At the end of FY10, some 1,000 action points remained to be implemented, while more than 2,000 have been completed.

The way we work

"IKEA GOES RENEWABLE"

"IKEA Goes Renewable" (IGR) is our project to reduce carbon dioxide emissions from IKEA buildings. Our long-term direction is that all IKEA buildings shall be supplied with 100 percent renewable energy. We also want to improve our overall energy efficiency by 25 percent compared to FY05.

IKEA defines renewable energy as energy derived from resources that are regenerated naturally or cannot be depleted. IKEA has decided not to pay premium prices for grid electricity from renewable sources. This is one of the reasons why IKEA invests in alternative solutions, such as solar panel systems and wind turbines, to supply its buildings with renewable electricity. Investments in more sustainable energy solutions often represent significant cost savings and relatively short pay-back periods.

CENTRAL SUPPORT FOR DELEGATED RESPONSIBILITIES

Each IKEA market is responsible for reducing its carbon dioxide emissions from its buildings and for increasing its use of renewable energy. National management teams are supported by a central team of experts and facilitators, as well as coordinators at each local unit.

STANDARDS FOR ENERGY MANAGEMENT

IKEA establishes and updates standards continuously in order to make better equipment and energy management choices. This translates into savings that improve energy efficiency considerably. IKEA has standards for the most important building components of stores, and specifies a range of energy efficient measures for new IKEA buildings.

A number of projects – on both a global and local level – are being undertaken to encourage all IKEA buildings to continuously improve energy efficiency. Some of these get input and support from partners, such as the partnerships between WWF and IKEA in around ten countries including Austria and Switzerland. IKEA also cooperates with other retailers in the European Retail Round Table (ERRT).

ALTERNATIVE ENERGY SOURCES USED FOR HEATING

IKEA wants to move away from the dependence on fossil fuels. This is why space and water heating for new IKEA buildings comes from more sustainable sources whenever possible. This is done using ground source heat pumps, air heat pumps, biomass boilers and solar panels.

Most new construction projects incorporate one or more renewable sources of heating. All new stores in Sweden are being fitted with geothermal heating and cooling systems, and more than 25 IKEA units worldwide have been fitted with biomass boilers since FY05. Solar hot water heating systems are installed at more than 50 IKEA sites. At the Logan store in Brisbane, Australia, the system supplies all hot water for the store all year round using heat from the sun. The savings on energy costs is expected to cover investment costs in only two years.

COMMENTS ON KPIS AND FIGURES 2010

In FY10, the number of installed solar panel systems nearly doubled, and we expect the share of renewable energy to rise during FY11 as a result of our rapid increase of solar panel systems combined with investments in more than 50 large wind turbines and some new biomass boilers and heat pumps.

However, in FY10 the share of renewable energy used in IKEA buildings decreased. When our supply agreements for grid electricity from renewable sources expired in major markets – Germany and France – they were not replaced. IKEA has decided not to pay premium prices for "green" grid electricity, and this is one of the reasons why we invest in alternative solutions to supply our buildings with renewable electricity.

Meanwhile, the energy efficiency of IKEA buildings continues to improve, with Swedwood showing significant progress. Overall, our energy consumption has increased, partly as a result of a cold winter and hot summer in many locations. However, the energy efficiency still improved as the energy consumption in our stores and Swedwood increased less than their productivity, whilst our distribution centres reduced their energy consumption faster than their productivity decreased.

Swedspan was formed as a spin-off from Swedwood, and since FY10 was their first year of full operation, there is no benchmark available.

KPI – ENVIRONMENT: RENEWABLE ENERGY

	FY07	FY08	FY09	FY10	Direction
Renewable energy IKEA buildings, % of total consumption					
Stores	28	37	38	34	100
Distribution	30	37	41	34	100
Swedwood	59	60	63	59	100
Swedspan	–	–	–	62	100
Total	**42**	**47**	**50**	**47**	100

KPI – ENVIRONMENT: ENERGY EFFICIENCY

	FY07	FY08	FY09	FY10	Direction
Improved energy efficiency, % compared to 2005/m³ sold goods					
Stores	10	7	5	7	25
Distribution	24	21	21	22	25
Swedwood	15	28	23	37	25
Swedspan	–	–	–	–	25

OTHER FIGURES

	FY07	FY08	FY09	FY10
IKEA buildings with solar panels installed	–	–	9	17

ACTUAL ENERGY CONSUMPTION IN IKEA BUILDINGS (GWh)



Total **3,531**

Stores **1,572**

Swedwood **901**

Swedspan **846**

Distribution **212**

Big potential to improve energy efficiency at IKEA® suppliers

IKEA wants to help suppliers save energy and reduce their climate impact, while also improving efficiency and reducing costs. Several successful energy projects with suppliers during FY10 prove that relatively modest investments often lead to big improvements. The experiences will be used to further realise the huge potential at key suppliers in coming years.

