

# VISIONARY VENTURES CONSULTING

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Janelynne Galera	2024	Management & Leadership
Olivia Wolf	2024	Marketing
Joseph Harrison	2024	Screenwriting & Marketing
Jose Garcia	2024	Management & Leadership
Howie Chiu	2024	Entrepreneurship

**Advisor(s):** Jeffrey Thies

**Topic:** IKEA's Lumber Sourcing Policies

**Audience:** Board of Directors IKEA

## Sustainable Development Goal

SDG #(12) : Responsible Consumption & Production

### Executive Summary

As the largest wood consumer globally, IKEA has significant influence in the timber sector and is responsible for implementing sustainable practices. However, investigations have revealed various issues, including unethical behavior and illicit logging. One major ethical concern is the conflict of interest in the certification process. Organizations like the Forest Stewardship Council (FSC) use outside auditing firms paid by the businesses they certify, potentially compromising the validity of the certification and raising doubts about the ethical sourcing of IKEA's wood goods.

There are concerns about greenwashing, as IKEA may be leveraging its FSC accreditation to justify higher prices. If IKEA is using its FSC certification as a marketing tactic without ensuring its sourcing methods meet ethical and sustainable criteria, it could be misleading customers and undermining their trust in the brand. To address these ethical concerns, a comprehensive 360-stakeholder audit process is recommended, involving a certified international environmental agency, and IKEA's internal auditors. This approach would provide an impartial evaluation of IKEA's timber sourcing practices, demonstrating IKEA's commitment to ethical business conduct and helping rebuild consumer confidence in its brand.

From a legal perspective, this approach is feasible because there are no restrictions on corporate and foreign investment in non-governmental organizations (NGOs) like the FSC. However, to ensure accountability and transparency, IKEA would need to comply with the financial disclosure laws of the countries where it operates. While there may be initial costs associated with implementing the 360-stakeholder audit process, these would be offset in the long term by enhancing IKEA's reputation, meeting customer demand for environmentally friendly products, and contributing to a more sustainable future. Studies indicate a growing global market for eco-friendly furniture, suggesting a shift in consumer behavior towards more ethical and sustainable choices. It is morally right and a sound commercial decision for IKEA to address the ethical concerns raised by its timber sourcing processes. IKEA can boost its brand, gain customer trust, and help create a more sustainable future for the earth by ensuring its sourcing methods are ethical and sustainable.