

HYPOCRISY! IKEA'S CYNICAL DESTRUCTION OF ROMANIA'S OLD-GROWTH FORESTS

AN AGENT GREEN REPORT

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ABSTRACT

This report highlights systemic forest management issues within several IKEA-owned forests in Romania. For the past year, Agent Green investigators have thoroughly documented multiple forest and environmental law violations. These violations are having a negative impact on local habitats. Some of these IKEA owned sites are listed as protected areas due to of their importance to wildlife.

IKEA's forestry practices on their own land contradict their own publicity - "...our size means we have great responsibility and a fantastic opportunity to influence and improve forestry—management practices. 'Our IWAY standard ensures that all wood in our product is legally logged and doesn't have a negative impact on the environment."

Based on collected evidence, Agent Green is able to conclude that IKEA engages in forestry practices where minimum exigence is required from its employees and subcontractors operating on their properties to the detriment of the environment, communities and natural protected areas. Some of destruction is being perpetrated inside or in the vicinity of EU designated Natura 2000 sites that are meant to be protected under EU directives.

Even more worrying IKEA is currently disregarding the EU Biodiversity and Forest strategies for 2030. These strategies call for strict protection of all remaining primary and old growth forests. Instead IKEA appears to be actively seeking out old growth forests on its property for logging before any strict protection can be implemented by law.

Agent Green has analysed an IKEA forest management plan inside Penteleu Natura 2000 site. It prioritises the majority of parcels of forest with old growth forests aged between 120 to 180 years-old to be logged as "a matter of emergency". The rationale for this is based on a so-called "regeneration urgency" which is in effect a policy for logging of old-growth forests.

This policy to log these forests as a matter of urgency seems to be based solely on the assumption that after 120 years old some of the trees are starting to lose their commercial value, but in some tree species this is the age when forests start to accumulate their greatest biodiversity value, specifically in animal species dependent on old growth forests, such as birds, mammals and insects.

Similar forest management plans seem to target old growth forests throughout IKEA's portfolio of forests, including those already in protected Natura 2000 sites.

We were able to document for this report that some of the wood extracted from old growth forests logged in the Penteleu Natura 2000 site goes to Kronospan and HS Timber, two of the largest wood processing entities in Romania. In 2017 Ikea announced that it will stop using wood from HS Timber in their production chain after HS Timber had lost its FSC certification but in a twist of roles the Swedish-based company is now providing HS Timber with wood from their own forests.

Agent Green calls on IKEA to immediately change their forest strategy and allow for full protection of old-growth forests. Immediate measures should be taken by Romanian authorities and company shareholders alike in order to prevent further irreversible damages to some of the areas mentioned in this report.

The organization also calls on the company to live up to the standards they profess to uphold and change their forest strategy for protected Natura 2000 sites. As custodians of some of Romania's last old growth forests they should prioritise the protection of species and habitats over their economic

interests and forest exploitation. Furthermore, IKEA should acknowledge that some of its logging works labelled as progressive is nothing but clear cuts.

Specifically, for Natura 2000 sites within IKEA properties, Agent Green would like to see all progressive cuts stopped indefinitely and old growth and primary forests strictly protected. Outside these areas, where logging is permitted, the organization recommends selective logging according to the Forever Forest concept: https://www.agentgreen.ro/forever-forest/

IKEA owns around 50.000 hectares of forest in Romania, making it the single largest private forest owner company, therefore with a large social responsibility.

IKEA, MAIN PLAYER ON THE "GREEN GOLD" MARKET IN ROMANIA

According to press releases and public records, IKEA is the largest private owner of forests in Romania. In 2015, through a sister company called Inka Investments SRL, IKEA started acquiring large swathes of Romania's forests. The first major acquisition they made that year was 33,600 hectares of 'Green Gold' from a huge forest portfolio owned Harvard University.

Today Inka's (IKEA's) owns amount to 50.000 hectares of forest in Romania, making it the single largest private owner of forest in the country. They have bought themselves into a national resource that has been rife with allegations of large scale corruption, illegal logging, massive deforestation and even murder since the end of the Communist dictatorship.