GREAT RESULTS FROM SUPPLIER ENERGY PROJECTS

In FY10, IKEA and 70 suppliers worked together in energy projects with the goal of reducing consumption and carbon dioxide emissions, while also saving costs and increasing competitiveness. In total, participating suppliers are estimated to have saved more than 150 GWh of energy and reduced CO_2 emissions by more than 40,000 tonnes.

Two Chinese glass suppliers have reduced their energy consumption by 46 percent and 30 percent respectively, and the carbon footprint by 40 percent and 21 percent. A board material supplier in Lithuania improved the energy efficiency by 37 percent and saved 350,000 euro in just one year.

One textile supplier in Bangladesh has reduced energy consumption by 20 percent and cut CO_2 emissions by 10,000 tonnes in the first six months of the project. This supplier expects to reduce costs by 530,000 euro in the first year alone as a result of investing 70,000 euro in a number of energy efficiency measures.

Many suppliers also invest in technology with longer pay-back periods. A plastics supplier in Czech Republic has started the installation of a solar power plant to cover up to 50 percent of the factory's electricity need, while a Slovenian aluminium supplier has installed biomass boilers that halved CO_2 emissions compared to the old oil-fuelled system.

PROJECT TO HELP REMOVE LOW-CARBON BARRIERS

IKEA and WWF have launched a follow-up to a supplier energy efficiency project that ran in FY08–09. The earlier project delivered action plans to improve supplier energy efficiency based on energy audits at selected suppliers in China, Poland and Sweden, but also helped raise IKEA's awareness of barriers preventing us from proceeding faster to a low-carbon supply chain.

The follow-up project focuses on Poland and China, and runs until the end of FY11. The aim is to identify specific barriers and develop relevant strategies to remove these barriers, as well as to develop and run specific actions. The project explores what needs to happen at IKEA and what needs to happen externally, for example when it comes to infrastructure and legislation.

The second half of the project is about creating an innovation platform. Two suppliers in different energy-intensive material categories – plastics and textiles – are taking part. We have analysed their energy set-up and the best practices, and will now explore what would be required from an innovation perspective to improve energy efficiency. A workshop with global innovators and incubators, as well as various competencies from IKEA and WWF, will start a dialogue that may result in new solutions. Ideas and proposals will be evaluated to see if they can be tested in later pilot projects.

BIOMASS PLANT AT SWEDSPAN MAKES A DIFFERENCE

Swedspan, an industrial group within IKEA, has decided to minimise CO_2 emissions at its new board production unit in Poland with the aid of a biomass combined heating and power plant. Once installed in spring 2011, the plant is expected to produce an annual surplus of around 40,000 MWh of renewable electricity, which can be supplied to the electricity grid.



New measures to improve goods transport filling rates

Effective distribution in the entire goods flow from supplier to customer is important to achieve low prices and to minimise the environmental impact from transport. In FY10, we decided to remove wooden pallets from the supply chain as part of our constant quest to increase filling rates and decrease CO_2 emissions from transport.

REMOVING WOODEN PALLETS FROM THE IKEA SUPPLY CHAIN

By the end of FY11, all IKEA suppliers are expected to have phased out wooden pallets and instead use more sustainable alternatives such as paper pallets and recycled plastic loading ledges. Abandoning wooden pallets means that we no longer have to transport empty but bulky pallets from the stores backwards in the supply chain.

Paper pallets and loading ledges can be adapted to product size, which means optimised unit loads and improved filling rates. In addition, IKEA product developers and packaging specialists can optimise designs to fit trucks and containers rather than fixed pallet sizes.

Most suppliers in North America and Asia Pacific have already stopped using wooden pallets, and around 40 percent of European suppliers. Internally, IKEA stores and distribution centres are in the process of developing new storage solutions to handle unit loads without wooden pallets.

NEW CONTAINER STANDARD IMPROVES FILLING RATES

IKEA has decided to move away from the current Dry-Van (DV) containers with a standard height of 2.4 metres and increasingly use the High-Cube (HC) containers with a standard height of 2.7 metres. This is expected to improve filling rates. In turn, this will reduce the number of shipments and contribute to keeping CO_2 increases from transport lower than the overall IKEA sales growth.

Many IKEA products can be shipped with higher filling rates by combining the HC container with paper pallets and loading ledges. For example, an HC container can fit 25 percent more LACK tables than a DV container.

TESTING ELECTRIC VEHICLES FOR CUSTOMER HOME DELIVERIES

IKEA and a transport service provider in Paris, France, have tested the potential of using electric and/or compressed natural gas (CNG) vehicles for customer deliveries. So far, results have been more favourable towards CNG vehicles, due to electric vehicles' limited reach per charge. The ambition is to test alternative technology in two more markets during FY11.

