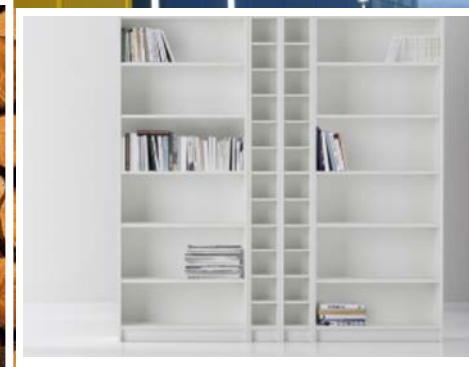


IKEA's approach to circularity, and priorities regarding planned new store in central Copenhagen.

Sustainability Manager, IKEA
Jonas Engberg





**A BETTER EVERYDAY LIFE
FOR THE MANY PEOPLE**



IKEA OVERVIEW

Retail, distribution and production

It takes a well-planned global network to manufacture and distribute IKEA products in an efficient and cost-effective way. Each facility across the world plays an important role in making IKEA products available to customers.



¹ At the end of FY15, there was a total of 375 IKEA stores in 47 countries operated under franchise agreements with Inter IKEA Systems B.V. Of these, 47 stores were operated by franchisees outside the IKEA Group.

² Includes IKEA Industry which accounts for 11% of the total production with 13 production units in 11 countries



Purchasing value is the total volume of home furnishing articles purchased from suppliers. It includes both our own IKEA Industry production units and external suppliers.



To be the leader in life at home

Growth and long-term profitability

A better IKEA

1

GROWING IKEA

...through offering better products at lower prices, developing a more vital IKEA and becoming more accessible to the many people

2 PEOPLE

...through developing all co-workers, strengthening our culture and making IKEA a great place to work

3 SUSTAINABILITY

...through becoming "people and planet positive" and always acting in a responsible way

4 LOWER COSTS

...through lowering our overall cost structure and simplifying the way we work

GOALS





**MORE SUSTAINABLE
LIFE AT HOME**



**PEOPLE AND
COMMUNITIES**



**ENERGY AND
RESOURCES**

**People &
Planet
Positive**



CIRCULAR IKEA

"Waste of resources is one of the greatest diseases of mankind. Use your resources the IKEA Way. Then you will achieve good results with small means."

Ingvar Kamprad, 1976



THE IKEA NO 1 CHALLENGE IN REACHING THE MANY PEOPLE – ESPECIALLY THE ONES WITH THIN WALLETS – IS INCREASED RESOURCE SCARCITY AND THE ADDED COST THIS LEADS TO.



CUSTOMERS WANT MORE FROM IKEA

" I once bought a very expensive quality bed thinking that it would last for the rest of my life. Well, it didn't. It fell apart within a couple of years. The mattress, the frame, just everything. Now I have a simple IKEA steel bed and it's just as comfortable as the expensive one, and I can buy replacement parts."

"There products are not made to last. That is not sustainable."

"Great solutions for waste management, but what about the products."

"Their products have a throw away feel to it, that is what everyone does."

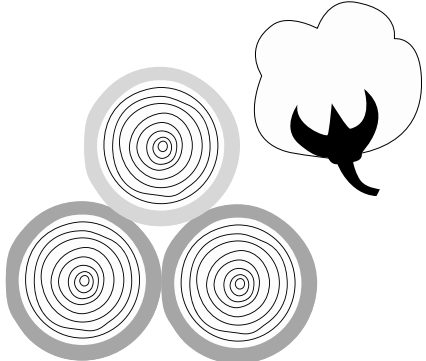
"If only IKEA had a pick up recycling service as well."

" I often see BILLY shelving or LACK side tables on the curb. I am not claiming that these pieces are poorly designed, but people seem to think of them as throwaway."

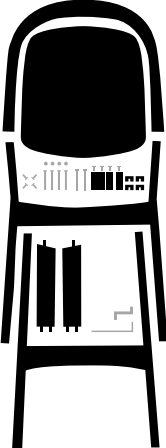
HOW?