According to data released by the company to media outlets most of the land they own is located in the centre and north-east of Romania (Prahova, Buzau, Vrancea and Botosani counties) and a smaller area in north-west (Bihor County),

The company boldly promotes itself as operating in a "responsible and balanced manner" when it comes to its forest's activities. "Our firm commitment is to be a responsible forest manager", anyone can read on the company's website. "We aim to maintain a balance between the role it holds for people and the environmental and economic aspects. From an environmental point of view, we strive to protect the forest and the elements of biodiversity. We aim to preserve and, where possible, even improve the quality of forests."

However, after carefully looking into IKEA's Forest activities on the ground, in several areas around Romania owned by the company, Agent Green concludes that the furniture company's self-promotion does not match with reality. Quite the contrary, it's activities involve numerous wrongdoings, some of them in clear violation of the law, with a significant negative impact for both surrounding communities and for nature alike. Applying minimum attention to best forestry management practice, IKEA fosters and promotes an environment where disregard for rules and regulations constantly leads to areas where natural habitats are compromised and old-growth forests are being wiped away. Instead of "protecting the forest, and the elements of biodiversity' IKEA is following a path that could have long-term devastating impact for surrounding communities and biodiversity.

For this report, Agent Green investigators thoroughly documented each alleged violation in the given sites and the impact it has on the environment, particularly those taking place in areas designated by the European Union as being protected areas.

BLACK VALLEY FOREST, A CASE IN POINT

Black Valley Forest (Padurea Valea Neagra) is just one case among numerous and continuous breaches of law and an environmental disaster taking place under the so-called forest management of Inka Investments Forest Assets SRL, the company IKEA uses to operate in the area.

Located in Vrancea county (south east of Carpathian mountains), this forest is home to several protected areas, including Nature 2000 sites of Subcarpatii Vrancei and Dalhauti Forest, frequently populated with old-growth forests with an average of 130 - 150 years old trees and a rich biodiversity.

Following a series of tip-offs from locals, Agent Green dispatched a team of forest engineers and biodiversity researchers to the area, who identified a series of wrongdoings related to forest exploitation and interventions. Specifically, the areas Agent Green looked into are UP III Valea Neagra-Motnau, Valea Neagra forest (ua.121 a, b, c) and what is known as Dalhauti 1 (ua 801c).

One of the main reasons Nature 2000 sites were created was to develop sustainable tourism in these areas through cultural and natural values of each and every place, with the purpose of limiting our impact on the environment. So far, IKEA completely ignored the purpose of these sites in this area. Throughout the site there are no information panels for visitors wishing to know more about the value of this place or even about the real proprietors of these locations.

However, what an unsuspecting tourist could stumble across is a massive forest exploitation site, deemed by Agent Green to ruin and irreversibly destroy the area and its biodiversity.

It's worth mentioning that forest exploitation is one of the biggest threats to Nature 2000 sites in Vrancea County, according to management plans made public by Romanian authorities. The country's forestry code includes types of logging that may sound decent but that are allowing terrible destruction. The most common one is the so-called "progressive logging". This logging type is nothing else than clear cuts performed on tens of hectares in hard wood forests that may take place over a period of a few years. These cuts are to be connected and leads to complete removal of the forest cover and loss of all old stands.



In what is known as sub-parcel 121a of Black Valley Forest, Agent Green experts found the following breaches of law and wrongdoings:

- Strong evidence of clear cuts exploitations instead of the less destructive progressive cutting. Under law the organisation that fells the timber should ensure that the forest can grow back. But on this site there is little or no natural regeneration in the area after the massive logging that took place between the years 2020 and 2021. In the official forest management plan, only progressive cuts are described. In this sub-parcel, however, clear cuts were found on the ground.
- Soil erosion caused by large forest machines used during wet weather. The land was never restored to its initial state, as the national law clearly states. Left unattended, these trails can increase the danger of further erosion caused by heavy rain.
- This swathe of forest is less than 250 m from Taratu village, so any possible mudslide can and
 will cause significant damage to human settlements and possibly endanger the lives of its
 inhabitants. The only road connective this community to the rest of the World is at high risk of
 mudslide.



