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Wood is one of the most important raw materials for IKEA. There is no doubt that we need forests to make furniture and to grow our business, but perhaps the forests need IKEA too. Close to one percent of the commercially harvested wood in the world is sourced into IKEA supply chains in order to produce IKEA products, packaging and printed matter. This means that we have the ability – and responsibility – to influence not only how the wood is sourced but also how forests are managed. With a growing business and a constantly increasing share of wood for IKEA products sourced from responsibly managed forests, we can have a positive impact on communities, biodiversity and the climate. This is what we call “Forest Positive”.}

This handbook aims to support, inform and inspire IKEA customers, co-workers and any other stakeholder with a special interest in forestry operations. Specifically, the IKEA Forestry Handbook:

- Identifies and explains why wood is a good material;
- Provides an overview of the use of wood in the IKEA range;
- Explains the concept and challenges of responsible forestry;
- Outlines legal requirements and specific IKEA requirements on wood;
- Provides examples of the tools used in IKEA to promote responsible wood sourcing;
- Outlines the IKEA targets and ambitions for forestry. By August 2017, IKEA aims for 50% of wood to come from more sustainable sources, meaning FSC certified or recycled wood. In areas identified as being at a higher risk of sustainability challenges, our target is to achieve 100% FSC-certified wood by 2017.

I would like to quote IKEA Group President and CEO Peter Agnefjäll from a speech at the Forest Stewardship Council® (FSC) General Assembly in Seville, Spain in September 2014:

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

Anders Hildeman, IKEA Group Forestry Manager Älmhult, Sweden, November 2014
CHAPTER ONE

FORESTRY AND IKEA
LIFE DEPENDS ON FORESTS...

Forests maintain balance in the atmosphere, affect our climate, purify the air we breathe and are part of the water cycle. By absorbing carbon dioxide forests help stabilizing the climate on the planet. Forests provide homes for people and wildlife. Indigenous peoples communities often entirely depend on forests and 90 percent of the plant and animal species living on the planet need forests to live.

Healthy forests are a critical part of the web of life. Today forests cover over 31% of the world’s land area and they share the incredibly important task of absorbing carbon dioxide, helping us to stabilise the global climate. Forests soak up rainfall like giant sponges, preventing floods and purifying water that we drink. They provide habitat for 90% of the plant and animal species that live on land, as well as homelands for many of the earth’s last remaining indigenous peoples. We depend on forest ecosystems – trees, soil, plants; all living things in a forest – to maintain life on earth.

As a company who relies on forest resources as one of our most important raw materials, the successful growth of IKEA business is dependent upon an environmentally and socially sustainable wood supply chain. We also see increasing expectations from customers wanting to know where the wood comes from and that IKEA business does not have a negative impact on people and the planet.
DEFORESTATION AND IKEA

SUMMARY

Deforestation and forest degradation result in massive greenhouse gas emissions. Illegal logging is another complex problem that affects the world’s forests.

More than half of the earth’s original forest cover has been destroyed due to human activity such as agriculture, development and logging. Much of the loss has occurred within the past three decades. Deforestation and forest degradation is estimated to produce about 20% of the world’s greenhouse gas emissions, second only to the global transport sector. Responsible forest management, forest conservation, forest restoration, wood-based bio-energy generation and the use of sustainably manufactured wood products are all ways to balance the negative effects of climate change.

Illegal logging is a complex problem with severe social, economic and environmental impacts in many timber-producing countries across all continents. For example estimates show that up to 20% of Russia’s timber exports originate from illegal logging. Illegal activities frequently undermine the efforts of responsible operators by making illegal timber and its products cheaper in the marketplace. In order to make a positive contribution to the management of the forests feeding into our wood supply chains, we work closely with suppliers and strategic partners such as WWF.

The forest product sector is in a unique position to reduce emissions, capture and store carbon, and reduce the vulnerability of people and ecosystems to climate change. IKEA can positively contribute to the carbon balance by making quality, beautiful and well functional wooden furniture that our customers will use and enjoy for a long time and by contributing to responsible management of the forests that have supplied the wood.
SUMMARY

Wood is one of IKEA’s most important raw materials, and an essential part of the IKEA identity. It is renewable and an excellent environmental choice, provided that it comes from responsibly managed forests.

