



# IWAY STANDARD

## MINIMUM REQUIREMENTS FOR ENVIRONMENT, SOCIAL & WORKING CONDITIONS AND WOODEN MERCHANDISE

### Introduction

#### The Process

1. General Legal Requirements
2. Emissions, Discharges and Noise
3. Ground Contamination
4. Chemicals
5. Hazardous and Non-Hazardous Waste
6. Environmental improvements
7. Fire Prevention
8. Worker Safety
9. Provided Housing Facilities
10. Wages and Working Hours
11. Child Labour
12. Forced & Bonded Labour
13. Discrimination
14. Freedom of Association
15. Harassment, Abuse and Disciplinary Practises
16. Routines for procurement of wood
17. Protected areas, Intact Natural Forests and High Conservation Value Forests
18. Plantations in tropical and sub-tropical areas
19. High Value Tropical Tree Species

### International References

- |    |   |
|----|---|
| R1 | The Universal Declaration of Human Rights (UN 1948)   |
| R2 | Occupational Safety and Health Convention, and Occupational Safety and Health Recommendation (ILO Conventions 155 and Recommendation 164)                     |
| R3 | Convention on the Rights of the Child (UN 1989)   |
| R4 | Minimum Age Convention, and Worst Forms of Child Labour Convention (ILO conventions 138 and 182)  |
| R5 | Forced Labour Convention, and Abolition of Forced Labour Convention (ILO Conventions 29 and 105)  |
| R6 | Equal Remuneration Convention, and Discrimination (Employment and Occupation) Convention (ILO Conventions 100 and 111)  |
| R7 | Freedom of Association and Protection of the Right to Organise Convention, Right to Organise and Collective Bargaining Convention (ILO Conventions 87 and 98) |
| R8 | Fundamental Principles of Rights at Work (ILO Declaration, June 1998)   |
| R9 | Rio Declaration on Sustainable Development (UN 1992)  |

### IKEA References

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|-----|---|
| R10 | The IKEA Way on Purchasing Home Furnishing Products |
| R11 | The IKEA Way on Preventing Child Labour             |
| R12 | IOS-MAT-0010 Chemical Compounds and Substances      |
| R13 | IKEA Matrix for Hazardous Waste                     |
| R14 | IOS-2064 Guidelines for the Forest Tracing System   |
| R15 | IKEA Trading Audit Procedure                        |



## Introduction

The IKEA Way on Purchasing Home Furnishing Products (IWAY) is a Code of Conduct in our relation with suppliers approved by the board of IKEA (INGKA Holding B.V.). It is based on the eight core conventions defined in the Fundamental Principles of Rights at Work, ILO declaration June 1998 and the Rio Declaration on Sustainable Development 1992. IWAY covers IKEA's minimum requirements in the following three areas ; Outside Environment, Social & Working Conditions (including Child Labour) and Wooden Merchandise.

These requirements are applicable to IKEA Suppliers as well as our own IKEA Trading Organisations. IKEA Suppliers shall always abide by the most demanding of the requirements whether it is the applicable legislation or IWAY specific requirements.

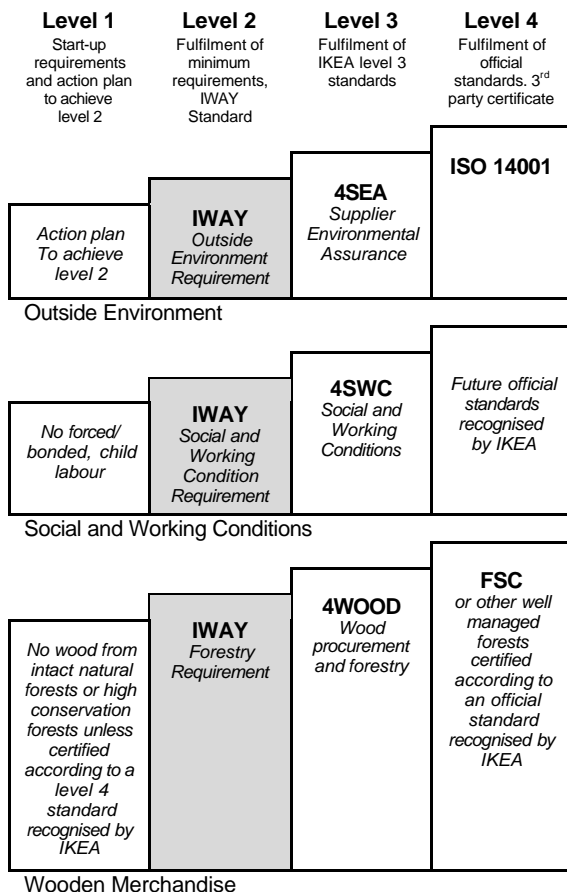
IKEA recognises the fundamental principles of Human Rights, as defined by the "Universal Declaration of Human Rights" (United Nations 1948).