- Clear indications on the ground that whole trees were dragged through the forest, a breach of national forest regulations and practices as it destroys the soil and the surrounding forest stands.
- Numerous stumps lacking official marks. This is an indication that they were cut illegally or taken down before an approved plan to extract them was put in place.
- The leftover wood and branches following this forest exploitation is abnormally large in terms of quantities. Well over 20% of the entire volume extracted was left behind. This is a clear example of breaches regarding national forest laws. The area looks highly disturbed.
- Visible traces of petrol and engine oil from vehicles used during exploitation.
- Biodiversity trees missing. FSC certification scheme and EU nature regulations says that
 several old trees per hectare must always remain. They are home and kitchen for hundreds of
 species of other flora and fauna. But the only one biodiversity tree was left standing, also in
 this section there were several secular trees with traces of Cerambyx on it, hosting many
 protected species. For the most part, rules and regulations regarding biodiversity protection
 were not followed.
- Overall, there's a visible lack of minimum conservation measures for the entire parcel
- There is no forest management plan approved (the last one has expired in 2019) but logging
 continues despite the fact that the new forest management plan has not passed the
 environmental procedures. Each forest body is subject of a forestry management plan to be
 renewed each 10 years according to the national forest laws. The plan is an inventory of the
 forest and establishes among others the cutting allowance for the next 10 years.

Similar breaches of law and regulations were discovered by Agent Green in sup parcels 121b and 121 a, as shown in the photo above.

One particular area of interest to our research was sub parcel 121c, where Agent Green discovered the following breaches:

- Forest exploitation continues after the legal deadline of 30.04.2021. This deadline is put in place in order to allow animals to mate and to ensure that natural habitats have the time and quiet environment needed to nourish and develop.
- Several cut trees were left in the forest outside the designated area for collection, with branches still attached. If these trees were marked to be cut, they should have been taken out during the time frame allowed for this exploitation.
- Trees left half cut and standing in the middle of the forest, a hazard to people and animals alike.
- Unmarked roads used to pull trees out of the forest. They should have a clear letter T marked on trees surrounding the road.
- The river is blocked and, in many places, completely dried by exploitation roads used to pull out trees.
- A possible legal breach of using forest hammers to mark down trees to be extracted. A square and round hammer were used for the same location.
- Standing trees alongside the extraction road were severely damaged.
- The dried-up river bank was used to deposit branches and other residual wood material, further increasing the risks of floods in the area.

DALHAUTI AREA, A SIGHT (NOT) TO SEE FOR TOURISTS

IKEA prides itself with the fact that it strikes the right balance between environmental protection, the needs of local communities in areas where it owns forests, and what they call "the economic role of the forest". To this effect, the furniture making company proudly displays on its website a certification for its forest management plan from the Forest Stewardship Council (FSC), an international non-profit, multistakeholder organization established in 1993 that promotes responsible management of the world's forests.

Anyone visiting many areas owned by the corporation can see for themselves how this balance has been tipped in favour of economic interests, in complete disregard of environmental protection principles and the needs of local communities. It goes without saying that such a certificate from a well-established body should and can be challenged based on evidence presented in this report.

A clear example of a complete disregard for both nature and communities happen to be nearby the Black Valley Forest, in an area called Dalhauti, just several kilometres away. Besides the already documented situations of knee-deep tractor trails left at the mercy of nature and general mess left everywhere following exploitation works, this patch of forest was crucial to prevent landslides in the area before most old trees were extracted.

Agent Green has documented several violations and breaches of conduct in this area called Dalhauti 1. One of them is at sub parcel 801c, where we found the following:

The so-called "progressive" logging has actually led to removal of almost the entire forest cover
which was made of old-growth stands. These stands included trees that used to act as
stabilising pillars to the hill above the river, preventing landslides, as shown in the photo below.



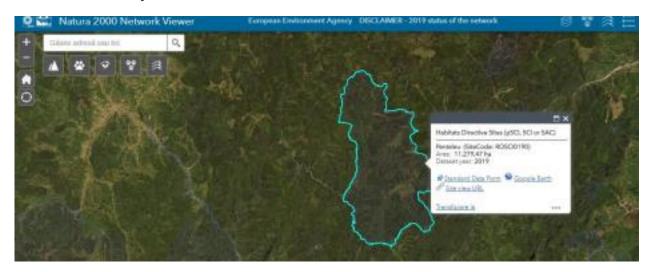
- The river below was almost completely dry, caused by blockage from remaining forest detritus left behind by IKEA's foresters.
- The area shows clear signs of erosion and soil degradation. Even with a plan to naturally regenerate this parcel, the damage will remain.
- An overall negative impact on tourism opportunities in the area. The road at the base of this
 sub parcel happens to be the exact road tourists can take towards Dalhauti Monastery. People
 venturing on this path can only see a sad, messy and heart-rending image of what once used
 to be a forest.

