

Chemicals in the Supply Chain – the Customer Perspective

European
Responsible Care
Conference 2010

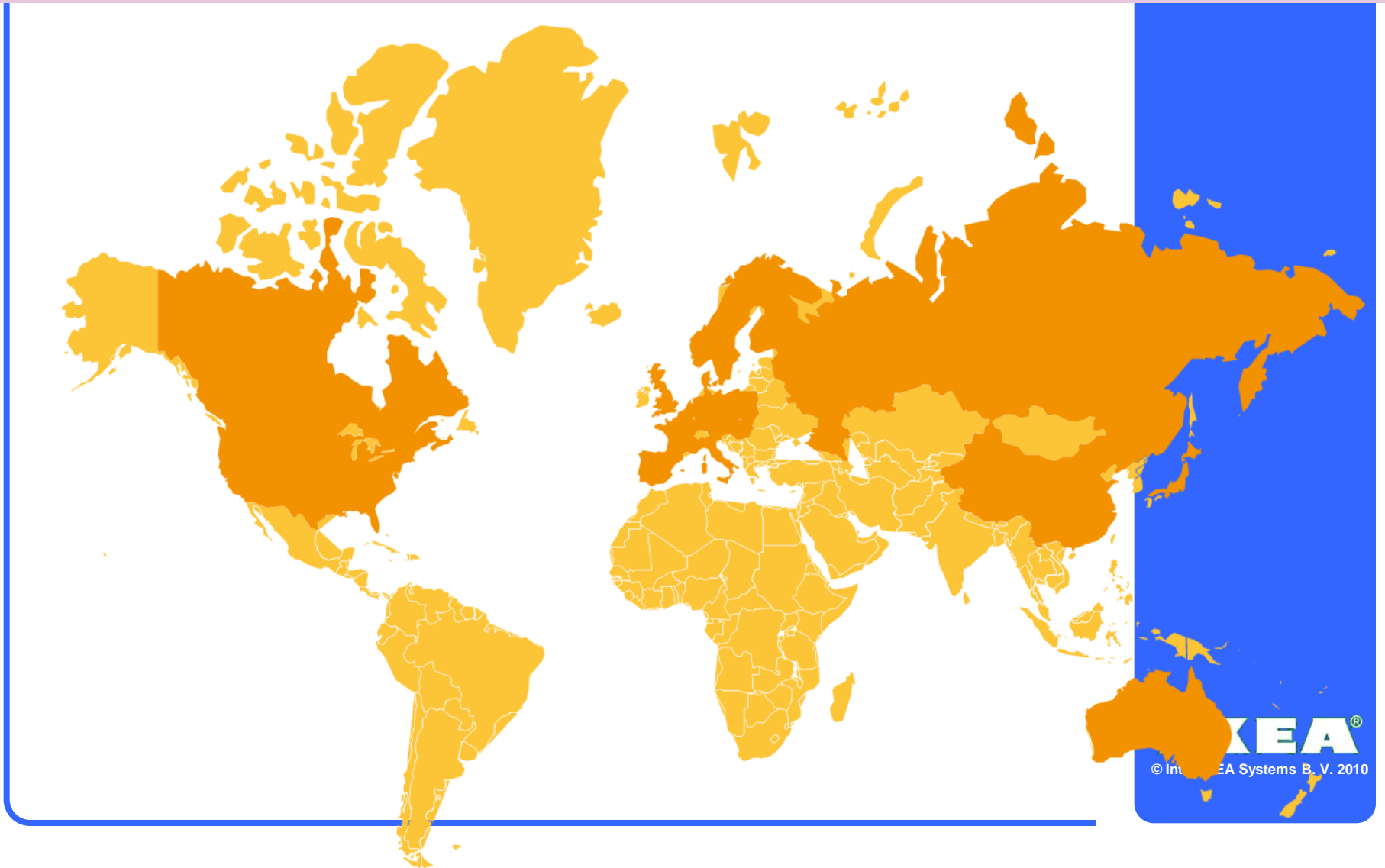
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Chemicals in the Supply Chain

- Short overview of IKEA as a company.
- Chemical issues for IKEA.
- Principles of setting requirements for a global market.
- Securing compliance.
- Cooperation with the chemical industry.

FACTS & FIGURES

THE IKEA GROUP 2009



FOR THE MANY

OUR VISION

To create a better everyday life for the many people.



OUR BUSINESS IDEA

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.