FROM LINEAR ECONOMY TO CIRCULAR IKEA



Materials, and how we sources and produce



How we design our products – and buildings



What we offer our customers



Since Sept. 1th 2015:

100 % LED



Since Sept. 1th 2015:

**100 %
More Sustainable Cotton**





**100% FSC certified or
recycled wood by 2020**

FY15: 50%





**100% recycled or bio
based plastic**

FY15: 23%



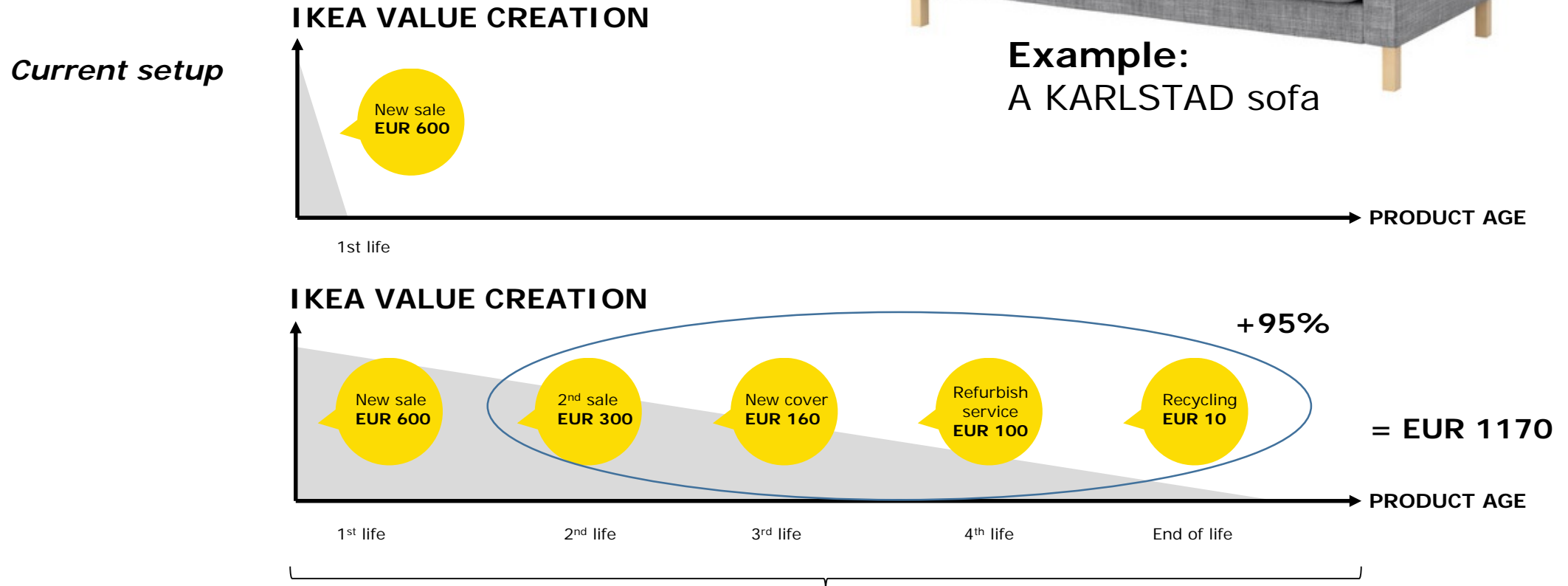
TJENA - FROM OWN WASTE



WHAT ARE SOME OF THE OPPORTUNITIES?



Example:
A KARLSTAD sofa



Longer product lifecycle improve sustainability performance and IKEA resource independence

Sources: Blocket.se, eBay.com, IKEA.com and Resource Chain project
End of Life value = scrap price for contained material, Refurbish service = One hour repair and change of legs