Agent Green is extremely concerned with the way these forests are being managed by IKEA, namely cutting down old biodiversity trees, despite the fact that some of these trees are rooted in extremely fragile soils and are in a protected area.

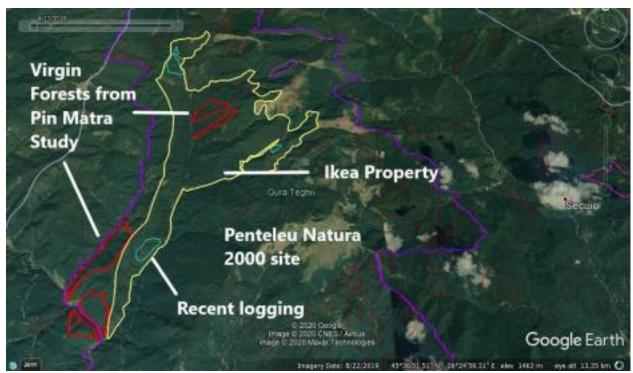
Below, several images taken during our documentation of the two areas mentioned above. They clearly show this forest is growing on fragile soil.



PENTELEU, A NATURA 2000 SITE



Penteleu mountains, located in Buzau county, is a Natura 2000 site established in 2007 mainly for the conservation of multiple habitats and species, including bear, wolf and lynx. Here, IKEA owns more forests. The forest we looked at is inside Penteleu Natura 2000 site and has an area of approximately 1500 hectares.



The area we visited is the bottom site marked with Recent logging on the map above. This forest has all the characteristics of an old growth forest: trees of all ages ranging up to 200 years, a mixture of species including beech (dominant), spruce, fir and mountain maple, biodiversity typical of natural forests and signs of large predators such as bears.

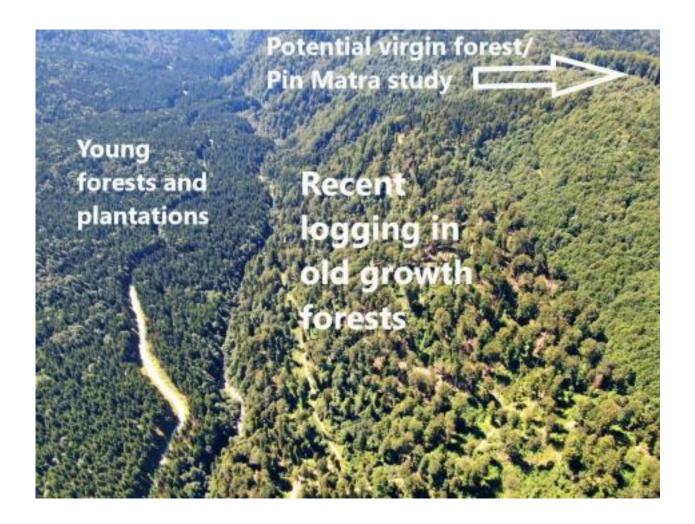
Unfortunately, around 40 % of trees have already been cut so it is now fairly difficult to imagine how this forest looked like before recent logging by IKEA. It's clear from the fresh roads and from the logs left behind that this logging took place in the last 2-3 years.

According to public records, IKEA have owned this forest since 2016. It's clear that the logging took place under their administration.

Other forests in the vicinity of the area visited by our researchers have been mapped as untouched forests since 2004 by the Pin Matra virgin forests inventory. They are marked in red. IKEA has made a public commitment that there will be no logging inside any of their forests that contain Pin Matra polygons until they have been properly assessed by scientists for inclusion or exclusion in the National Catalogue of Virgin Forests of Romania.

However, due to the increased bureaucracy and very strict criteria only a small fraction of Pin Matra sites have been accepted in the National Catalogue, while valuable primary and old-growth forests with high degree of naturalness are disqualified and therefore end up being logged.