IKEA[®]

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AROUND THE WORLD

267 stores in 25 countries

Europe	192
North America	48
Russia	12
China & Japan	12
Australia	3

**Total number of
coworkers:
~130 000**



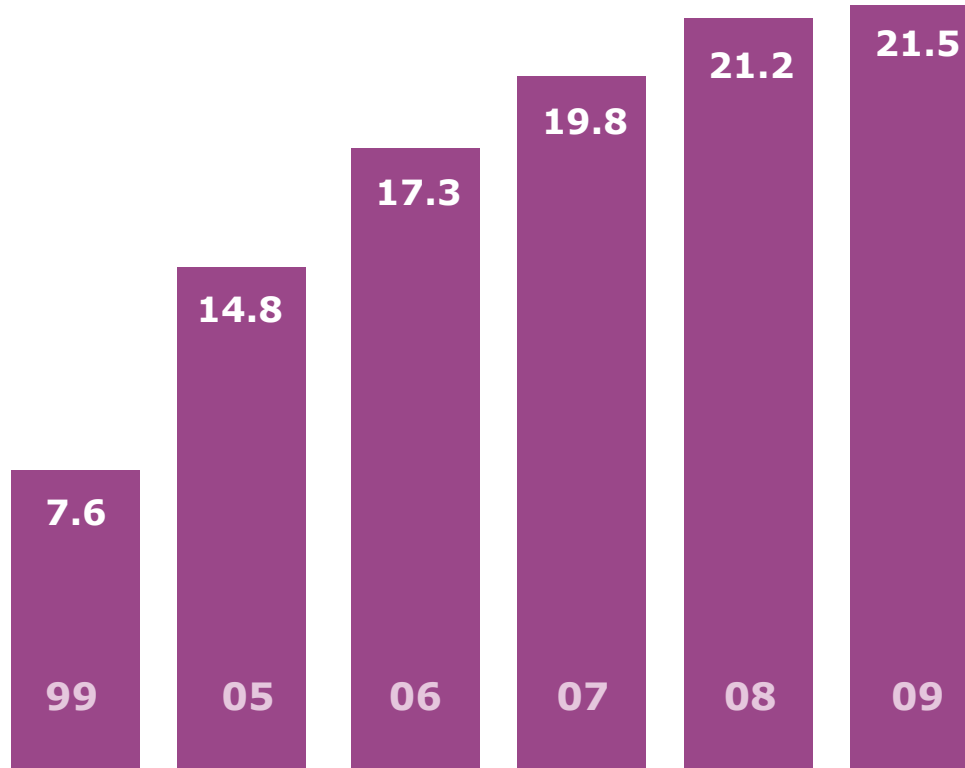
AROUND THE WORLD

Other key operations

- 31 trading service offices in 26 countries
- 28 distribution centers and 11 customer distribution centers in 17 countries
- 46 Swedwood production units in 10 countries



SALES AT A GLANCE

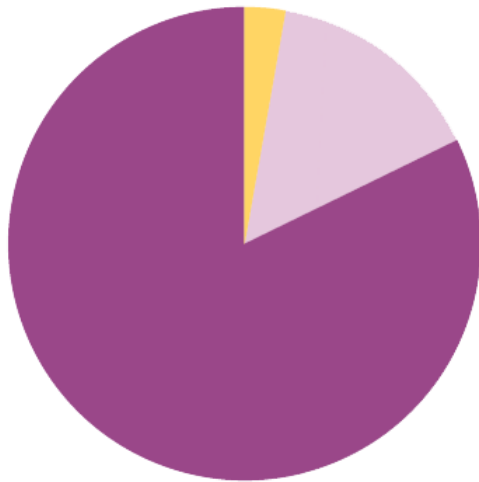


Total sales 21.5 billion euros
2010: 23 billion euros.

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SALES AT A GLANCE



Sales by region

- Asia & Australia 5%
- North America 15%
- Europe 80%

Top five sales countries

Germany	16%
USA	11%
France	10%
UK	7%
Italy	7%

MEETING OUR CUSTOMERS

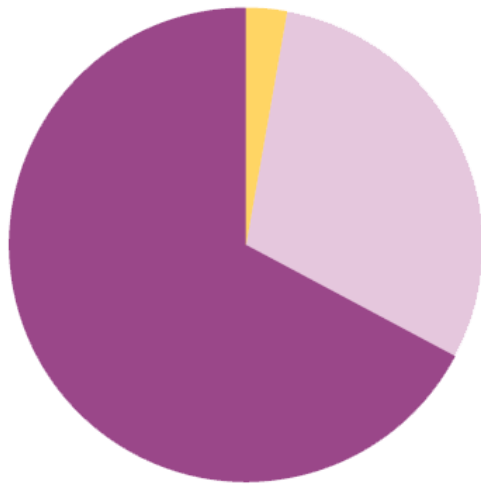
- 9,500 products on offer
- 590 million store visits
- 561 million website visits
- 198 million IKEA catalogues in 27 languages
- 29 million IKEA FAMILY members in 21 countries
- 1.03 billion euros IKEA FOOD sales



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PURCHASING AT A GLANCE



Purchasing by region

- North America 3%
- Asia 30%
- Europe 67%

Top five purchasing countries

China	20%
Poland	18%
Italy	8%
Germany	6%
Sweden	5%

1,220 suppliers in 55 countries

Chemical issues for a retailer.

