

OUR VIEW ON

INSPIRING A CIRCULAR MINDSET

As a global home-furnishing brand, IKEA has a big responsibility – and with it, big growth opportunities – to make a large-scale, positive impact on climate and resource use by adopting a circular business model.

We've always looked for ways to make more from less and find new, creative ways to deal with limited resources. But with increasing customer demands for both affordable and sustainable products, along with growing threats to our planet, IKEA is on an urgent journey to integrate this new business model – and new mindset - that moves from a linear to a circular business.

Approach and commitments

This transformation is one of our biggest ambitions and challenges for the future. It is a shift in how we develop products and services, source materials, develop our supply chain, and meet our customers. Our goal is to give products and materials a longer life through the four circular loops: reuse, refurbishment (including repair), remanufacturing, and, as a last option, recycling, generating as little waste as possible.

There is no blueprint for this type of transformation. We are learning and developing as we go. As an ambitious roadmap, we have committed to:

- [Develop circular capabilities in all our products by 2030](#);
- Use only renewable or recycled materials by 2030¹;
- Enable customers to acquire, care for, and pass on products in circular ways, reaching 3 billion people by 2030; and,
- Take the lead and join forces with others.

While results may take time at first, we are confident that as competence and knowledge develops, legislation is formed, and capabilities become scalable and uniformly available, we will begin to see significant positive outcomes for the long-term.

FACTS

The IKEA transformation

While our focus and strategic transformation started in 2017, IKEA has been on the journey toward a circular economy for many years.

Some actions we have taken to prepare us for this shift include:

- We are implementing the [IKEA People & Planet Positive](#) strategy, the IKEA sustainability roadmap for everyone in the IKEA franchise system and value chain. The ambition is to transform into a circular and [climate positive](#) business by 2030.
- More than 10 years ago we started collecting packaging materials and used them as packaging materials again, and more recently using them to up-cycle into valuable products (for example SKRUTT desk protector and TOMAT spray bottle)

¹ For harmonisation, IKEA uses ISO 14021 Environmental labels and declarations — Self-declared environmental claims (Type II environmental labelling) to define “renewable or recycled materials” in its products.





Setting the rules

Disrupting existing models is always difficult. A successful circular economy requires many actors – from industry to experts to consumers to government - to play a role. While we might still call this “circularity’s early days,” things are moving fast; companies are starting to make commitments, consumers are becoming more conscious of their consumption behaviours and setting new demands, and globally, governments are setting new legislation. This is a good thing; we are all beginning to take action. The challenge, now, is to recognize the interdependence of these efforts to make a lasting difference for our planet.

IKEA aims to be a leader in circular business development. We want to work closely with policy makers to enable industry to move in the right direction and in turn, accelerate the mind shift of the society and customer toward circular thinking. Circularity is a massive topic, but with a step-by-step approach to legislation, a solid foundation can guide us along the way. We urge policy makers to consider some areas of early focus, including:

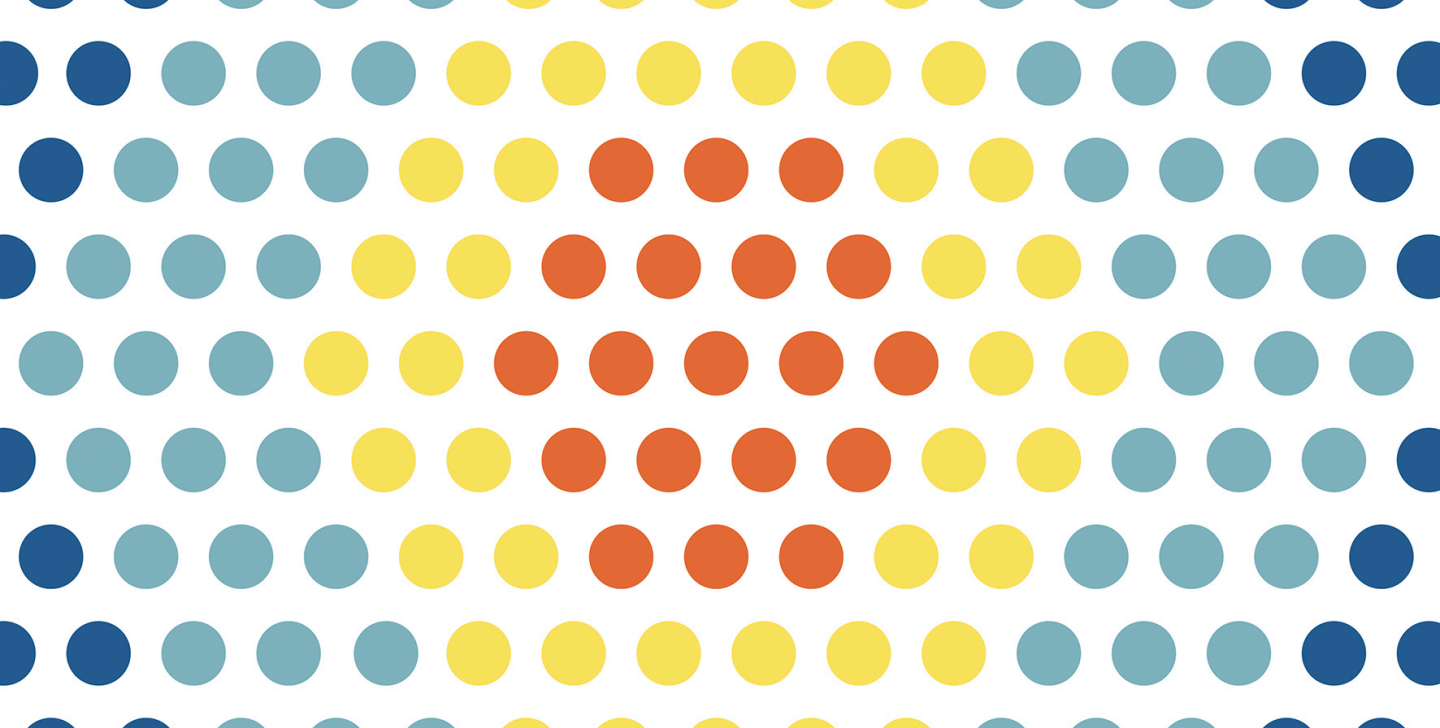
- Developing a common language: How should we, as a global community, define different aspects of a circular economy? [At IKEA, we are defining what the four circular loops of reuse, refurbishment, remanufacturing, and recycling mean for the development of our total value chain.](#) Going forward, it will be important for legislation to develop clear definitions based on common understandings, based on the needs and opportunities for all stakeholders (industry partners, customers, governments).
- Harmonizing rules: To ensure a level playing field, we encourage legislators to promote international standards and a harmonized approach across borders for the development of a circular economy. Proliferation of scattered and misaligned rules and compliance schemes have detrimental effects on businesses, people and planet.
- Leveraging best practices: We don’t need to start from scratch. Already, there are many examples of good approaches to circularity that can be used as a foundation for the development of new regulations. We encourage ongoing dialogue with all stakeholders to learn about these experiences.

FACTS

The IKEA transformation

Some actions we have taken to prepare us for this shift include:

- We have removed all wooden pallets and replaced with paper pallets, enabling an increased volume of products in each shipment, with no need for return shipments of empty wooden pallets. The result is a reduction of CO2 emissions and approximately 50 000 less trucks on the roads in Europe alone.
- We have completed an assessment of all materials and developed material roadmaps to deliver to our 2030 goals.
- We have set ambitious IKEA circular commitments.
- We have developed circular product design principles to guide the development of every product we sell.1 All our products will be circular by 2030.
- We have developed a Chemical Strategy to guide our ways of working with chemicals.

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- Recognizing material differences: All materials have different potential when it comes to circularity and climate impact. These differences, such as end-of-life potential, climate footprint, functionality, availability and cost, should be taken under consideration as a whole to ensure we make practical and balanced decisions.
 - Addressing chemicals: IKEA is always aiming to reduce the use of unnecessary chemicals, often ahead of legislation. Legacy chemicals (those used in products before they were legislated) are an industry-wide concern. Today, there is no clear solution for tracking these chemicals. While we continue to search for a way to address this, we urge policy makers to recognize these challenges.
 - Simplifying reporting schemes: Transparency is key to IKEA ways of working. We appreciate the intent behind reporting systems. We encourage policy makers to adopt harmonized and streamlined ways of reporting, with realistic ambitions, to avoid burdensome and costly action among different markets.
 - Giving space for innovation: There is so much still to learn about the development of a circular economy. There are enormous economic and environmental opportunities in this field if stakeholders are encouraged, incentivized and given the flexibility to explore, innovate, and improve.

Looking ahead

We are living in a fast changing and innovative time. What we understand about circularity and more broadly about sustainability today, is sure to evolve over time. As we develop new solutions in our journey towards a circular economy, new innovations will answer some of the questions and challenges we already have. At the same time, new questions and new challenges will be discovered along the way. By addressing these challenges and opportunities in a stepwise and flexible approach – together with the key stakeholders – IKEA aims to arrive at our goal within our ambitious timeframe.