A core part of the products in the IKEA range are based on solid wood or board materials. The board materials often look and feel like solid wood, due to innovative design and production techniques. IKEA identity can be found in products such as IVAR shelving systems, the HEMNES series, or INGO or JOKKMOKK tables. IKEA without wooden expressions is just unthinkable.

Wood is the main material in many of the home furnishing products in the IKEA range because of its properties. It is a durable material and wooden products have long service lives. Wood is renewable, recyclable and biodegradable material. However, to be an excellent choice for the environment, it should come from responsibly managed forests.

Since IKEA is steadily growing while keeping its key range and products, we are consuming more wood every year. Today IKEA is among the biggest wood consumers in the world. With a target of steady growth into the future, we have a huge challenge in front of us: To source enough wood to support the business development and ensure it all comes from responsibly managed forests. It is very important to meet our customers’ expectations of sustainable products, but also to ensure our long-term business sustainability.

Our customers trust IKEA and our ways of working. They expect us to take responsibility. Purchasing from responsibly managed forests will ensure that we have enough wood to grow our business in the future, that we meet our customers’ expectations by doing it in a responsible way, and thereby live up to our vision to create a better everyday life for the many people. IKEA is aiming high. By August 2020 we aim to source 100% of our wood, paper and cardboard from more sustainable sources*. By taking small and sometimes big steps, we determinedly steer our business to fulfil the ambitious target of our sustainability strategy: to be People and Planet Positive by 2020.

*More sustainable sources – recycled wood or wood from forests independently verified as responsibly managed.
OUR IMPACT ON FORESTS

IKEA is a big wood consumer in the forest industry. With constant growth we need to ensure that we have enough resources in the future, and have a positive impact on the environment.

IKEA used 17,6 million cubic metres of roundwood (or RWE, a measure to indicate the volume of wood in log form) in 2014, which is equivalent to 440,000 fully loaded timber trucks. Bumper to bumper, these trucks would stretch from Älmhult, Sweden to Jakarta, Indonesia.

Our aim is to offer quality furniture at the lowest possible price, while ensuring that we manage our growing demand for resources in a responsible way. The IKEA vision “to provide a better everyday life for the many people” should be applied both to customers and to the forests where we source our wood, and the people who are affected in our supply chains.

Sustainability at IKEA means ensuring environmental, economic and social well-being for today and tomorrow. It means meeting the needs of people and society, without compromising the ability of future generations to meet their needs – acting in the long-term interests of the many people and not just the few. It is about living within the limits of the planet and protecting the environment. When it comes to wood, we can achieve this by sourcing it from responsibly managed forests through our suppliers. By putting specific forestry requirements on our supply chains, our purchasing teams steer IKEA suppliers towards wood from more sustainable sources.

IKEA forestry specialists play an important role in this process. They work in our key wood-sourcing regions in close cooperation with the IKEA purchasing teams and support the work towards the long-term target of sourcing all wood from more sustainable sources. This is how we can positively impact the forestry landscape and secure a sustainable future wood supply in every single of the almost 50 countries we source from.
The biggest wood volumes come from board based materials and from solid wood. More and more fast-growing species are also being used in IKEA products, like bamboo, poplar, eucalyptus. Pine and birch are commonly available and can be sourced from many different forest areas. This makes it possible to produce one and the same product in different locations. Having raw material sourced close to production means we can save a lot on transportation costs, which is good for both the environment and for keeping our prices low.
WOOD SPECIES MOST COMMONLY USED IN IKEA PRODUCTION

**PINE**

There are about 115 species of pine. In general, pine has a yellow colouring with brown knots, but it can also look pink or white. Pine is among the most commercially important tree species, valued for their timber and wood pulp throughout the world.

**BEECH**

Beech characteristics are hardness, strength, good shock resistance, and conspicuous wood rays with tiny and virtually invisible wood pores. Beech is used for curved parts of furniture and in Scandinavian type furniture.

**BIRCH**

Birch wood can vary from greyish to red. The wood can be very straight grained or twisted and difficult to work, depending on the species and where it is grown. Birch is harder and heavier than pine and has good strength properties. It is a favourite for furniture production because it accepts surface treatment well and if straight grained it is easy to bend.