- In IKEA of Sweden, the product development of the range of articles is performed.
- Chemical issues for IKEA: securing absence of hazardous substances in products of prime importance.
- Due to the wide range of home furnishing products containing a number of different materials, this involves both
 - Correct specifications, and
 - Careful Quality Assurance and follow-ups of compliance.

Main materials in IKEA products

Main materials include:

- Woodbased materials
- Plastics (polymeric)
- Textile
- Leather
- Rubber/Latex
- Metal

Chemical issues for a retailer.

Special chemical requirements for

- Food-contact articles
- Childrens articles incl. toys
- Electrical and electronic articles
- Potted plants
- Cosmetical articles
- Surface coatings

Chemical issues for a retailer.

- IKEA principle: Selecting the strictest legislation of any of our sales countries as our general requirement for all markets.
- In many instances we go beyond legislation in our demands.
- Examples: Ban on brominated flame retardants for furniture, no use of PVC. Stricter application of REACH, per homogenous material.

Chemical issues for a retailer.

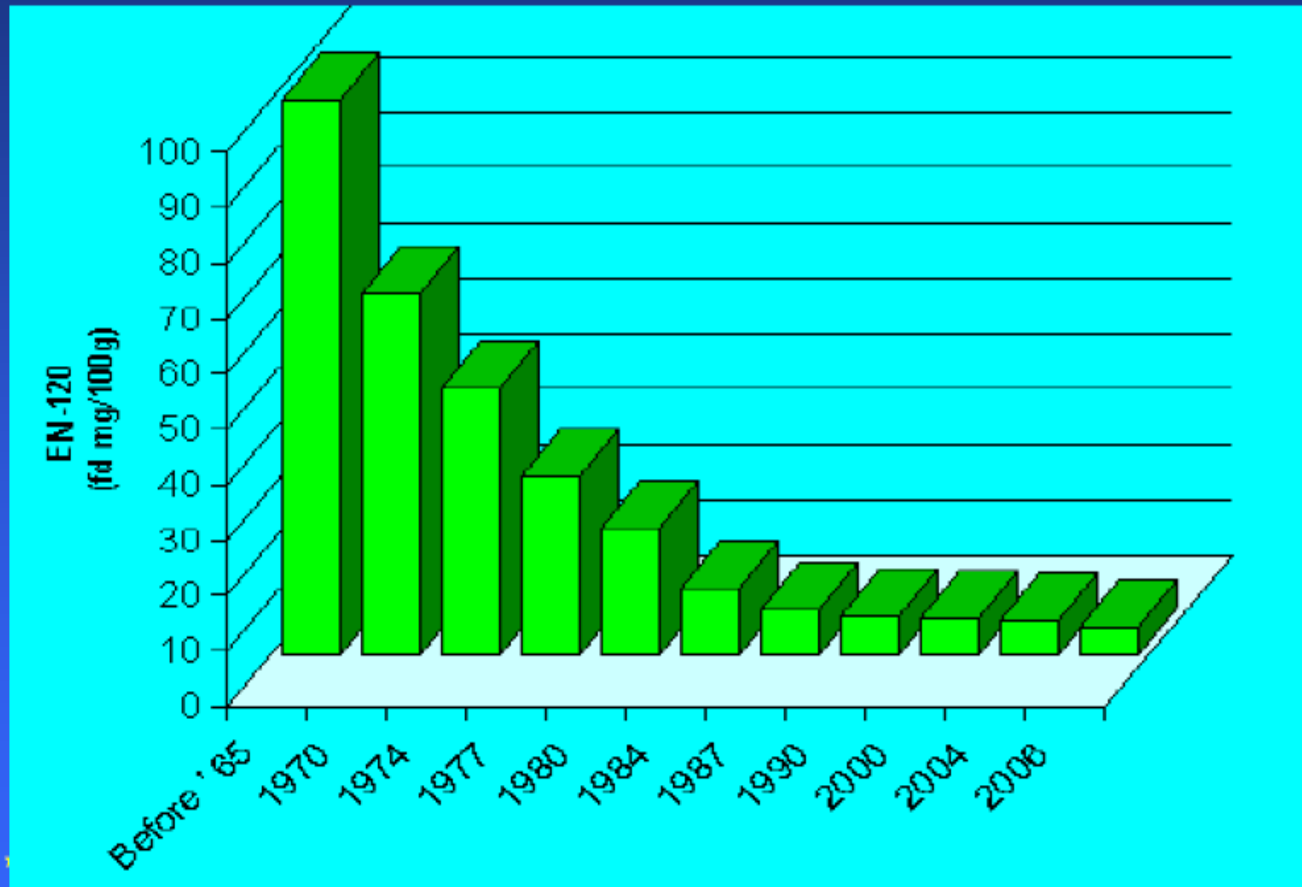
General restrictions/bans include

- CMR substances categories 1 & 2
- PBT and vPvB substances
- Other SVHC-substances
- Heavy metals
- Biocides
- Organotin compounds
- Organic solvents (lacquers, textile printing)

Formaldehyde

- Formaldehyde – of special importance for IKEA due to our extensive usage of wooden board materials.
- Big Low Formaldehyde Emission Project was succesful due to good cooperation with board manufacturers and adhesive producers.
- The state of California and Japan – the markets with the strictest requirements. Our general level is half of the European E1-emission level corresponding to 0.05 ml/m³ (EN 717-1).
- All coatings (lacquers, paints) used are no-added-formaldehyde.

EPF-S Confirms Formaldehyde emission over time in Particleboards



Emissions to indoor air.

Evaluation of product emissions

All emitted individual substances to be evaluated.

Emission Test Results - Volatile Organic Compounds (VOCs):