Ikea has not made any commitment to the strict protection of forests with high level of naturalness such as primary and old growth forests. The corporation has only committed to preserve a very tiny part of their highly natural forests according to the very exquisite criteria of virgin forests that may include only forests that have reached the climax in their development.

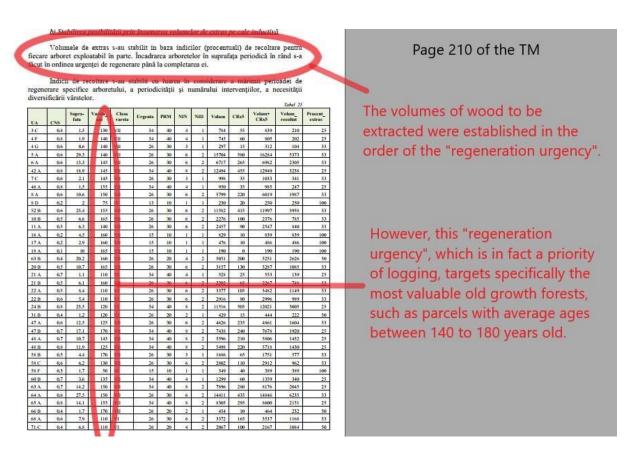


OLD GROWTH FORESTS TARGETED WITH "URGENT" LOGGING BY IKEA

While both the EU Commission and the EU Parliament are demanding strict protection for old growth forests in their EU Biodiversity and Forest strategies for 2030, Ikea is putting these forests on an Emergency logging list in Romania.

The IKEA forest management plan inside the Penteleu Natura 2000 sites calls for the majority of parcels with ages between 120 to 180 years old to be logged as an emergency, based on a so-called "regeneration urgency" which is in fact a priority logging of old growth forests, as shown on page 210 of the Technical Memoir for this site. Emergency regeneration in Romanian forest management implies progressive logging that means fast removal of old trees and replace them with younger forests.

The decision to log these forests as a matter of urgency seems to be based solely on the presumption that after 120 years some of the trees are starting to lose their commercial value, but this is also the time when forests start to accumulate their greatest biodiversity value, specifically for species dependant on old growth forests, such as birds, mammals and insects.



The IKEA forestry management plans checked by Agent Green are actively promoting logging of old growth forests, even in protected areas, where species are dependent on these old trees.

Therefore, Ikea not only completely disregards the requests of EU bodies for strict protection of old growth forests but quite the opposite: it actively seeks out these forests on its property to be logged and degraded before any strict protection can be implemented by law.



The type of logging in the drone photo above is typical of stage 1 progressive logging where up to 40% of trees are removed. This type of logging is followed in the next 10 - 20 years by additional logging until the majority of mature trees are removed.

Progressive logging is an aggressive type of commercial logging that is not compatible with protected areas such as Natura 2000 sites, where the main purpose of designation is the protection of habitats and species.





Signs of recent logging activity



Fresh logging roads, with various degrees of soil erosion.



More soil erosion, a sign of poor forest management



Damage to trees from logging operation, another sign of poor management

WHERE DOES THE WOOD GO?

While IKEA owns these forests, they use it as a primary source of income, not as a source of raw wood for their products. Based on public record data collected by our researchers we were able to trace the wood down to major companies who buy wood from these areas owned by the furniture company.

For instance, wood from an old growth forest in Natura 2000 site of Penteleu, Buzau County, belonging to the Swedish-based company, goes to Egger, HS Timber and to Kronospan Brasov, top largest wood processing entities in Romania.

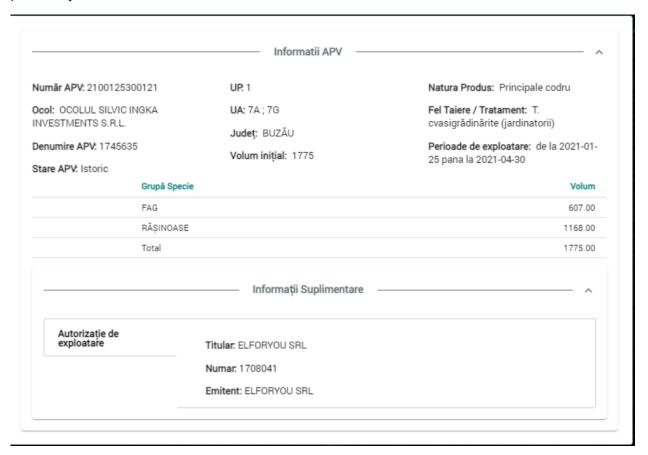
It is ironic that in 2017 IKEA announced it has stopped supplying wood products from HS Timber in their furniture after HS Timber had lost its FSC certification for its implication in large scale illegal activities. In a twist of roles Ikea is now providing HS Timber with wood. And some of this wood comes from old growth forests inside Natura 2000 sites owned by Ikea.