**SPRUCE**

The spruce family includes about 36 different species, all of which grow in the northern hemisphere. Spruce is a paler wood than pine, and has similar but smaller knots not surrounded by resin. Spruce and pine have similar strength properties and are often considered to interchangeable in use. Due to good workability, spruce is widely used in construction and furniture industries.

**ACACIA**

There are about 1,300 different species of acacia trees and shrubs. Most acacia species are native to Australia and the rest grow in tropical to warm-temperate regions of Europe, Africa, southern Asia, and the Americas. Acacia is mostly grown in plantations to produce wood for the pulp and paper industry. The wood of the acacia tree is known for its strength and durability. It is a perfect material for making outdoor furniture, being fast-growing, dense, durable and resistant to weather conditions. IKEA does not use wood from high value tropical tree species, e.g., jacaranda and mahogany. The acacia we use is mainly sourced from plantations in Vietnam and to some extent from Malaysia and Indonesia. By 2017, our aim is that all the acacia we use will come from more sustainable sources.
SOLID WOOD BASED MATERIALS

ROUNDWOOD
Wood in its natural state after being felled. This can be with or without bark. It can be round (picture), split, roughly squared or in other forms.

SAWN GOODS
Wood sawn to certain dimensions. It has not yet been processed into veneer or engineering products.

PLYWOOD
Layers of wood are attached to each other in a cross grain method to assist in preventing the contraction and swelling of wood surfaces from humidity changes in the air.

VEENEER
In woodworking, veneer refers to thin slices of wood, usually thinner than 3 mm (1/8 inch), that are typically glued onto core panels of wood, particle board or medium density fibreboard.

LAYER-GLUED
Layer-glued is an engineered wood product that uses multiple layers of thin wood assembled with adhesives, similar in appearance to plywood but with the benefit of being highly mouldable. POÄNG armchair is a good example of layer-glued technique.

GLUEBOARD
Solid wood pieces are glued together to boards of various dimensions.

COMPONENTS
Single solid wood pieces that are processed to final dimension, for example sofa legs.

WOOD BASED BOARD MATERIALS
Engineered wood products made of small particles of wood, for example particleboard, hardboard, HDF, MDF, LDF – high, medium and low density fibreboards – and OSB, oriented strand board.

ROUNDWOOD
SAWN GOODS
PLYWOOD
VEENEER
LAYER-GLUED
GLUEBOARD
COMPONENTS
WOOD BASED BOARD MATERIALS

FORESTRY AND IKEA 12
CHAPTER TWO

WORKING WITH FORESTRY
Illegal logging is the harvesting of timber in contravention of the laws and regulations of the country of harvest. Legality and traceability of wood has become a worldwide demand for those exporters that wish to be a part of future global trade.

A number of countries within IKEA retail market have introduced laws banning the trade of illegally sourced wood products. Three main laws on wood harvesting legality cover almost 90% of the IKEA retail market. Today, the European Union, United States of America, Australia and other countries have strict regulations on illegal wood logging and trading. These regulations, explicitly or implicitly, require detailed knowledge of the origin of wood based products.

EU Timber Regulation (EUTR)
The European Union Timber regulation came into force in March 2013. Regulation aims to combat illegally harvested timber and timber products on the EU market. EUTR applies to forestry, environmental and trade laws; the laws ask for availability of information per consignment, established legal consequences (fines, imprisonment, forfeiture of goods, blocking rights to import to EU).

U.S. Lacey Act
The Lacey Act is a 1908 United States law that bans trafficking in illegal wildlife. In 2008, the Act was amended to include imported plants and plant material, such as timber and paper. This landmark legislation is the world’s first ban on trade in illegally sourced wood products.

Australian Illegal Logging Prohibition Act
The Australian Illegal Logging Prohibition Act was designed to support the trade of legal timber into Australia and to deny the Australian market to illegally produced wood products.
IKEA PEOPLE & PLANET POSITIVE 2020

Summary

IKEA has been dedicated to sustainability for a long time but the time has come for bolder steps. By 2020, we have set some ambitious targets to have a positive impact on people and the planet.

At IKEA we are guided by our vision of creating a better everyday life for the many people. But we also recognize that we have responsibility that goes beyond the home through the impact of our business and the role we have in society. For IKEA it is not enough to gradually become less bad, we want lead change towards a more sustainable society. To do so, People & Planet Positive, IKEA Group Sustainability strategy for 2020 was launched in 2012*.