COLLABORATION TO DEVELOP CLIMATE PROTECTION PLATFORM

IKEA has been part of a group of leading companies from different industries, who have joined forces to launch a multi-industry, voluntary programme focused on reducing the environmental impact of European road transport. The aim is to promote green procurement of transport services and of fuel-saving and/or emission-reducing technologies in order to reduce energy use, greenhouse gas emissions and other pollutants in freight transportation.

Two European IKEA transport carriers have been part of evaluating the U.S. EPA SmartWay tools to see how a similar solution would work in Europe. The programme is expected to help IKEA more accurately report CO_2 emissions from transport.

Read more at www.epa.gov/smartwaylogistics



EVERYONE WINS WITH RE-DESIGNED EKTORP

Since its launch in 1996, the EKTORP sofa has been one of our most popular products. But the bulk made it a challenge to transport and store in a cost-effective and environmentally sound manner. Now EKTORP has been turned into a customer assembly piece. Thanks to the flatpack, each pallet can fit twice as many sofas as before. And everyone wins: the cost for IKEA has dropped, CO_2 emissions from transport have dropped, and the price has dropped.

The way we work

STRIVING FOR MORE EFFICIENT GOODS TRANSPORT

IKEA has strived for innovative and efficient transport solutions for our products ever since the early 1950s, with flatpacked furniture being the first major breakthrough. Effective distribution in the entire goods flow from supplier to customer is an important piece of the jigsaw to achieve a low price, and to minimise the environmental impact from transport.

IKEA products are purchased both globally and regionally to secure low prices and high quality while also trying to avoid unnecessary transport. We use direct deliveries from suppliers to stores to a large extent, and try to minimise goods going into intermediate storage in distribution centres.

We choose rail transport where possible, and where this is the more environmentally adapted option. Truck and container loads are optimised to maximise fill rates and minimise the number of transports, and we work actively with transport service providers to reduce their environmental footprint.

INNOVATIVE DESIGN INCREASES FILLING RATES

Smart packaging is the most effective way to reduce the environmental impact from goods transport. Already at the drawing table, designers and product developers include considerations to packaging solutions as part of their assignment. Product packaging is optimised to increase filling rates.

IKEA works to increase the awareness along the value chain. Each IKEA trading area has a filling rate coordinator, and analysis tools and training packages are available for all.

INDUSTRY-SPECIFIC REQUIREMENTS

IKEA transport service providers must comply with the requirements in our code of conduct IWAY, including industry-specific requirements.

COMMENTS ON KPIS AND FIGURES 2010

The target to reduce CO_2 emissions per transported cubic metre kilometre (CO_2/m^3km) by 12 percent in FY10 was surpassed. For the end of FY15, the goal is to reduce emissions by 10 percent, with FY10 as the base year and calculated as grams per cubic metre transported goods (CO_2/m^3) instead of grams per transported cubic metre kilometre.

Filling rates are stable to slightly higher, and we expect continued positive developments as wooden pallets are being phased out and the use of High Cube containers increases.

OTHER FIGURES

	FY07	FY08	FY09	FY10
Modes of transport (goods volume)				
Road	69	69	72	73
Ocean	17	18	15	16
Rail	5	4	3	2
Combined (including barge)	8	9	10	9

KPI – ENVIRONMENT: TRANSPORT OF PRODUCTS

	FY07	FY08	FY09	FY10	Goal FY10
CO_2 emissions reduction per transported m^3 kilometre (CO_2 gram / m^3km)					
Compared to FY05	–12	–14	–12	–18	–12

KPI – ENVIRONMENT: TRANSPORT OF PRODUCTS

	FY07	FY08	FY09	FY10	Goal FY12
Filling rate, %					
Inbound (supplier to warehouse)	62	60	63	64	70
Outbound (warehouse to store)	56	58	60	60	70

Helping customers and co-workers use more sustainable transportation

IKEA wants to help customers and co-workers use more sustainable modes of transport to travel to and from IKEA easily. A number of global and local initiatives support this ambition, and we have developed a "toolbox" together with WWF to spread ideas and solutions for more environmentally friendly people transport. Internally, more and more co-workers choose virtual meetings before travel.

TOOLBOX AVAILABLE FOR IKEA STORES

In FY10, IKEA and WWF finalised pilot projects aimed at finding more sustainable ways to transport people to and from IKEA stores. IKEA stores in the United States have tested a toolbox of measures to help people get to the stores in a more sustainable manner by promoting mass transit, improving home delivery services and exploring other solutions that enable customers and co-workers to use more environmentally friendly transport modes.

The toolbox helps stores evaluate their current situation before determining how they can help and influence customers and co-workers to make more sustainable transportation choices. Tests in the United States show that effective communication can increase the use of public transport, and encourage car sharing and car pooling as well as the use of low-emission vehicles.