We believe that our business has an impact on Human Right issues, in particular, in relation to peoples working and living conditions. Good workshop conditions and orderliness in the factory is a pre-requisite to quality and environmental work.

IKEA adheres to UN decisions regarding trade boycotts and embargoes.

### Staircase Model

IKEA's Staircase Model defines a 4-step approach aimed at improving the Suppliers overall performance in the 3 areas ; Outside Environment, Social & Working Conditions and Wooden Merchandise. This document, the IWAY Standard, includes the IKEA minimum requirements (level 2 in the Staircase Model).



### Professional Secrecy

IWAY and all of its activities are dependent upon co-operation, mutual trust and respect between the supplier and IKEA. All observations, discussions and written information received from the supplier are to be treated confidentially by IKEA, it's employees and any third party organisations appointed by IKEA.

### The Process

#### Communicate Requirements

IKEA shall communicate the IWAY requirements to the IKEA Supplier.

The supplier shall effectively communicate to all its sub-suppliers, as well as to its own co-workers, the content of the IWAY Standard, and ensure that all measures required are implemented accordingly.

#### Start-up Requirements

Potential IKEA Suppliers – prior to starting a business relationship with IKEA – must fulfil the start-up requirements; No forced or bonded labour, no child labour and no wood from intact natural forests or high conservation value forests. Suppliers delivering IKEA products containing solid wood, veneer, plywood and layer glued wood must ensure a Forest Tracing System document is completed.

#### Audit

IKEA shall conduct an IWAY Audit of the Suppliers premises. The IKEA supplier shall support on-site audits conducted by either; an IKEA Audit Team, an independent Auditor(s) or an Audit Organisation recognised by IKEA. IKEA reserves the right to perform unannounced audits or inspections to verify that the IWAY requirements are fulfilled. IKEA Suppliers shall allow for confidential employee interviews and shall maintain and allow access to all documentation and records as required. Observations of areas requiring improvement found during the IWAY Audit will be presented in an Audit Report.

#### Corrective Actions

If the event of non-conformances, IKEA will require – in writing – an action plan from the supplier detailing how the non-conformances will be rectified. An action plan must be sent to IKEA within 1 month following the audit. The action plan must include a description of the corrective action, responsible person and timelines for each non-conformance to be rectified.

IKEA must review and approve the action plan received from the supplier.

#### Approval of IWAY

IKEA Trading will follow up and verify to ensure the Supplier has completed the necessary corrective actions according to the approved action plan and timelines. When all non-conformances/deviations have been verified and approved by IKEA (or applicable third party), the supplier is IWAY Approved.

The Supplier shall sign agreement(s), where he undertakes the responsibility to preserve his status and continuously improve the performance. IKEA will perform re-audits – as a minimum – every two years to ensure the IKEA Supplier maintains his IWAY Approved status.

## 1. General Legal Requirements

### 1.a General

The IKEA supplier shall comply with all relevant and applicable laws, legislation and regulations within its area of jurisdiction pertaining to the Environment, Social & Working Conditions, Fire, Health & Safety, as well as Labour issues.

*The IKEA supplier shall always comply with the most demanding requirements whether it is relevant applicable laws or IKEA IWAY specific requirements.*

The IKEA supplier shall have a basic factory registration/licence to operate, if this is required by law, and comply with terms stated there in.

### 1.b Maintenance

The IKEA supplier shall establish a list of relevant legislation and regulations, as well as a procedure for monitoring any updates or changes to the legislation in order to remain in compliance with the requirements (See 1.a.) The IKEA supplier shall maintain records of work incidents, accidents, and/or fires including corrective actions.