Determination made 48 hours and 28 days after unpacking

Emission level of VOCs	Traces	Very low	Low	Mod.	High	Very high
Emission of formaldehyde fulfilled:			Yes		No	
Absence (<10 µg/m ³) of toxic VOCs:					Yes	No
Absence of carcinogenic substances					Yes	No
Absence of "REACH" substances of concern*					Yes	No
Absence of aromatic hydrocarbons			Yes		No	
Absence of odorous compounds			Yes		No	
TVOC (Total VOCs) requirement fulfilled α			Yes		No	

* CMR cat. 1&2; PBT & vPvB; Equivalent concern

α 1200µg/m³ resp. 600µg/m³

IKEA's work on chemicals in textiles.

Some major efforts

- Formaldehyde (1991-)
- PVC-substitution (1992-)
- Azodyes (1995-)
- Organic solvents in prints (~1998-)
- Organic brominated flame retardants (1998-)
- Organotin compounds (2002-)
- APEO's (2004-)
- Better Cotton project (2005-)

Sustainability – an integrated part of our business

Offer a range of products that are
more sustainable

Goals:

- *By 2015 **90%** of our sales volume will come from home furnishing products classified as "**More sustainable**".*
- *By 2015 **100 % of all materials** for home furnishing products will be **renewable, recyclable or recycled**.*
- *By 2015 our **energy consuming products** will be **50%** more efficient than average installed on the market 2008.*

Chemical issues for a retailer.

Measures to ensure compliance.

- Quality Assurance systems at suppliers.
- Testing
 - During product development
 - In production
 - Sampling of shipments
 - Audits.
- IKEA laboratories + independent third party laboratories used for testing.

Chemical issues for a retailer.

- Increased awareness of chemical risks among consumers.
- Chemical risk assessment: a complicated task.
- Total content vs migration or emission (exposure).
- Improvements in the technique of analysis.
- Actual risks – perceived risks.
- Information duty for SVHC substances according to REACH.

Chemical issues for a retailer.

- Market expectations often based on input from
 - Media
 - NGO's
 - Consumer organisations.
- Changes in risk assessment of substances e.g. Bisphenol A.
- Media alerts e.g. Lead in paints of toys.

Chemical issues for a retailer.

Right and wrong.