The U.S. experience will now be evaluated before the toolbox is implemented at IKEA stores around the world.

Examples of toolbox content:

- A checklist of opportunities for promoting sustainable transport
- Guidelines for how to work with municipalities and external partners on improving alternative transportation access to stores
- A model for how to calculate the effect of implemented measures

LOCAL INITIATIVES TO PROMOTE SUSTAINABLE TRANSPORT

There are many local examples of initiatives aimed at promoting sustainable transport for customers and co-workers.

Public transport solutions are an important consideration when planning new stores and upgrading others. The store in Ancona, Italy, promoted the construction of a train stop in front of the store. Some stores in Sweden, Austria and Australia have real-time electronic timetables for local buses at the exits.

Many stores offer free shuttle buses to and from the city centre. In Norway, the Furuset store also offered free daily IKEA buses during the summer to two different cities 90 and 130 kilometres away. A discount on home delivery, "goody bags" and a tour guide were part of the package to ensure customers enjoyed the trip to IKEA while leaving the car at home.



FREE ELECTRIC CAR CHARGERS AT IKEA HELSINGBORG

The new IKEA store in Helsingborg, Sweden, has electric car charging stations in the parking lot, providing electricity from renewable sources for customers' cars free of charge. Some new stores under development in other countries will have the same offer, and more and more stores reserve their most attractive parking spaces near the entrance for electric and hybrid cars.

Some IKEA stores run public transport campaigns aimed at customers. Most stores in Italy offer refunds for bus tickets used to reach the store, and some stores have had promotions for customers arriving by public transport that included receiving a free lunch or discounted home delivery.

There are also local initiatives to encourage co-workers to use public transport to and from work. IKEA Czech, Slovakia and Hungary have offered various solutions for providing co-workers with free or subsidised public transport passes in the past two years – and today nearly 80 percent of co-workers commute by public transport.

"Green" cars are a good solution when public transport is not an option; and in Italy, IKEA sponsors co-workers buying hybrid or natural-gas cars with 150 euro. The Tempelhof store has accepted an invitation from the German General Motors branch Opel to test the latest generation of fuel cell powered cars. It will be used as an IKEA pool car and will be available for co-workers to use for business purposes, such as after sales service.

Yet, nothing could be more sustainable than riding a bike. This is why some IKEA locations, including three stores in Austria, offer pools of bicycles that co-workers can borrow to get to and from work.

CONTINUED SUCCESS FOR "MEETING THE IKEA WAY"

The work to reduce IKEA business travel continued, and there has been a substantial shift from travel to virtual meetings via video, web and phone in the past few years. The number of web meetings jumped to 82,000 in FY10 from 52,000 the year before, and involved an average of 20,000 participants every month.

During the year, the number of available locations for video meetings more than tripled. Regular training and information sessions are being held on all locations to encourage use and make sure participants get the best possible experience from video meetings.

INCREASING AWARENESS OF CLIMATE IMPACT FROM TRAVEL

All IKEA co-workers now have better opportunities to make informed choices of local travel alternatives to and from IKEA units. When searching for information on the IKEA Intranet on how to get to a specific location, the CO_2 footprint for the various alternatives such as cars, trains and buses are listed.

In close cooperation with our travel agencies, the work to improve the CO_2 reporting and information on air travel is ongoing, both on a corporate and on an individual trip level. Today, co-workers are not routinely informed of the CO_2 footprint from their air travel. However, the ongoing work to reduce the number of travel agencies to larger ones with better reporting routines will in time provide conditions for improved carbon-related information to travellers.

Read more about NBTA Europe at www.nbtaeurope.org

NEW COLLABORATION TO IMPROVE BUSINESS TRAVEL MANAGEMENT

IKEA has been elected as a member of the Strategic Advisory Board of the National Business Travel Association (NBTA) Europe. NBTA offers a range of services to European business travel and meetings professionals, including research and reports, benchmarking tools and a CSR toolkit.

COMMENTS ON KPIS AND FIGURES 2010

IKEA stores get around 600 million visits each year, and just under 10 percent use public transportation. The ambition for the coming years is to improve the access to our stores and, whenever possible, offer our customers more sustainable modes of transport.

Our internal work to reduce business travel has progressed well, and we have saved around 25 million euro annually in FY09 and FY10 compared to the 2007 base year. The number of web meetings has increased substantially, and we see a continued positive trend with more and more co-workers choosing virtual meetings before travel.

OTHER FIGURES

	FY07	FY08	FY09	FY10
Customers				
Customers travelling to IKEA stores by public transportation (%)	9	9	9.7	9.6
Business travel				
Business travel expenditure index, base year 2007	100	–	69	67
Number of web meetings	–	–	52,000	82,434

Promoting a more sustainable life at home

We believe that IKEA products and services can help our customers live a more sustainable life at home, and thus slow down climate change. We strive to make good technological solutions available at low prices and we have stepped up activities to inspire customers to live a more sustainable life at home.