The forest owned by Ikea in Penteleu Natura 2000 site contains a significant area of primary and old growth forests. One of the parcels for which APVs (a legal binding logging permit) were issued are 7a and 7g. The tree in these two parcels were on average 145 and 155 years old with no major logging in the past and should have been strictly protected according to EU Nature laws and FSC standard.

Below, a few examples of wood transports from this forest with their final destination and the companies that purchased the wood.

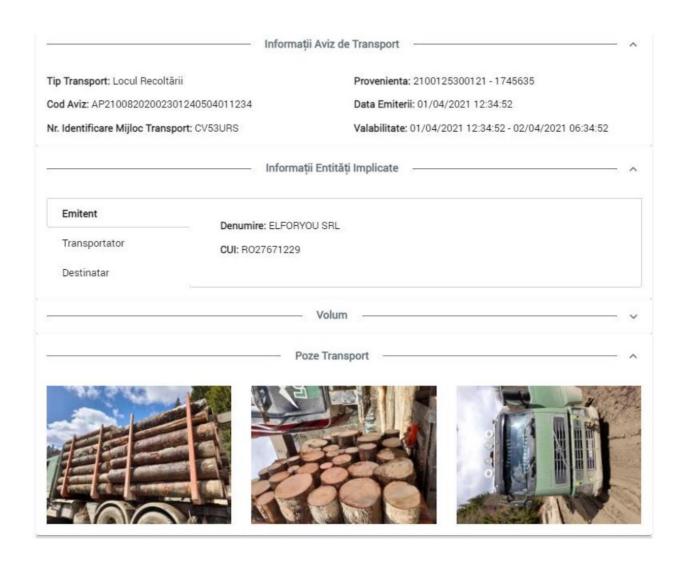
The APV (logging concession) below, no 2100125300121, was issued for 1175 mc of progressive logging. Works were due to end on 30.04.2021, but our researchers found a significant number of cut trees left in the forest past the exploitation date, a sign that logging works continued in May and potentially in June as well.

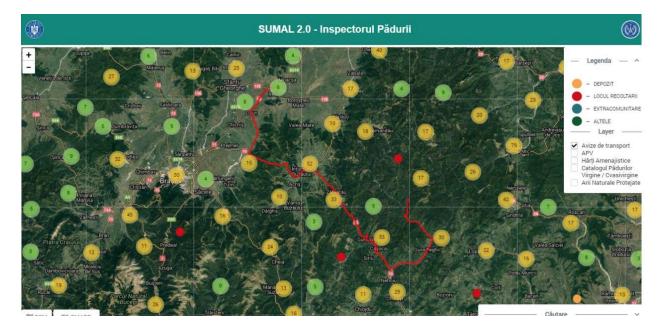


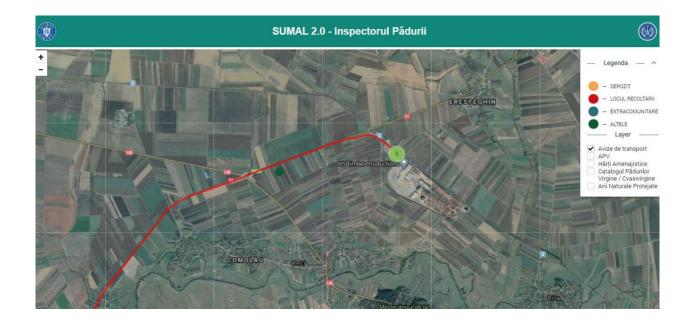
Drone and ground views of the area currently being logged. Photos taken on 30.05.2021.