The IKEA code of conduct for suppliers, IWAY, has influenced social and environmental improvements around the globe since 2000. The IKEA Forestry Standard is a part of IWAY and has helped to considerably increase wood volumes from responsibly managed forests.

Fulfilling the targets of the IKEA Group sustainability strategy by 2020 requires hard work from IKEA co-workers around the globe. By August 2020, IKEA aims to become “Forest Positive” – meaning we will go beyond our own needs and the wood used for IKEA products, striving for responsible forest management to be the norm. We will contribute to ending deforestation by promoting responsible forestry methods across the furniture industry.

Forest targets in the People & Planet Positive strategy:
- By FY17 (fiscal year), 50% of IKEA wood will come from more sustainable sources. Based on current projections, this will represent 10 million m³, more than quadrupling the volumes of wood coming from more sustainable sources** (based on a FY11 baseline).
- By FY17, 100% of the wood IKEA sourced from priority areas will come from more sustainable sources.
- By FY20, IKEA will be contributing to the FSC certification of 15 million hectares of forest in priority areas. That is equivalent to more than double the total estimated area needed to supply IKEA (from a FY13 baseline). This is in addition to 30 million hectares of FSC forest already added through earlier partnership projects with WWF.

** More sustainable sources – recycled wood or wood from forests independently verified as responsibly managed
WORKING WITH FORESTRY STANDARDS

Wood is an excellent choice from environmental point of view. Today all suppliers must fulfil the IKEA minimum forestry requirements, but that is not enough.

**Responsible forestry** requires balance between societies’ increasing demands for forest products and benefits, and the preservation of forest health and biological diversity. The IKEA Forestry Standard is the starting point for how we work with forestry today. It is part of the IKEA code of conduct, IWAY, and contains basic requirements for all suppliers using wood for IKEA products.

Our long-term target is that all wood used in IKEA products will be either recycled or come from forests independently verified as responsibly managed. These sources are what we call wood from *more sustainable sources*.

Wood from more sustainable sources consists of wood volumes certified by a forest management (FM) and chain of custody (CoC) systems or pre- and post-consumer reclaimed wood material.

Today, the only certification system that meets IKEA requirements for IKEA more sustainable sources is the Forest Stewardship Council (FSC).

The FSC forest management certification system ensures a balanced cooperation between social, economical and environmental stakeholders, while the chain of custody system secures that the wood meets the requirements of the certification system, from the forest to the final product.
IKEA MINIMUM FORESTRY REQUIREMENTS

SUMMARY

Every IKEA supplier must comply at least with the IKEA minimum forestry requirements. These are defined in the Forestry Section of the IKEA code of conduct, IWAY.

IKEA suppliers MUST:
• use only tree/bamboo species approved by IKEA
• know wood origin to the resolution identified by IKEA
• use only wood that meets at least minimum forestry requirements as defined by IKEA

IKEA minimum forestry requirements state that wood in IKEA products MUST NOT:
• come from forests that have been illegally harvested
• come from forestry operations engaged in forest related social conflicts
• be harvested in Intact Natural Forests (INF) or other geographically identified High Conservation Value Forests (HCVF) unless certified according to a system recognised by IKEA
• be harvested from natural forests in the tropical and sub-tropical regions being converted to plantations or non-forest use
• be from officially recognised and geographically identified commercial Genetically Modified (GM) tree plantations

If a supplier does not meet these minimum requirements, deliveries to IKEA will be blocked until compliance is assured. If the supplier is unable to demonstrate clear improvements, they will be phased out from our supply chain.

While all IKEA wood suppliers constantly must comply with our minimum forestry requirements, we strive to reach our forestry targets. In our People & Planet Positive strategy, we have ambitious targets for all the wood we use – aiming for 50% of our total volumes coming from more sustainable sources by 2017 – and 100% by 2020. We are proud that IKEA is now one of the biggest users of FSC certified wood in global retail and is moving forward rapidly.
IKEA SUPPLIER REPORTS

SUMMARY

Through regular reports IKEA suppliers must show that their wood volumes meet the IKEA Forestry Standard. IKEA Wood Tracing System is the main platform for registering IKEA supplier reports.