GETTING READY FOR COMMUNICATION PILOT

IKEA and WWF are working together in a climate-related project to promote a more sustainable life at home by inspiring IKEA customers and co-workers to adopt more sustainable behaviours and thus reduce their environmental impact.

The focus is on reducing energy and water consumption, preventing food waste and minimising other household waste. The project aims to provide input to IKEA range development on solutions that would have the biggest positive impact, and to develop communication that inspires co-workers and customers to live a more sustainable life at home.

During FY10, the project started with a workshop with WWF experts, various IKEA competencies and some external designers to create a project platform and provide input to IKEA product development.

A project strategy for communication and customer engagement will be developed together with two IKEA pilot markets during FY11. We want to engage customers through communication and activities, showing that even small changes make a big difference to the environment and to household expenses.



CUSTOMERS SHARE IDEAS ON ENERGY, WASTE AND WATER

IKEA Spain celebrated “environmental month” during June to inspire co-workers and customers to change habits towards a more sustainable life at home. Customers contributed 555 tips and ideas on how to save energy, waste and water on a special IKEA website. The ideas that received the most votes from customers received a kit containing IKEA products such as a SUNNAN lamp and energy saving bulbs, and a WWF membership.

Moving towards a more climate-friendly food offer

IKEA wants to adapt the food range in restaurants and Swedish Food Markets to be more sustainable, and we have taken the first steps to take greenhouse gas emissions into account when developing new products. An estimate of food products' carbon footprint will help us prioritise the work in coming years.

GUIDELINES FOR DEVELOPING CLIMATE-FRIENDLY FOOD PRODUCTS

IKEA cooperates with WWF in a project aimed at finding ways of adapting the IKEA food range to be more sustainable, with a special focus on the climate. The initial goal is to identify short-term greenhouse gas reduction potentials. The next step is to initiate and implement actions to reduce the climate impact from all food-related operations and outline a strategy for long-term adaptation of the IKEA food business.

In FY10, the project developed a set of internal guidelines for food product developers to help select the most sustainable solutions and alternatives for new dishes. To facilitate the work to minimise greenhouse gas emissions, a "carbon calculator" has been developed, enabling product developers to calculate and compare estimated emissions from a wide range of common food ingredients. The guidelines and calculator will be introduced during FY11.

Pilot projects to develop, test and communicate national "low-carbon" food dishes are expected to start in the United States and Spain in FY11.



TURNING FOOD WASTE INTO FUEL

At some of our stores in Sweden, Norway, Denmark and Austria, food waste goes to a special treatment centre, where it gets reused as biogas fuel for cars and buses. In addition, a number of countries sort food waste for composting and animal feed.



Project to improve the recyclability of IKEA® products

We believe that turning waste into resources is an important step towards a more sustainable society, and we are committed to improving the recyclability of IKEA products as well as increasing the use of recycled materials in our range. This has the potential to reduce our overall environmental footprint as well as our impact on the climate.

PILOT PROJECTS TO TEST FULL RECYCLABILITY

"Closing the loops" is a project that supports our Sustainability Direction goal to turn waste into resources. This project, started together with WWF in 2010, aims to find new and innovative ways to handle materials. During the project, we will investigate aspects of full recyclability and how cyclic systems can save natural resources, minimise CO_2 emissions and optimally have a positive impact on the environment.

We will explore how to close material loops, with specific focus on recyclable products and use of recycled materials in new products. Especially interesting is the potential for upcycling, where recycling can improve or maintain the quality and value of the materials. Still, increased traditional recycling and controlled downcycling are also important ways to use materials in a more effective way.

We are still in the early stages of this project, mapping the potential barriers and incentives for closed loops of materials. In FY11, we plan to run pilot studies where material loops are to be closed and evaluated. Products and packaging materials will, on a small scale, be collected in order to investigate materials flows.

The pilot studies will help IKEA obtain more information about the end-of-life stage of products. As a next step, IKEA plans to use this information to develop support tools for the consideration and inclusion of end-of-life aspects necessary from the start of product design and development.

MAKING MATERIAL "ANTI-LOOPS" EXTINCT



One vision for IKEA is to make material "anti-loops" extinct. An anti-loop is when a product is not returned for effective recycling or when it is returned to nature with negative environmental impact at the end of its life. Instead, we want to make sure that products and packaging materials are part of efficient and effective material cycles, either technical or biological.

- External loops – when IKEA products are returned to professional external parties and processed into material for new products, that later can be used by IKEA or other parties.
- Internal loops – when material in the form of IKEA products are returned to IKEA and turned into new IKEA products.
- Bio-loops – when IKEA products are made from biodegradable materials that are returned to nature without negative environmental impact.

