



IWAY Standard

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

Approved By:
IWAY Council

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IWAY Standard, Forestry Section

As part of IKEA's due diligence system to check compliance with the European Union Timber Regulation (EUTR), the US Lacey Act and other similar legislation, IKEA reserves the right to perform audits at IKEA direct suppliers and at all IKEA forestry applicable sub suppliers linked to the production for IKEA, based on the risk assessment.

Scope, contents and timelines

This document applies to all solid wood, bamboo cane in industrial applications and bamboo cane for non-industrial applications (in this document referred as "**bamboo**"), rattan, composite materials such as wood-based panels, plywood, layer-glued, paper-based materials containing wood fibres, and wood-plastic composites (hereinafter referred as "**forestry applicable materials**") that are procured for IKEA. It describes requirements on forestry applicable materials and related procurement practices for IKEA suppliers. The scope of the Forestry Section of the IWAY Standard includes IKEA Home Furnishing and non-Home Furnishing articles produced from forestry applicable materials.

If Seller is supplying products containing forestry applicable materials or bamboo, Seller undertakes to implement and at all times fulfil all requirements stated in this Forestry Section of the IWAY Standard, within latest 90 days from the date of first delivery, with the exception of section 1.9.1 (IWAY Must Forestry requirements) which shall be complied with, in any case, before the date of first delivery.

If requested by IKEA or Buyer, Seller shall report the species and origin of the forestry applicable materials used in products for IKEA and provide evidences of legality of harvesting within forty-eight (48) hours (excluding weekends and public holidays). Should Seller hold a certificate of the forest certification system recognized by IKEA, Seller shall inform IKEA of any change in their certification status within fourteen (14) days after the change occurred.

The Forestry Section of IWAY Standard includes the following IKEA Forestry requirements:

Definition of Wood from More Sustainable Sources (MSS)

Requirements for suppliers and forestry applicable materials:

1.9.1 - IWAY Must Forestry requirements

1.9.2 - New Forestry applicable suppliers: Procedures for start-up

Ch.15 - IKEA General Forestry requirements for Suppliers

Related Documents:

Implementation Guidance to the Forestry Section Ed 5.4 of the IWAY Standard, Ed. 6 of 2019.06.05 (hereinafter referred as "Guidance").

Definition of Wood from More Sustainable Sources (MSS)

To comply with IWAY requirement 15.1 *Implementation of Wood from More Sustainable Sources Strategy*, the below definition of Wood from More Sustainable Sources (MSS) and scope applies:



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- 1) Wood and industrial bamboo from forests verified as responsibly managed according to a forest certification system recognized by IKEA and delivered to IKEA with a respective FSC claim¹;
- 2) For suppliers with an implemented internal chain-of-custody endorsed through a valid confirmation letter by IKEA, forestry applicable materials can be considered as MSS under one of the following conditions:
 - 2-a) Forestry applicable materials are received from forests verified as responsibly managed² according to a forest certification system recognized by IKEA but not delivered to IKEA with a respective claim under the condition of being approved by IKEA as a small volume supplier or as a special case; And/or
 - 2-b) Forestry applicable materials received from smallholders engaged in responsible forestry initiatives identified and approved by IKEA.
- 3) Pre- and post-consumer eligible reclaimed wood or bamboo material (hereinafter recycled) in uncertified products.

Wood from More Sustainable Sources requirement is not applicable for rattan and non- industrial bamboo materials.

Requirements for suppliers and forestry applicable materials

1.9.1 IWAY Must Forestry requirements

IWAY Must Forestry Requirements towards Suppliers:

The IKEA supplier only uses in IKEA products approved species³ with information on origin of forestry applicable materials, to the level of detail required by IKEA⁴. Other species are only accepted in case there is written confirmation issued in advance by the IKEA contact person.

Before its use for IKEA production, High value tropical tree species must be:

- i) Certified according to a forest certification system recognized by IKEA; and
- ii) Approved by IKEA.

Information about forestry applicable materials origin and species has to be collected according to the level of detail required by IKEA before starting up business with a new sub supplier and updated at least prior to each reporting of Forest Tracing Survey (FTS) to IKEA.

All forestry applicable materials that are non-compliant with the above requirements must be physically separated and not used for IKEA production.