**IKEA Forest Tracing Survey (FTS)** is where suppliers regularly report the wood origin, volume and species used in IKEA products. All IKEA suppliers complete the Forest Tracing Survey every four months. Suppliers must be able to provide wood origin information within 48 hours upon IKEA request.

**IKEA purchasing teams and forestry specialists** review the forest tracing information from suppliers each time the FTS report is submitted. After performing a risk assessment, certain wood supply chains are selected for audits all the way back to the forest.

**IKEA Wood Tracing System (WTS)** is the main platform for registering IKEA supplier reports. This web-based tool connects descriptive information of suppliers, sub-suppliers, material types, species, and volumes to digital maps of IKEA defined regions. IKEA forestry specialists use it to analyse IKEA’s impact on wood sourcing globally.

**Wood Procurement Plans (WPP)** are used by both new and established suppliers. New suppliers provide WPP to IKEA before business start-up so that their planned wood sources can be evaluated for compliance with IWAY forestry requirements. On-going suppliers provide WPP in order to verify raw material availability, to confirm continuous compliance with IWAY forestry requirements and to forecast the amount of wood from more sustainable sources.
IKEA FORESTRY AUDITS

Summary

IKEA suppliers must not only know and document the origin of their wood and use approved species. They must also accept IKEA audits at every link in the supply chain.

IKEA conducts regular IWAY audits to make sure that suppliers live up to the IKEA Forestry Standard. This is why every IKEA supplier handling wood undergoes an IWAY audit at least every two years. The audit frequency is however often higher and is determined by the risks related to IKEA minimum requirements and IKEA supplier performance.

There are two types of IKEA forestry audits: IWAY Forestry audits and Wood Supply Chain Audits. An audit is done by either an IKEA forestry specialist working in the field or by an independent third party auditor.

IWAY Forestry audits: The purpose of the IWAY forestry audits is to verify if suppliers comply with the IKEA Forestry Standard requirements. IKEA has the right to perform such audits unannounced. In case wood is purchased from high risk areas, the supplier needs to demonstrate which measures have been taken in order to minimise the risk and comply with IKEA requirements.

Wood Supply Chains Audits (WSCA): During wood supply chain audits the whole selected supply chain is verified for compliance with IWAY Forestry Standard – from the IKEA supplier down to the concession of harvest. The audits are performed by IKEA forestry specialists or an appointed third party for high risk sources. Verifying reported volumes at each sub-supplier in the whole supply chain helps to establish the wood origin, which is necessary in order to assess the compliance with legislation and IKEA forestry requirements.

The whole wood supply chain is considered non-compliant with IKEA requirements if any part of it does not fulfill the IKEA minimum requirements of wood raw material during an audit. Follow-up of corrective actions at a sub-supplier can be done either through a re-audit or by collecting documented proof of performed actions from the supplier.

IWAY Forestry Initial Assessment: Before starting up a new supplier an IWAY Initial Assessment is carried out to verify if the supplier complies with the start-up requirements – the IWAY Musts. Deliveries can only begin after the Forestry Specialist has approved supplier’s Wood Procurement Plan. The new supplier then has 90 days to implement all required routines of the IWAY Forestry Standard.
CERTIFICATION SYSTEMS
THE IMPORTANCE OF FOREST CERTIFICATION

SUMMARY

The basic idea behind forest certification is that an independent organisation develops standards of good forest management, and independent auditors issue certificates to forest operations that comply with those standards. This certification verifies that forests are responsibly managed as defined by a particular standard.

**Forest certification** was developed in the 1990s to help protect forests from destructive logging practices. Similar to the “organic” label on food products, forest certification was intended as a seal of approval—a means of ensuring to consumers that a wood or paper product comes from forests managed to strict environmental and social standards. Certification is a key market-driven initiative to improve forest management worldwide.

This rise of certification has led to the development of several different systems throughout the world. Each system takes a somewhat different approach in defining standards for sustainable forest management.

**Forest Stewardship Council (FSC)**

Today, the Forest Stewardship Council (FSC) is the only forest certification scheme that meets our requirements. In our opinion, it is the highest certification standard for sustainable forestry that exists today. FSC is a global, independent, non-governmental and non-profit organisation; currently having more than 600 member organisations in 70 countries. IKEA has been a founding member of the FSC since 1994. Any forest owner, timber industry, labour union, environmental organisation, indigenous peoples’ group or individual who is committed to the values of the organisation.