METRICS & REFERENCES















Measuring progress with Key Performance Indicators

This chapter provides an overview of all KPIs found throughout the report.

Customers

KPI – CUSTOMERS: MORE SUSTAINABLE PRODUCTS

	FY10	Goal FY15
IKEA home furnishing products classified as more sustainabile, %	–	90
Renewable, recyclable, recycled materials %	–	100
Improved efficiency, %		
Improved efficiency of energy consuming products (compared to the average installed on the market 2008)	–	50
Improved efficiency water consuming products (compared to the average installed on the market 2008)	–	50

Co-workers

KPI – CO-WORKERS: VOICE

	FY07	FY08	FY09	FY10	Goal FY15
VOICE and Leadership index (IKEA total)					
Overall VOICE index	629	646	663	659	700
Leadership Index	70	72	73	73	75

KPI – CO-WORKERS: DIVERSITY

	FY07	FY08	FY09	FY10	Goal FY15
Management – share of male/female					
Stores	–	64/36	65/34	60/38	50/50
Retail management	–	64/36	60/39	58/42	50/50
Distribution	–	67/33	69/31	58/40	50/50
Trading	–	64/36	65/35	61/39	50/50
Others	–	74/26	68/32	62/38	50/50
TOTAL management	–	–	–	60/39	50/50

Suppliers

KPI – SUPPLIERS: HOME FURNISHING SUPPLIERS

	FY07	FY08	FY09	FY10	Goal FY12
IWAY approved home furnishing suppliers, %					
Europe	78	80	79	89	100
Americas	67	91	83	85	100
Asia, total	17	21	22	26	100
China	4	7	7	7	100
South Asia	32	34	41	62	100
South East Asia	52	63	65	68	100
All regions	**50**	**54**	**52**	**57**	**100**

KPI – SUPPLIERS: TRANSPORT SERVICE PROVIDERS

	FY07	FY08	FY09	FY10	Goal FY12
IWAY approved transport service providers*, %					
Land	5	48	82	83	100
Ocean	5	38	42	96	100
Customer Delivery**	–	–	–	21	100

* Approval rates are calculated on the total IKEA expenditure in each category, and carriers are rated as approved only if they fulfil both IWAY and industry specific requirements.

** Excludes locally and nationally procured Customer Delivery carriers.

KPI – SUPPLIERS: FOOD SUPPLIERS

	FY07	FY08	FY09	FY10	Goal FY15
IWAY approved food suppliers, %					
Global food suppliers	–	13	41	67	100
National food suppliers	–	–	–	–	100

Environment

KPI – ENVIRONMENT: FORESTRY

	FY07	FY08	FY09	FY10	Goal FY12
Responsible forest management, %					
Wood* used in IKEA products coming from forests certified as responsibly managed	6	7	16	24	35
Audited wood* volumes that comply with IKEA minimum forestry requirements	59	80	92	97	100

* Solid wood, veneer, plywood & layer glued

KPI – ENVIRONMENT: COTTON

	FY07	FY08	FY09	FY10	Goal FY15
Share of more sustainable cotton used in IKEA products, %	–	–	6.2	13.4	100

KPI – ENVIRONMENT: WASTE

	FY07	FY08	FY09	FY10	Goal FY15
Waste recycled, reclaimed or used in energy production, %					
Distribution	76	90	90	91	100
Swedwood	68	72	74	95	100
Swedspan	–	–	–	86	100
Stores	84	85	86	84	100

KPI – ENVIRONMENT: RENEWABLE ENERGY

	FY07	FY08	FY09	FY10	Direction
Renewable energy IKEA buildings, % of total consumption					
Stores	28	37	38	34	100
Distribution	30	37	41	34	100
Swedwood	59	60	63	59	100
Swedspan	–	–	–	62	100
Total	**42**	**47**	**50**	**47**	100

KPI – ENVIRONMENT: ENERGY EFFICIENCY

	FY07	FY08	FY09	FY10	Direction
Improved energy efficiency, % compared to 2005/m³ sold goods					
Stores	10	7	5	7	25
Distribution	24	21	21	22	25
Swedwood	15	28	23	37	25
Swedspan	–	–	–	–	25

KPI – ENVIRONMENT: TRANSPORT OF PRODUCTS

	FY07	FY08	FY09	FY10	Goal FY10
CO_2 emissions reduction per transported m³ kilometre (CO_2 gram / m³km)					
Compared to FY05	–12	–14	–12	–18	–12

KPI – ENVIRONMENT: TRANSPORT OF PRODUCTS

	FY07	FY08	FY09	FY10	Goal FY12
Filling rate, %					
Inbound (supplier to warehouse)	62	60	63	64	70
Outbound (warehouse to store)	56	58	60	60	70

Communication on progress

IKEA is committed to the ten principles of the UN Global Compact. As a signatory to the initiative, we communicate how the work in the areas of human rights, labour standards, environment and anti-corruption is progressing.