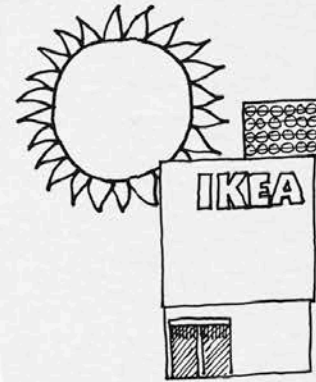


**Around 10% of
2nd hand furniture
sold on-line is
IKEA**



Resource and energy independence

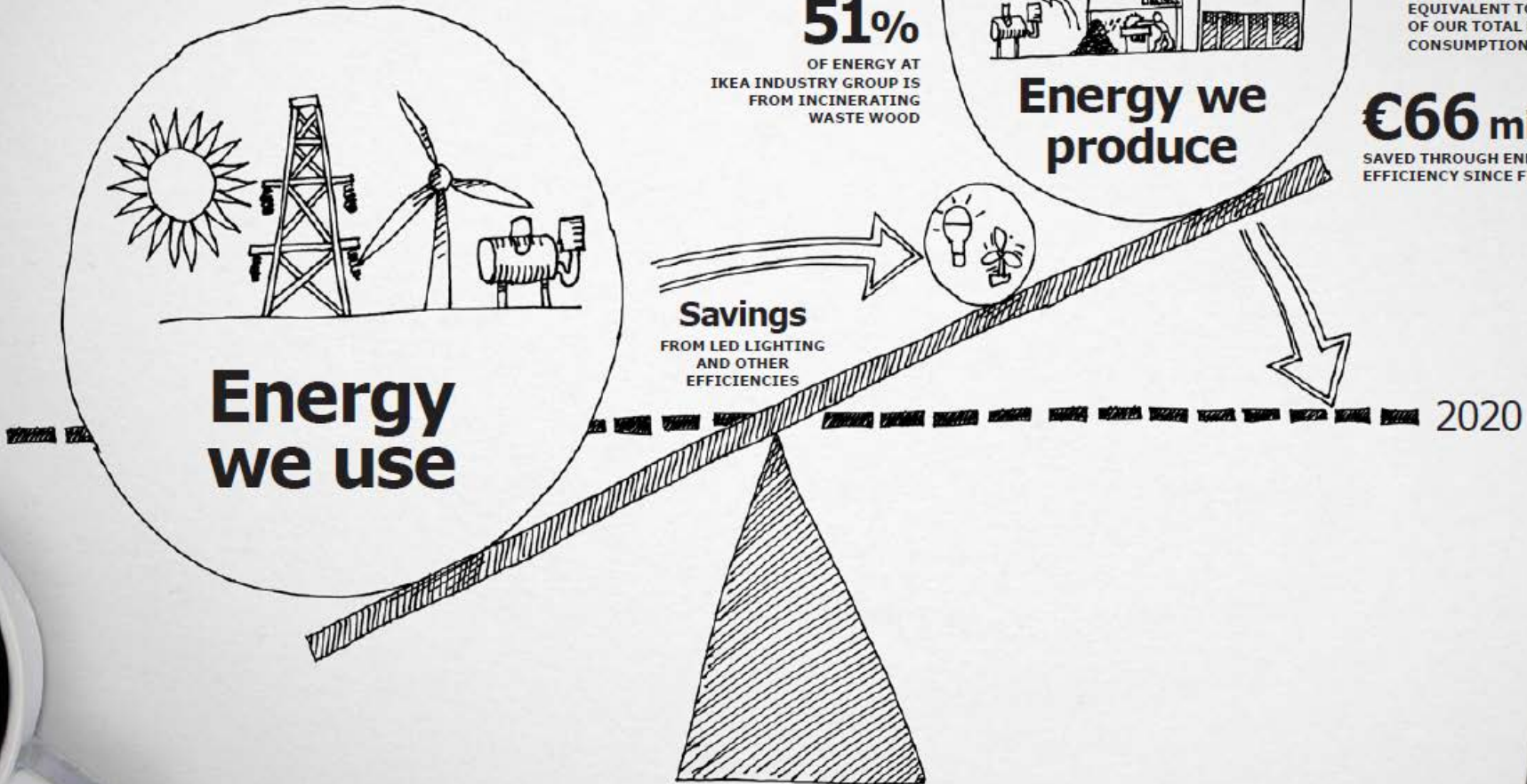
Buildings



Resource and energy independence

Buildings

Energy independence by 2020



€1.5 billion

ALLOCATED TO INVEST
IN RENEWABLE ENERGY
BY 2015

700,000

SOLAR PANELS IN USE IN 2014

107
WIND TURBINES
OPERATING IN EIGHT
COUNTRIES

51%
OF ENERGY AT
IKEA INDUSTRY GROUP IS
FROM INCINERATING
WASTE WOOD

42%

WE PRODUCED
RENEWABLE ENERGY
EQUIVALENT TO 42%
OF OUR TOTAL ENERGY
CONSUMPTION IN 2014

€66 million

SAVED THROUGH ENERGY
EFFICIENCY SINCE FY10



NEW IKEA IN COPENHAGEN



- 37.000 m2
- Planned opening end 2019
- BREEAM certification (minimum 'Very good')
- Must accomodate needs of urban living
- Innovative concept for possible future city center IKEA stores
- Ongoing investigations into e.g. materials, transportsolutions, service solutions, etc.



The transitions towards circularity is necessary, and it also holds great business opportunities!



Thank you!

