



## BSR Conference 2008 | Sustainability: Leadership Required

### Anders Dahlvig, IKEA Group

Plenary Session Summary

Wednesday, November 5, 2008 | 3:45–5 p.m.

#### Speakers

- **Anders Dahlvig**, President and CEO, IKEA Group

#### Highlights

- The conversation on sustainability has evolved over the last decade from questioning the value of social and environmental responsibility to now assessing how fast companies can move toward sustainability.
- Even if you are already operating as a responsible company, there is always more to be done.
- Corporate social responsibility strategies will be most effective when integrated into all functions of a company—into sourcing, production, operations siting decisions—and when owned by each and every employee.

#### Memorable Quotes

- “Inside IKEA, we talk about being production oriented rather than market oriented.”
- “[Reducing employee travel has a] highly symbolic significance because all IKEA coworkers have a chance to participate.”
- “We must stop transporting air.”

#### Overview

Dahlvig began on a humble note, stating that IKEA has work to do and has experienced disappointments in its sustainability efforts. He also stressed that he has seen a lot of positive changes—both inside of IKEA and in the wider sustainability agenda. As an example, he noted the questions IKEA first faced when embedding responsible business practices, such as if environmental and social work is good or bad for business? In Dahlvig’s experience, the answer today is much more evident than it was back then.

Corporate social responsibility (CSR) at IKEA began with a focus on forestry and child labor, areas in which it faced criticism. IKEA’s CSR agenda has since evolved into a four-fold focus: products and materials; suppliers; climate change; and community involvement.





## Business for Social Responsibility

IKEA strives to provide its customers with safe products and formulates them to be compliant with the chemical regulations of its strictest market. It has eliminated or limited the use of many harmful substances and seeks environmentally friendly replacements whenever possible. Today, 71 percent of materials used in all products are renewable, and 80 percent of waste is recycled, reclaimed, or used in energy production.

Dahlgren shared with the audience IKEA's goal to source all wood from forests certified as responsibly managed. He admitted that increasing certification is one of the areas that has been more difficult than he would have expected. While 94 percent of suppliers meet requirements, only a limited number are certified.

Dahlgren pointed out that a success factor to IKEA's low prices is raw material effectiveness and an optimization of the production supply chain. For example, production units are located near the wood supply, and products must be able to be flat packed.

Dahlgren also spoke with transparency and humility about IKEA's supplier programs. Its primary sourcing concern is with working conditions at its suppliers in China, which account for 21 percent of company sourcing. However, it has seen progress by sharpening accountability and improving understanding of customer perceptions.

Dahlgren put IKEA's carbon footprint at 27 million tons of carbon per year. Of this, 87 percent is from extraction, suppliers, and customers' transportation and use. IKEA's long-term objective for its buildings is to source from 100 percent renewable energy and increase efficiency by 25 percent. Dahlgren estimated that payback for some of the related initiatives would not occur for eight years, highlighting IKEA's willingness to make long-term investments into its sustainability strategies.

Dahlgren concluded IKEA has now reached a level of organizational maturity at which sustainability can be truly integrated into everyday business practices.

During the Q&A, he further explained that his coworkers have been empowered to set their own sustainability goals, therefore putting the momentum and energy at the base rather than mandating it from the top down. When probed on the associated risks with this strategy, he remarked his only fear is that he'll disappoint his coworkers by not being able to move as fast as they'd like.

Watch video highlights of Dahlgren's address at [www.youtube.com/watch?v=NHIIH8eFX5k](http://www.youtube.com/watch?v=NHIIH8eFX5k).

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This summary is also available on [www.bsr.org/bsrconferences/2008/session-summaries.cfm](http://www.bsr.org/bsrconferences/2008/session-summaries.cfm).