The cross-references in the table below indicate where progress related to the respective principle can be found in the IKEA Sustainability Report 2010.

CROSS-REFERENCE TABLE (GLOBAL COMPACT)

Global Compact	Page
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	14–17, 36–45
Principle 2: make sure that they are not complicit in human rights abuses.	36–45
Labour Standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	33, 41–45
Principle 4: the elimination of all forms of forced and compulsory labour;	41–45
Principle 5: the effective abolition of child labour; and	37–45, 54–55
Principle 6: the elimination of discrimination in respect of employment and occupation.	31–34, 38, 44–45
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	59–85
Principle 8: undertake initiatives to promote greater environmental responsibility; and	59–85
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	72, 78, 81–83
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	15

List of key organisations

IKEA engages in regular dialogue with a number of key NGOs and other organisations. This list gives a short overview of what they do, and how IKEA cooperates with them on a global level.

Better Cotton Initiative (BCI) aims to promote measurable improvements in the key environmental and social impacts of cotton cultivation worldwide to make it more sustainable, and works to develop globally accepted criteria for "Better Cotton". The BCI is a collaborative, multi-stakeholder effort initiated by WWF, the global conservation organisation, and the International Finance Corporation. Leading participants are international companies and NGOs. IKEA is one of the founding members of the BCI.

Read more at www.bettercotton.org

Business for Social Responsibility (BSR) is a global organisation that helps member companies achieve business success while respecting ethical values, people, communities and the environment. IKEA is a member of BSR.

Read more at www.bsr.org

Clean Cargo Working Group (CCWG) is administered by BSR, and is working to promote sustainable product transportation. CCWG develops voluntary environmental management guidelines and measures to help evaluate and improve the performance of freight transport. The aim of CCWG is to integrate product transport into corporate supply chain management. IKEA is a member of the CCWG.

Read more at www.bsr.org/CSRResources/WGO/CC-GF/index.cfm

Compassion in World Farming (CIWF) is a recognised international farm animal welfare charity. It engages with Europe's leading food companies, supporting products and initiatives that represent tangible benefits for farm animals. The charity bases its work on a solutions-led approach, developing relationships with food companies that are based on trust, mutual benefit and reward for progress. CIWF also works in partnership with other NGOs and sustainability platforms to integrate farm animal welfare into public procurement, policy and reporting frameworks. IKEA and CIWF work together on improving farm animal welfare standards in the IKEA food business.

Read more at www.ciwf.org.uk

European Retailers Round Table (ERRT) is a network organisation for retail companies in Europe. The group liaises with policy makers in the European Union on issues related to the retail industry, to help companies stay informed of developments. It also provides an opportunity to promote industry interests. Focus for activities include consumer protection, food safety, environmental issues, corporate social responsibility and trade issues. IKEA is a member of the organisation.

Read more on www.errt.org

Forest Legality Alliance (FLA) is a joint effort of the World Resources Institute and the Environmental Investigation Agency, supported by the United States Agency for International Development and companies in the forest sector. FLA's goal is to reduce illegal logging through supporting the supply of legal forest products. IKEA is one of its members.

Read more at www.wri.org/fla

Forest Stewardship Council (FSC) is an international network promoting responsible management of the world's forests. Through consultative processes, FSC sets international standards for responsible forest management and accredits independent third-party organisations which certify forest managers and forest product producers to FSC standards. IKEA supports the Forest Stewardship Council, and was one of the first members of FSC when it was founded in 1993.

Read more at www.fsc.org

Global Compact is a network founded by the United Nations. It promotes responsible corporate citizenship, and provides policy dialogues, training, and networks to ensure that business is involved in solving the challenges of globalisation. The organisation's activities are based on ten universal principles that promote human rights, labour rights, environmentally sustainable business practices and anti-corruption. Global Compact encourages companies to work with UN agencies, labour and civil society to support universal environmental and social principles. IKEA is a member of the Global Compact.

Read more at www.unglobalcompact.org

Global Forest & Trade Network (GFTN) is WWF's initiative to eliminate illegal logging and drive improvements in forest management. Participants are committed to promoting responsible forestry and credible certification. IKEA is part of this network as we have global purchasing and forestry operations in our five most important wood sourcing countries: Russia, Poland, China, Romania and Sweden.

Read more at www.gftn.panda.org

Global Social Compliance Programme (GSCP) is a collaborative initiative for companies to build consensus on best practices in labour and environmental standards in the supply chain. The aim is to develop a sustainable global approach to improving working and environmental conditions in global supply chains. With a joint approach, the Programme can reduce audit fatigue and duplication, making monitoring and improvement processes more efficient for both companies and suppliers. Participating companies represent retailers and consumer goods manufacturers.

