EU Timber Regulation: From an operator’s perspective
Main wood origin countries

Total wood & paper consumption in the products 18.05 M m³ round wood equivalent

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>SHARE OF TOTAL VOLUME</th>
<th>MSS* %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>32%</td>
<td>91%</td>
</tr>
<tr>
<td>Russia</td>
<td>8%</td>
<td>96%</td>
</tr>
<tr>
<td>Sweden</td>
<td>6%</td>
<td>81%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>5%</td>
<td>74%</td>
</tr>
<tr>
<td>Italy</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>China</td>
<td>5%</td>
<td>97%</td>
</tr>
<tr>
<td>Germany</td>
<td>5%</td>
<td>64%</td>
</tr>
<tr>
<td>Belarus</td>
<td>5%</td>
<td>91%</td>
</tr>
<tr>
<td>Romania</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>3%</td>
<td>26%</td>
</tr>
<tr>
<td>France</td>
<td>3%</td>
<td>75%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>3%</td>
<td>51%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>Others</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

* Wood from IKEA More Sustainable Sources currently defined as FSC certified and recycled
We have a shared ambition with you... to prevent illegally harvested timber from being placed on the EU market.
And a shared obligation...

to each meet our requirements under the EU Timber Regulation.
Like you, it is an obligation we take seriously...

by mitigating risks through a demanding Due Diligence System.

- All suppliers must agree and meet the IKEA “IWAY” Forestry Requirements and legally-binding Compliance Requirements. This includes a ban on wood that has been illegally harvested.
- Thirty IKEA Forestry Specialists placed worldwide to support business teams in implementation of our forestry requirements.
- Continuous monitoring and access to information, at supplier level.
- Risk Assessment performed through IKEA Wood Tracing System.
- Risk Mitigation performed by all suppliers in combination with Risk Assessment.
- Regular audits and documentation verification at all suppliers and wood supply chain audits on the selected high risk supply chains performed by IKEA.
- Additional verifications supporting IKEA requirements conducted by experienced third party auditors.
- More Sustainable Sources (FSC & recycled) as a REQUIREMENT for wood from high risk countries.
To fully meet the EUTR ambitions, we need a common Member State approach... to demonstrate risk mitigation and compliance, comprehensively and efficiently.
Today’s reality...

28 different MS approaches to demonstrate EUTR compliance
Our experience

IKEA provided, by request:
• EUTR declarations
• Self declaration forms
• Copies of legal documents
• Supplier audit results
• FSC certificates

• No guidance provided on types of documentation.
• IKEA provided documentation aligned with earlier experience
• MS followed up with request for additional documentation

• No guidance provided on documentation
• Without guidance, IKEA provided similar documentation provided in previous two experiences, plus additional = to 3 kilos of paperwork
• Originals or notarized copies of the logging permits and all documents proving connections between the ties within supply chain were requested
Risks

• Fake documentation
• Wasted resources
• Impractical paper trail requests
• Responsible players in EU losing competitive advantage
• Too much confidence in paper trails over due diligence systems
• Players upstream the value chain become less motivated to put efforts into driving sustainable forestry
IKEA Supply Chains

Materials used in a simple chest of drawers:
Chest of drawer - with a very “neat” sourcing

Wood species
Tsuga (heterophylla & mertensiana), Abies (grandis & amabalis), Picea (glaucia, marian, engelmannii, abies & obovata), Pseudotsuga menziesii, Thuja plicata, Pinus (contorta, monticola, ponderosa, sylvestris, cembra, nigra, brutia, halepensis & peuce), Betula (pendula & pubescens), Fagus sylvatica, Quercus robur, Populus nigra.

Countries of harvest
Canada, Sweden, Finland, Latvia, Lithuania, Russia, Estonia, Ukraine, Norway, Poland, Switzerland, Austria, Slovenia, Bulgaria, Serbia, Turkey, Slovakia and Czech Republic.
Ambition for tomorrow

1 common approach to EUTR implementation
So, how can we meet shared ambitions, together?

- **Remove the “guesswork”:** Develop common, concrete guidelines for both operators and authorities to demonstrate compliance.

- **Focus on risk mitigation:** Today’s complex global supply chain – with multiple and changing sub-suppliers - makes it extremely challenging, without necessarily mitigating risk - to trace every piece of paper for every piece of article. A strong due diligence system should create a strong level of trust between the authorities and operators.

- **Create a common approach to third-party certification:** Agree upon and recognize specific internationally-accepted forest certification systems, like FSC, as one important part of the necessary due diligence system. This would save time and resources for both operators and authorities.
Thank you and let’s continue the dialogue.