IWAY Must Forestry Minimum Requirements:

The IKEA supplier complies with the following requirements at all times:

- a) compliance with relevant national and international legislation applicable in the Country of sourcing and harvesting;
- b) no sourcing from forestry operations engaged in forest related social conflicts;
- c) no sourcing from Intact Forest Landscapes (IFL) or other geographically identified High Conservation Value Forests (HCVF), unless the area is certified by a forest certification system recognized by IKEA;
- d) no sourcing from natural forests in the tropical and sub-tropical regions being converted to plantations or non-forest use;

¹ Wood certified according to Forest Stewardship Council (FSC) Forest Management (FM) and Chain of Custody (CoC) standards meets the IKEA requirements for MSS. To be accounted as such, sales documents issued by an IKEA supplier of certified products shall contain a formal FSC claim (FSC 100%, FSC mix 100% or FSC mix credit, FSC recycled 100% or FSC recycled credit) to IKEA. For paper based materials, FSC Recycled (any claim) is accepted.

² IKEA suppliers only using forestry applicable materials which are being received from sub-suppliers with a formal FSC claim (FSC 100%; FSC mix 100%; FSC mix credit, FSC recycled 100% or FSC recycled credit). For paper based materials, FSC Recycled (any claim) is accepted.

³ List of IKEA approved species is published by IKEA on the Wood Tracing System (WTS) homepage.

⁴ Level of detail required by IKEA on forestry applicable materials' origin information is described in the Guidance.



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- e) no sourcing from forests with officially recognized and geographically identified commercial Genetically Modified (GM) tree and bamboo species.

Home Furnishing Suppliers shall, as a minimum, source Paper based materials as FSC Controlled Wood with a respective claim to be compliant with the IWAY Must Forestry Minimum Requirements.

For rattan and non- industrial bamboo materials, only criterion a) is applicable.

1.9.2 New Forestry applicable suppliers: Procedures for start-up

A new IKEA home furnishing supplier or an active supplier becoming forestry applicable secures the following, before the contract with IKEA is signed:

- a) Provides IKEA with a Wood Procurement Plan (WPP)⁵ describing the sources of forestry applicable materials intended for IKEA production. For each source and material type, the plan contains species (or list of species for composite materials, rattan and non-industrial bamboo), origin of forestry applicable materials to the resolution required by IKEA, status of compliance with IKEA forestry requirements and expected volume. For the composite materials, name and site (location) of the manufacturer is also required. For rattan, name and site (location) of all tiers of sub suppliers are required. The Wood Procurement Plan should also include any volumes already purchased for IKEA production; And
- b) Provides IKEA with a written roadmap agreed with IKEA business responsible on how to secure compliance with MSS Strategy within the timeframe established by IKEA, in case the supplier is either located or sourcing from high risk countries.

All home furnishing suppliers using forestry applicable materials complete the IKEA Forest Tracing Survey (FTS) before the production of first batch of products for IKEA.

A new IKEA non-home furnishing supplier that is not covered by applicable legislation requiring traceability of wood based material confirms through a written business agreement that all deliveries to IKEA will be compliant with IKEA's MSS Strategy.

15. IKEA General Forestry Requirements for suppliers

The applicability of the IKEA General Forestry Requirements to IKEA non-home furnishing suppliers, who use forestry applicable materials that are not covered by applicable legislation requiring traceability of wood based material, is specified in the Guidance.

15.1 Implementation of Wood from More Sustainable Sources (MSS) Strategy

- a) The IKEA supplier located in a high risk Country according to IKEA's risk list for illegal sourcing and harvesting⁶ only use MSS delivered to IKEA.
- b) The IKEA supplier located in a low risk Country according to IKEA's risk list for illegal sourcing and harvesting complies with the following requirements, based on the sourcing area:
 - Forestry applicable materials from wood/ industrial bamboo sources or paper mills located in a high risk Country for illegal sourcing and harvesting can only be accepted, either if supplier is only delivering products from More Sustainable Sources to IKEA, or if materials are received from sub suppliers that comply with the following conditions:
 - Carry a formal FSC claim: FSC 100%; FSC mix 100%; FSC mix credit, FSC recycled 100% (any claim accepted for paper), FSC recycled credit; Or
 - Have documented proof from sub-suppliers for 100% recycled content in non-FSC material; Or
 - If the material is being sourced from smallholders engaged in responsible forestry initiatives identified and approved by IKEA.

⁵ The template for the Wood Procurement Plan (WPP) is available on WTS homepage.

⁶ IKEA's risk list for illegal sourcing and harvesting is published on the WTS homepage.



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- Forestry applicable materials from wood/ industrial bamboo sources or paper mills located in a low risk Country for illegal sourcing and harvesting can be accepted, if the supplier is only delivering products from More Sustainable Sources to IKEA, if received as FSC Controlled Wood or, as a minimum, if it is proven to be compliant with *IWAY Must Forestry Minimum Requirements*.