Read more at www.gscpnet.com/

Greenpeace is an international non-profit organisation focusing on biodiversity and the environment. Greenpeace campaigns, amongst other things, to stop climate change, protect ancient forests and encourage sustainable trade. IKEA discusses forestry issues with Greenpeace.

Read more at www.greenpeace.org

International Labour Organization (ILO) is a specialised agency of the United Nations, and is committed to social justice and developing internationally recognised human and labour rights. The ILO is a tripartite agency bringing together representatives from governments, employers and workers. One of its main responsibilities is to shape and oversee international labour standards. IKEA engages in dialogue with the ILO on working conditions and labour standards.

Read more at www.ilo.org

The Network for Transport and Environment (NTM) is a non-profit organisation, which works for a common base of values to calculate the environmental impact of various modes of transport. IKEA is a member of the organisation.

Read more at www.ntmcalc.se

Rainforest Alliance is a non-profit organisation that works to conserve biodiversity and promote sustainable agricultural and forestry practices. The organisation is present in approximately 60 countries around the world, helping communities, businesses and governments to change their land-use practices. Rainforest Alliance provides input to IKEA wood procurement practices, and Rainforest Alliance's SmartWood Programme is used for audits in certain regions.

Read more at www.rainforest-alliance.org

The Retail Forum is a multi-stakeholder platform set up in order to exchange best practices on sustainability in the European retail sector and to identify opportunities and barriers that may further or hinder the achievement of sustainable consumption and production. During 2010, issues such as sustainable forestry, life-cycle data on daily use products, carbon footprint of stores and product labelling have been discussed. The Retail Forum has been initiated by the European retail sector together with the European Commission, and the objective is to engage all key stakeholders, such as producers, suppliers, and consumer and environmental organisations, in the discussion. IKEA is a member of the Retail Forum.

Read more at http://ec.europa.eu/environment/industry/retail/index_en.htm"ec.europa.eu/environment/industry/retail

Roundtable on Sustainable Palm Oil (RSPO) is a non-profit association working to develop and implement global standards for sustainable palm oil. The organisation includes stakeholders from the entire palm oil industry – palm oil producers, palm oil processors, traders, consumer goods manufacturers, retailers, investors and NGOs involved in environmental conservation and social development. IKEA has been a member since 2006.

Read more at www.rspo.org

Save the Children is the world's leading independent organisation for Children with 29 national organisations working together to deliver programmes in more than 120 countries around the world. From emergency relief to long-term development, Save the Children helps children achieve a happy, healthy and secure childhood by securing and protecting children's rights to food, shelter, health care and education, and to freedom from violence, abuse and exploitation. Save the Children listens to children, involves children and ensures their views are taken into account. Working on both a governmental level with decision makers and on the ground close to the children and the communities, Save the Children delivers immediate and lasting improvements to children's lives. The IKEA Foundation and Save the Children have worked together since 1994 to develop long-term projects that will make a change for more children around the world. Save the Children has a global corporate partnership with IKEA, working together on both an international and a local level.

Read more at www.savethechildren.net

UNICEF, the United Nations Children's Fund is on the ground in over 150 countries and territories to help children survive and thrive, from early childhood through adolescence. The world's largest provider of vaccines for developing countries, UNICEF supports child health and nutrition, good water and sanitation, quality basic education for all boys and girls, and the protection of children from violence, exploitation and AIDS. UNICEF is funded entirely by the voluntary contributions of individuals, businesses, foundations and governments. The IKEA Foundation has supported UNICEF programmes for more than a decade. UNICEF has a corporate partnership with IKEA, working together on both a global and local level.

Read more about our joint projects at www.unicef.org/corporate_partners/index_25092.html

UNDP, the United Nations Development Programme is the UN's global development network, an organisation advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. UNDP is on the ground in 166 countries, working with them on their own solutions to global and national development challenges. Their focus is to help countries build and share solutions to the challenges of democratic governance, poverty reduction, crisis prevention and recovery, environment and energy, and HIV/AIDS. In all their activities, UNDP encourages the protection of human rights and the empowerment of women. The IKEA Foundation cooperates with UNDP in a women's empowerment project in Uttar Pradesh, India.

Read more at www.undp.org

UTZ Certified is an independent, non-profit organisation that operates the world's largest and fastest growing certification programme for responsible coffee and cacao production. All coffee served and sold at IKEA is UTZ certified.

Read more at www.utzcertified.org

WWF, the global conservation organisation, is one of the world's largest and most experienced conservation organisations. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring the sustainable use of renewable natural resources and promoting the reduction of pollution and wasteful consumption. WWF and IKEA cooperate on projects that focus on sustainable forestry, sustainable cotton production and climate change.

Read more on WWF and IKEA joint projects at www.panda.org/IKEA