The FSC has a set of global principles and criteria for forest management. They address legal aspects, indigenous peoples’ rights, labour rights, multiple benefits and environmental impacts surrounding forest management. The FSC encourages national working groups to adapt the global principles and criteria to local conditions to develop indicators for a national FSC (forest management) standard.

Read more on the FSC website: [https://ic.fsc.org/](https://ic.fsc.org/)
FSC FOREST MANAGEMENT CERTIFICATION

FSC Forest Management Certification is developed for forest managers or owners who want to demonstrate that their forest operation is socially beneficial and managed in an environmentally appropriate and economically viable manner.

FSC certified wood often travels a long way before customers find products labelled FSC in stores. Forests are the first step in the wood supply chain and will need to be certified before they can supply FSC certified wood.

A forest owner/leaseholder who wants to certify their forest management must first develop and adapt the forest management plan and working methods to meet the FSC forest management criteria. After this has been done, the forest owner/leaseholder is ready to be assessed for certification.

Forest management companies or owners hire a certification body to perform an independent audit to evaluate the forest and see if it is being managed in line with the FSC principles and criteria for responsible forest management – a blueprint of what should be done to make sure forests are sustainably used.

The certification audits are performed by an FSC accredited independent organisation. The time and number of people required to perform an audit vary depending on the size and complexity of the forestry operation.

If the forestry operation is approved by the auditor as fulfilling the requirements of the FSC standard, the FSC Forest Management certificate will be granted to the forestry operation. Annual re-audits are necessary to maintain a valid FSC certificate.
FSC CHAIN OF CUSTODY CERTIFICATION

FSC Chain of Custody Certification helps ensure that the FSC certified timber meets FSC’s requirements all the way through the production chain so that the goods can be sold as FSC certified.

In order to sell and advertise products as being FSC certified the company needs to have an approved system for tracking the raw material flow through the whole supply chain. This system is called Chain of Custody (CoC) and requires that each owner of the raw material – from forest to end producer – has approved control systems to be able to sell the goods as FSC certified.

FSC has a separate standard that describes what procedures are required to achieve a CoC certificate. The certification process involves an on-site audit composed by a factory inspection and a documentation review, making it possible to evaluate compliance to the FSC standard. Certified companies are audited annually and must undergo a full evaluation to renew their certificates every five years.

A CoC certificate requires that the sawmill/trader/factory has a documented system in place to keep control of wood based product volumes that will be sold with an FSC claim. The FSC Chain of Custody certification standards set requirements on how the FSC certified volumes are monitored throughout the process.

Labelling of products
The IKEA logo stands for products that are safe and produced with respect for people and the environment. We currently label our home furnishing products exclusively with the IKEA logo, as we want our customers to know that the IKEA brand conveys the values and commitments of IKEA. Still, we are exploring the possibilities of third party labelling for the future.

Through the IKEA People & Planet Positive strategy for 2020, we have committed to use the most credible and relevant communication tools for our customers, including third party certification. We do use certification schemes where we have achieved 100%, such as our UTZ Certified coffee, which applies to all coffee served and sold at IKEA.

Dealing with large volumes of FSC wood and a complex supply chain unfortunately makes it almost impossible for us to label consistency across our home furnishing range. But we are aware that this is important to many of our customers and co-workers, so we will continue to assess the pros and cons of labeling and look for solutions.

We are communicating about our work on FSC and the journey we are on to increase the amount of FSC wood we use in our products. We believe that the best contribution we can make today is to actively increase the demand and availability of FSC wood globally, beyond our needs and for all retailers and brands.

IKEA Catalogue printed on FSC-certified paper
All 217 million copies of the 2015 IKEA catalogue was printed on FSC-certified paper and carry the FSC label, a year ahead of the original target set by Inter IKEA Systems. Close to 100,000 tonnes of FSC-certified paper was used for the 2015 IKEA catalogue, making it the largest FSC print run ever worldwide.
BENEFITS OF FOREST CERTIFICATION

SUMMARY

There are many benefits to credible forest and chain of custody certification – environmental, social and economic. Sourcing wood from responsibly managed forests helps us protect valuable natural resources and secure the future of our business.