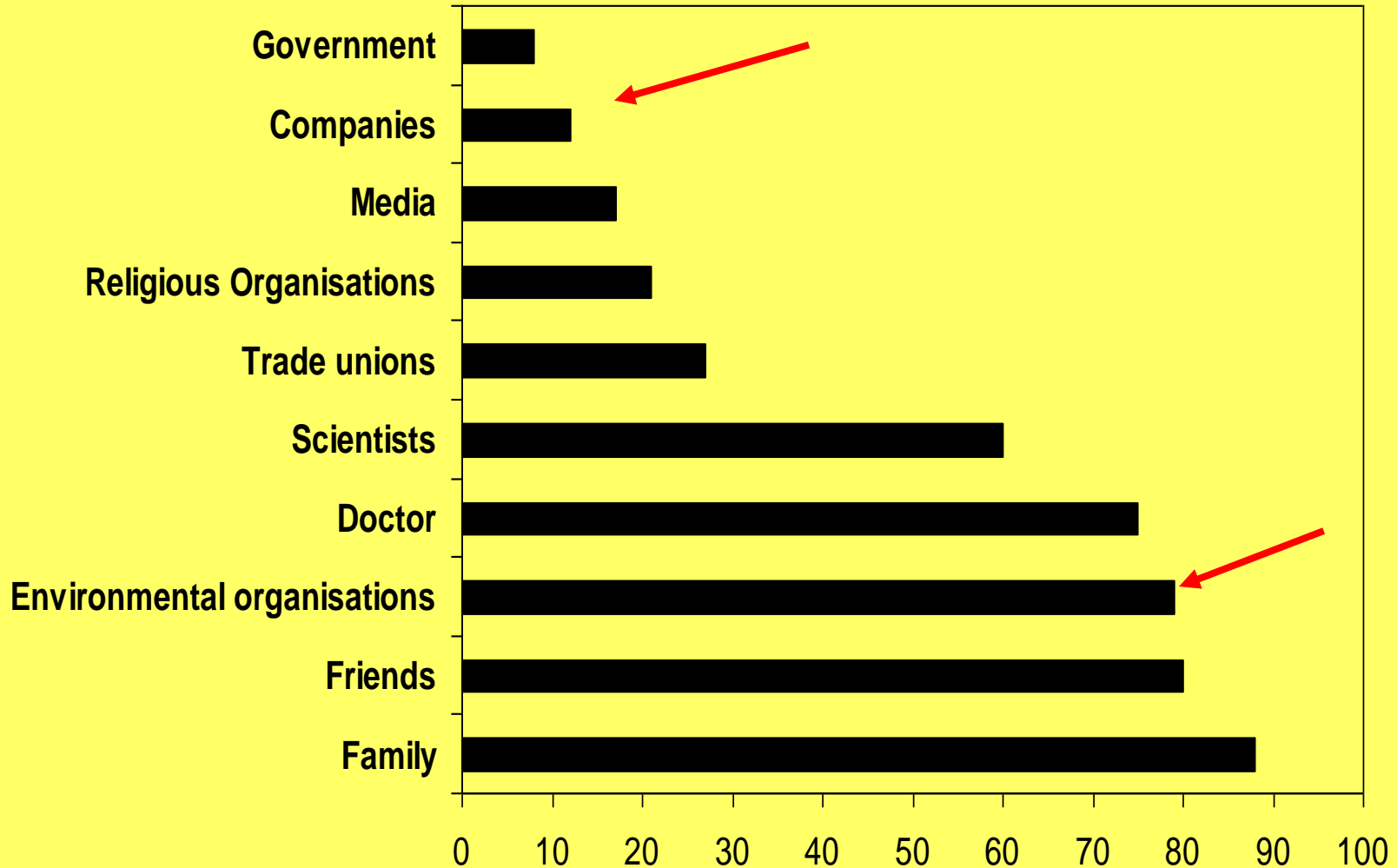
Wrong questions to ask:

- Can toxic man-made chemicals be found in our blood streams?
- How many of these toxic chemicals can be found in people?

Right questions to ask:

- How much of the chemical is found in our bodies?
- Is the amount found sufficient to have any possible negative impact on our health?

Whom do people trust?



Source: MORI Business & The Environment Study



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Chemical issues for a retailer.

- Important resources:
 - Independent third party test laboratories (also for consultation)
 - Manufacturers with special expertise
 - The chemical industry and its expertise
 - Independent experts
 - Input from NGO's
 - Contacts with other retailers

Chemical issues for a retailer.

- Both market expectations and legislative changes result in increased demands on retail companies to have more detailed knowledge of the chemical content of products.
- I.e. trend from monitoring compliance of bans and restrictions to positive knowledge of actual content of products.

Chemical issues for a retailer.

Input from the supply chain.

Good idea for chemical companies to keep updated on the needs of the retail part of the chain.

Input to the retail companies will assist in them setting relevant and appropriate requirements.

The net result will be a necessity to use chemicals of a certain degree of purity – an advantage for the more capable chemical companies.

Conclusions

- IKEA needs to stay alert to new legislation and expectations from the market and adjust our requirements accordingly.
- We need to vigorously monitor compliance.
- Increased knowledge of actual content in products is needed.
- Communication with consumers must be fact-based but also adapted so as to be understandable.
- One important partner for us to successfully fulfil our responsibilities is the chemical industry.

**Ladies and Gentlemen,
Thank you for your attention!**