Wood from More Sustainable Sources requirement is not applicable to rattan and non-industrial bamboo materials.

15.2 Procedure for Compliance

The IKEA supplier of forestry applicable materials has a written procurement and handling procedure in place that describes routines to fulfil IKEA General Forestry Requirements for suppliers (IWAY requirements 15.1 to 15.10). Person(s) responsible for the implementation of each requirement are identified in the procedure.

15.3 Responsibility for Compliance and Competence

The IKEA supplier of forestry applicable materials has competent and overall responsible person(s) assigned by the management to secure the implementation and maintenance of the requirements.

A training plan is established and implemented for relevant person(s) covering the responsibilities stated in the written procedure for compliance. Records of training provided are available.

The IKEA supplier maintains complete and up-to-date records, covering all applicable requirements. All records and reports, including purchase and sales documents, training records, production records and volume summaries are kept for at least 5 years.

15.4 Informing IKEA sub-suppliers about Raw Material Requirements

The IKEA supplier communicates IWAY Must Forestry Minimum Requirements in written form to all own suppliers before starting business with them. The communication is done in such a way that ensures that the IKEA sub-supplier has understood the requirements, agreed to implement them and further communicate them down the supply chain.

15.5 Species and Origin Information

The IKEA supplier collects from all sub-suppliers evidences indicating forestry applicable materials' origin and species (or list of species for composite materials, rattan and non-industrial bamboo) being used for IKEA production. The origin information should follow the level of detail required by IKEA⁵. The IKEA supplier collects the information above from new sub-suppliers of forestry applicable materials before starting business with them. Species and origin data is updated whenever sub-suppliers change the harvesting areas or at least prior to each reporting of Forest Tracing Survey (FTS) to IKEA.

For recycled materials, it is not required to collect and report data on species and place of origin.

If the IKEA supplier uses forestry applicable materials containing pre/ post-consumer reclaimed materials for IKEA, the average recycled content is identified via written communication with the manufacturer at least prior to each reporting of Forest Tracing Survey (FTS) to IKEA. The evidences clearly state the type and average content of recycled material used during the specific period.

15.6 Material accounting system

For all products containing forestry applicable materials supplied to IKEA, the IKEA supplier establishes a material accounting record to ensure that the outputs are correspondent to the relevant inputs. The records are generated from the IKEA supplier's management data and contain at least the following information:

- a) Register of inputs received
- b) Input still in stock
- c) Inputs used in production
- d) Output dispatched to IKEA
- e) Output still in stock
- f) Conversion factor for each product



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The registry of inputs received includes delivery dates, material types, species (or list of species for composite material, rattan and non-industrial bamboo), delivered volume, place of origin to the level of detail required by IKEA and certification claims (when available). For composite materials, plywood and layer glued, name and site (city, country) of the manufacturer is also included. For rattan, the names and sites (city, country) of all tier sub-suppliers are also required.

For recycled materials, it is not required to collect and report data on species and place of origin.

The IKEA supplier that has a recognized 3rd party verified chain-of-custody and only delivers articles claimed to IKEA as FSC can use their internal accounting system to comply with this requirement.

15.7 IKEA Forest Tracing Survey

The IKEA supplier using forestry applicable materials produces and keeps on file the most recent IKEA Forest Tracing Survey (FTS) report. The report contains information on all sources of forestry applicable materials used in products delivered to IKEA during the reporting period. The frequency of FTS reporting is determined in the Guidance. The first FTS reporting from IKEA home furnishing suppliers is required before the production of first batch of products for IKEA.

15.8 Risk assessment

The IKEA supplier identifies any high risk sources using criteria defined by the relevant IKEA Organisation. The identification of high risk sources accompanies each update of origin of forestry applicable materials.

15.9 Risk mitigation

The IKEA supplier applies mitigation actions to any source identified as high risk, to confirm compliance with *IWAY Must Forestry Minimum Requirements* and according to routines described by the relevant IKEA Organisation. Verification of high risk sources accompanies each update of origin of forestry applicable materials.

15.10 Segregation

The IKEA supplier identifies and physically separates from IKEA production any applicable material of unknown origin and/ or species, unverified material or any material from high risk sources which was verified as non-compliant with *IWAY Must Forestry Minimum Requirements*, in such a way that it is possible to track it throughout the entire production process and ensure that this material is not mixed in IKEA production.

The IKEA supplier has a written routine that describes how other unacceptable materials are segregated from IKEA production.