With a growing competition and environmental awareness among customers, the ability to communicate wood from responsibly managed forests helps secure thriving business both for IKEA and our suppliers. Price and quality will always be important criteria but use of credibly certified wood is becoming an increasingly important competitive factor. The FSC Chain of Custody certification is a credential evidence that the company has well structured, implemented procurement procedures including securing legality and traceability, showing that the company is responsible and well organised.

IKEA sources a lot of FSC certified wood and is among the biggest users of FSC certified wood in the retail sector. Benefits of FSC certification:

- FSC environmental criteria include that forest management should conserve biological diversity, maintain the ecological functions of the forest and protect threatened and endangered species and their habitats.
- IKEA benefits from FSC certification when it comes to availability of wood from more sustainable sources. A company investing in their wood supply chain by establishing Chain of Custody certification is likely to purchase FSC-certified wood long term.
- The FSC concept of sustainable forest management aims to ensure that human rights for local communities and forest workers are respected.
- FSC economic criteria state that forest managers should seek to minimise waste in harvesting and on-site processing, and strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.
- FSC forest management is likely to improve the quality of the forest management and thereby secures long term profitability of the forests.
- FSC requires a close dialogue with authorities and other stakeholders. In countries with rigid and conservative forest policy this often gives the forest owner/leaseholder increased possibilities to influence and steer forest management.
- FSC is the only credible way to assure that environmentally sensitive areas such as, Intact Natural Forests or High Conservation Value Forests are managed in a sustainable way.
COSTS OF FOREST CERTIFICATION

SUMMARY

The direct costs of bringing in the auditor to perform the audits for FSC certification must be distinguished from the indirect costs of improving forest management to a level where a certificate can be awarded. The direct costs for auditing of certification vary from certifier to certifier.

IKEA experience has shown that auditing costs for larger forest management units are very low compared to the value of the wood that is harvested.

Chain of custody auditing costs varies depending on the complexity and size of the operation. For larger businesses they are generally negligible.

The indirect costs of certification can be split into two parts:

- Additional costs within the supply chain and at the forest management unit level can include: costs for system development, forest management plan, resources for internal monitoring of logging activities, training of staff and administration;
- Possible costs within the supply chain and at the forest management unit level for environmental protection of forest land and thus loss of annual harvesting volume, costs for safety equipment and other social requirements, etc. These are real costs for improving the performance of the forest operations and have to be factored into the cost for wood from responsible forest management.

The direct costs for implementing certification should be clearly distinguished from price premiums for certified material – the effect of supply and demand. Price premiums may be demanded and are dramatically different regionally and depending on wood species.

It is part of IKEA strategy to increase the availability of certified wood in the market by promoting responsible forest management. By making certified wood a mainstream commodity, the justification for price premiums disappears. The real costs for responsible forest management will however always have to be considered in the cost for the wood raw material.
IKEA FORESTRY PROJECTS WITH PARTNERS

**SUMMARY**

IKEA invests in forest projects that support the development of responsibly managed forests in our main wood sourcing countries. Projects focus on forest management, policy, research and education. They contribute to our long-term target for forestry and help build a secure and healthy raw material base for IKEA furniture production.

*IKEA has initiated* several forestry projects to take place from 2002 to 2015. We work together with organisations specialised in forest management, conservation and education. Among our cooperating partner organisations are WWF, Rainforest Alliance, State Forestry Administration of China, World Resources Institute/Global Forest Watch, the Sow a Seed Foundation and the Swedish Agricultural University. On the next pages you will find summaries of some of the projects.
1. WWF AND IKEA – A PARTNERSHIP FOR RESPONSIBLE FORESTRY

IKEA and WWF first joined forces in April 2002, to combat illegal logging, support credible forest certification, promote responsible timber trade, and to map and protect High Conservation Value Forests. IKEA and WWF share the ambition to secure environmental and social forest values for the generations to come, as well as for societies today. What started with five forest projects has developed into 13 projects in 11 countries. The lungs of the planet, the forests, are still threatened in many ways. That is why IKEA is proud to have been able to contribute to improving forest management in Europe and Asia together with WWF.