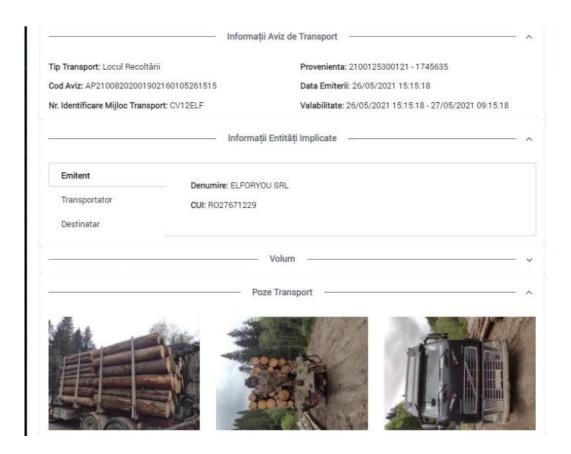
Nine transport permits have been issued from this area in a period of 3 days. 4 of them have a route recorded and are going to HS Timber in Reci, Covasna County. It is worth mentioning that the other 5 of these transports did not have a recorded route but all the transports with a recorded route (4 total) have gone to the same company at the same location in Reci. We can safely presume that most of these trucks are going to HS Timber as they are owned by the same company.



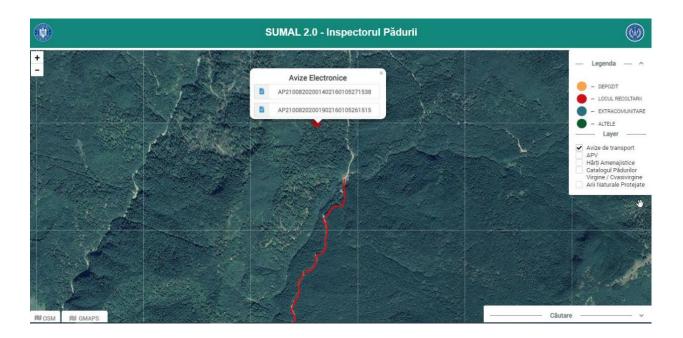




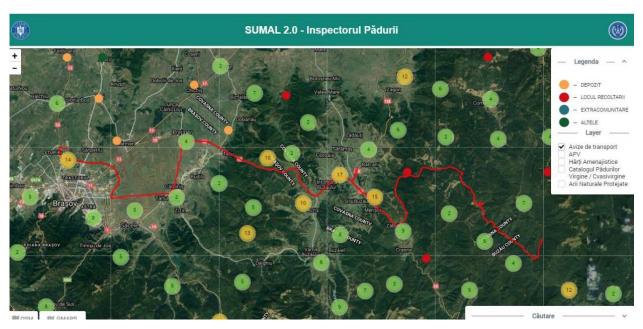
On 26.05.2021 Agent Green field researchers noticed that from the same parcels as above (7a and 7g), wood was sent to the Kronospan factory in Brasov. Same company as before operated these transports of wood.



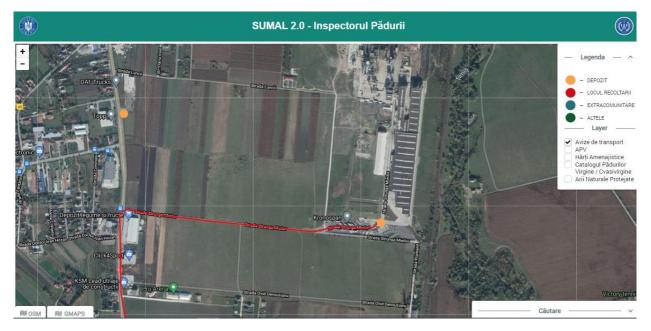
Same logging locations as with the HS Timber transports:



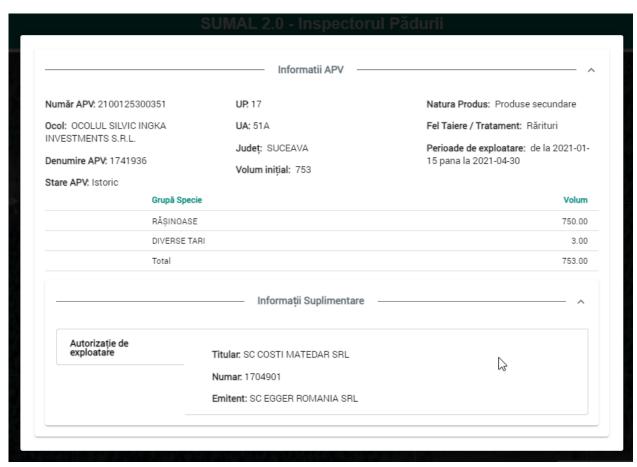
Transport route from Sumal application:



Destination of wood from Sumal:



In one case (see bellow) from Maramures Mountains, Ikea forests are being logged by companies associated with Egger Romania, as written in the logging permit for parcel 51A of UP 17, in Suceava.



In January 2021 all three companies (HS Timber, Kronospan and Egger) ended up top three in Romania to be sanctioned in the largest fines ever imposed in this country. Between them, these 3 top companies had to pay over 24 million euros in fines. Romania's Competition Council fined 31 timber producers in total for anti-competitive arrangements in staged auctions organized during 2011-2016 by the state forest management company Romsilva.

CONCLUSIONS AND NECESSARY IMPROVEMENTS

- 1. IKEA are hypocritically claiming to be taking care of the forests when Agent Green have evidence that they are destroying them.
- 2. IKEA is in breach of the EU's Nature laws by not having Environmental Impact Assessment done.
- 3 IKEA is inappropriately exploiting a loophole in the national and European laws (emergency regeneration) in a rushed attempt to chop down and sell all remaining primary and old-growth forests against the current EU biodiversity strategy that is planned to become law.
- 4 IKEA is clear-cutting old growth forest in the name of progressively cutting which is destructive and involves gradual replacement of the entire forest cover.
- 5 IKEA applies poor forest management that encourage soil erosion, biodiversity loss and endangering human settlements.
- 6 Although IKEA are aware that HS, Kronospan and Egger have been regularly fined for abusing forestry law and destroying what remains of Romania's ancient forest they are supplying them with more ancient timber. This is especially egregious as IKEA have banned HS as a supplier.

This report highlights the hypocrisy of in IKEA's claims to be a responsible custodian of Europe's remaining forests. Agent Green investigated Ingka (IKEA) owned sites an is able to conclude, based on evidence that the company engages in a practice where minimum due diligence is required from its employees and subcontractors operating on their properties resulting in a significant negative impact to the environment, communities and natural protected areas. Immediate measures should be taken by Romanian authorities and company shareholders alike in order to prevent further irreversible damage to these old-growth forests.

Even more worrying Ikea is currently disregarding the EU Biodiversity strategy for 2030 calling for strict protection of old growth forests and instead actively seeks out these forests on its property to be logged before any strict protection can be implemented by law.

The Ikea forest management plan inside the Penteleu Natura 2000 site for example calls for the majority of parcels with ages between 120 to 180 years old to be logged as an emergency, based on a so-called "regeneration urgency". IKEA is in fact prioritising the old growth forests for logging.

Similar forest management plans seem to target old growth forests throughout their portfolio of forests, including those already in protected Natura 2000 sites. To this date IKEA has not made any commitment to strictly preserve primary and old growth forests that are not in the exclusive National Catalogue of virgin forests in their climax stage of evolution. But they are targeting with logging virgin forest mapped in Pin Matra virgin forests inventory that are not at their climax or that have been more or less degraded since the study was presented in 2004.

Agent Green calls on IKEA to immediately change their forest strategy and allow for full protection of all old-growth forests and other forests with high degree of naturalness.

The organization also calls on the company to change their forest strategy for Natura 2000 sites and prioritize the protection of species and habitats over their economic interests and forest exploitation. Furthermore, the NGO strongly advises IKEA to stop mislabelling some of their logging activities as progressive cuts when they are nothing less than clear cuts, as shown in our report.

Specifically for Natura 2000 sites belonging to the Swedish-based company, Agent Green would like to see all progressive and clear cuts stopped indefinitely, and where necessary replaced with conservation and sanitary logging.

In conclusion, Agent Green wishes to see IKEA become the company it already promised to be, a pioneer within the wood industry that not only promotes good practices but one that also implements them.