The IKEA supplier with an implemented internal chain of custody identifies and physically separates other materials which do not qualify as MSS through the whole production process.

The IKEA supplier with a recognized 3rd party verified chain-of-custody and only delivering articles claimed to IKEA as FSC can use its internal segregation procedure to comply with this requirement.

Definitions and Glossary of terms

Chain of Custody: The path taken by raw materials, processed goods, and finished products from the forest to the consumer.

Composite materials such as wood-based panels: such as but not limited to particleboard, Medium Density Fiberboard (MDF), High Density Fiberboard (HDF), Low Density Fiberboard (LDF), Oriented Strand Board (OSB), and hardboard.

Controlled Wood: Wood that has been independently verified as having been controlled to avoid wood harvested from categories outlined in the standards FSC-STD-40-005 (Company evaluation of FSC Controlled Wood), or FSC-STD-30-010 (FSC Controlled Wood requirements for forest management enterprises), i.e. wood from areas where traditional or civil rights are violated; wood from forests where high conservation values are threatened; wood harvested from genetically modified (GM) trees; wood that has been harvested illegally or wood harvested from areas which have been converted from natural forest to plantations or non-forest uses.

Forests being converted: Natural forests that are being converted to plantations e.g. harvesting of native mixed forests to replace with e.g. monoculture tree crops.



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Forest related social conflicts: significant conflicts caused by logging operations violating traditional or civil forest use rights.

Forest Stewardship Council (FSC): independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests.

Genetically Modified Organisms (GMO): A biological organism which has had its DNA altered through genetic engineering, e.g. tri-gene poplar. Clones and hybrids formed by natural process e.g. tree breeding or selection are not considered Genetically Modified.

High Conservation Value Forests (HCVF): Forests having globally, nationally or regionally important biodiversity considerations, forest areas containing rare, threatened or endangered ecosystems or species and/or forest areas having important services such as watershed protection or erosion control.

High risk sources: Wood sources that have high risk for illegally harvesting, forest related social conflicts; Intact Natural Forests (INF); High Conservation Value Forests (HCVF); forests being converted to plantations; and/or GMO occurrence.

High value tropical tree species: e.g. teak, meranti, rosewood, mahogany.

IKEA Forest Tracing Survey (FTS): Regular report of wood used for IKEA production by the IKEA supplier. FTS is usually collected by IKEA three times a year and contains information such as supplier name, wood species, origin and volume used during reporting period.

IKEA Wood Procurement Plan (WPP): Report of wood intended for use in IKEA production before any business start-up for every new supplier and prior to the beginning of every Financial Year (FY).

Illegally harvested: Wood that has been stolen, harvested without required authorization or in violation of international, national, or regional forestry and environmental legislation as related to timber harvesting and trade.

Intact Forest Landscape (IFL): Forest landscapes larger than 500 km² that are not fragmented by infrastructure and are without significant visible signs of human impact such as logging, burning or other forms of forest clearing. These can conserve populations of large animals in their natural state and tend to rely on remoteness as their main guarantee of protection.

Industrial bamboo: also referred to as “bamboo cane in industrial applications”, it is the product of converting bamboo into glue board by processing and gluing bamboo lamellas together in an industrial way (using machines, not manual). Materials concerned are vertical glue board, horizontal glue board, strand woven, veneer.

IKEA non-home furnishing articles: All products which are not produced by IKEA home furnishing suppliers in the PLAs containing forestry applicable materials that are not covered by applicable legislation requiring traceability of wood based material. Materials such as packaging, handling materials, labels, assembly instructions, marketing products and store equipment are included under this definition, for example.

Non-industrial bamboo: also referred to as “bamboo cane for non-industrial applications” or simply “bamboo”, it is all bamboo not falling into the industrial bamboo definition.

Pre-consumer reclaimed (also known as post-industrial): Material that is diverted from a potential waste stream and reclaimed during secondary manufacturing or further downstream industry processes, in which the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that had generated it. This includes damaged stock, rejected products, overstock, off cuts, shavings, sawdust, and the like, generated during secondary manufacture or subsequent steps in manufacturing an end product. Sawmill by-products (like chips, sawdust, slabs) are not included.

Post-consumer reclaimed: Material that is reclaimed from a consumer or commercial product which had completed its life cycle after intended use by individuals, households or by commercial, industrial and institutional facilities in their role as end-users of the product. This includes commercial transport packaging (pallets, crates, cases, cable drums); construction and demolition debris (doors, flooring, old cabinets, moldings, and dimensional lumber, discarded wood packaging e.g. pallets and cable drums), etc.