A few examples of achievements:
• A national timber tracking system has been developed in Romania – an important tool to combat illegal logging.
• In 2002, only about 300,000 hectares of forest were FSC-certified in Russia. In January 2015, more than 39 million hectares had been certified. The IKEA and WWF partnership has made major contributions to this development.
• The first sustainable rattan harvesting and industry has been developed in Laos, Cambodia and Vietnam, also leading to socio-economic progress for people in about 100 villages. In 2011, the project in Laos contributed to the first ever FSC certification of rattan forests.

WWF and IKEA project countries
Bosnia-Herzegovina, Bulgaria, Cambodia, China, Indonesia, Laos, Lithuania, Romania, Russia, Ukraine and Vietnam
2. SOW A SEED IN BORNEO

Sow a Seed is a project to reforest and maintain 18,500 hectares of lowland forest in Sabah on the island of Borneo in Malaysia, and to protect the area from logging for a period of 50 years. IKEA has been supporting the project for 20 years. So far 15,000 hectares of forest reserve is set aside for rehabilitation. Sow a Seed has contributed to the building of homes, meeting places for social events, and field accommodations for the more than 150 workers and their families working with the project. Sow a Seed is a partnership between IKEA, the Swedish University of Agricultural Sciences, the Yayasan Sabah Group and the Malaysian forestry company RBJ.
IKEA works in partnership with Rainforest Alliance in China to increase awareness and experience of better forest management practices. By educating foresters and stakeholders we promote the FSC and forest management certification. The project provides key experts with training, tools and materials to conduct Rainforest Alliance workshops in order to increase the awareness of sustainable forestry in China.
GLOSSARY
Audit – a systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled.

Certification – the process whereby an independent auditing/certification body (third party) conducts an inspection and awards a certificate using independently developed standards and objectives.

Chain of custody (CoC) – the process of tracking and recording the possession and transfer of wood and fibre from a certified forest through the different stages of production – primary manufacturer, secondary manufacturer, wholesaler, and retailer – and to the end user.

The Forest Stewardship Council (FSC) – an international organisation that brings stakeholders together to develop standards for responsible forest management. Certification Bodies use these standards for forest certification internationally.

Forest Tracing Survey (FTS) – a regular survey filled in by IKEA suppliers to report wood that had been used for IKEA articles production during a specific period. In the survey the wood volume in IKEA articles, the wood origin and the supply chains of the wood need to be specified.

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.

Wood from more sustainable sources – wood that is either recycled (pre- and post-consumer reclaimed wood material) or comes from forests independently verified as responsibly managed by Forest Council Stewardship (FSC).

IWAY – since 2000, the IKEA Way of Purchasing Home Furnishing products, materials and services. IKEA supplier code of conduct that defines what suppliers can expect from IKEA and specifies what IKEA requires from its suppliers.

IWAY Forestry Musts – wood coming from approved tree and bamboo species whose origin is known and compliant with IKEA minimum requirements on wood raw material.

IWAY Audit – an audit at IKEA suppliers at least once every 24 months. During the audit the auditor will verify whether the supplier has developed and implemented the requirements of the IWAY Standard.

Illegal logging – the harvesting of timber in contravention of the laws and regulations of the country of harvest.

Responsible forest management – can be described as the attainment of balance – balance between society’s increasing demands for forest products and benefits, and the preservation of forest health and diversity. This balance is critical to the survival of forests, and to the prosperity of forest-dependent communities.

RWE – a measure to indicate the volumes of wood in log form, roundwood, and sourced for IKEA. In FY14 we used more than 17.6 million m$^3$ of RWE for the solid wood, wood based board materials and paper in IKEA products.

Wood Supply Chain Audit (WSCA) – an audit of the wood supply chains focusing on the compliance of wood with IKEA standards and requirements rather than on the routines of the supplier. The auditor will audit the supply chain from final product at the IKEA supplier to the forest where the wood originates from.

Wood Tracing System (WTS) – has been developed by IKEA to handle all suppliers’ reports. It is a web based application of a Geographic Information System (GIS) Arc View in which the suppliers input their Forest Tracing Survey (FTS) and Wood Procurement Plans (WPP).

Wood Procurement Plan – a report of wood intended to be used for IKEA production. WPP is collected by IKEA before any business start-up for every new supplier and prior to the beginning of every Financial Year (FY).