If required by law (e.g. due to the Supplier's Environmental Classification) the IKEA supplier shall conduct an Environmental Assessment and obtain approval from authorities prior to changes in production, processes and buildings.

### 1.c Inspections by Authorities

The IKEA Supplier shall ensure compliance to inspections by the authorities (Ministry of Environment, Ministry of Health & Safety, Fire Authorities and other public authorities appointed to verify compliance to legal requirements). The required Corrective Actions must be documented and completed in due time.

### 1.d Dispensation

In the event that the authorities grant a dispensation in terms of limits, dates or conditions, this must be agreed to in writing from the authorities.

The IKEA supplier must establish a plan of action with the intention to improve the deficiency as granted by the current dispensation.

### 1.e Responsibility and competence

The IKEA Supplier shall appoint one or several persons who shall have defined responsibilities and the authority to ensure compliance with legislative requirements pertaining to the Environment, Social & Working Conditions, Wooden Merchandise as specified in this document.

The responsible person(s) shall have the necessary competence and knowledge about issues related to his/hers area of responsibility and type of business.

## 2 Emissions, Discharges and Noise

### 2.a General

The IKEA supplier shall ensure compliance to applicable laws, legislation & regulations – and if required obtain the necessary permits and demonstrate compliance to those permits - pertaining to emissions to the air, discharges to ground and water, as well as noise pollution.

## 3. Ground Contamination

### 3.a General

The IKEA supplier shall abide by the national legislation and have knowledge about the present state of contaminated areas, as well as history under prior ownership regarding contaminated areas on site and within the confines of the facility.

The IKEA supplier shall report any identified or suspected areas of contamination to the authorities for assessment and review.

## 4. Chemicals

### 4.a General

The IKEA supplier shall ensure compliance to applicable laws, legislation & regulations - if required obtain the necessary permits and demonstrate compliance to those permits - pertaining to the use, storage and import of all chemicals <sup>(1)</sup>

The requirements stipulated in (b) – (e) are applicable for all chemicals used in IKEA products, production and maintenance.

*Note 1: By chemicals we mean chemical substances and products e.g. oil, diesel, glue, lacquer, solvents, paints, dyes, hardeners, stains, waxes, acids, additives etc.*

### 4.b Chemical Management

The IKEA supplier shall have a procedure for the procurement of chemicals.

Prior to use in IKEA products, and in the production processes, the IKEA Supplier must abide by restrictions or prohibitions for chemicals stated in the IKEA specification IOS-MAT0010 Chemical Compounds and Substances. The IKEA supplier must ensure that all applicable certificates, test reports and supplier assurances are kept up to date in accordance with the requirements in IOS-MAT0010.

The IKEA supplier shall establish and maintain a list of all chemicals used. The list shall - as a minimum – include; The Name of the chemical product, the Area of Use and CAS nr (or a reference to an MSDS) for each of the chemicals used by the supplier.

The IKEA supplier shall have Material Safety Data Sheets (MSDS) for all chemicals. MSDS information must be provided in a language that can be understood by all employees concerned.

### 4.c Storage of Chemicals

The IKEA supplier shall prevent chemicals from leakage to air, ground and water. Chemicals should be stored on a hard surface (concrete, cement etc), free of drainage holes and protected by sills. If chemicals are stored outside they should also there be stored on hard surface, with no risk of leakage to the ground, including measures to avoid corrosion of the barrel/container.

The IKEA supplier shall have adequate ventilation in the chemical storage facilities to prevent explosions or other potential risks.

The IKEA supplier shall ensure that above ground storage tanks, with a total volume of 1,5 m<sup>3</sup> or more, shall be placed on a hard surface and when there's a risk of damage, protected from collisions or other potential damage.

To prevent the risk of leakage, above ground storage tanks shall be inspected, at least once every 36 months, for corrosion and other damage. Inspections shall include both an internal and external inspection.

Underground storage tanks shall be inspected by means of a pressure test at least once every 36 months.

The repletion protection of the tank shall be functionally checked at least once in every 12 months period.

Aboveground and underground storage tanks or other loose containers with a total volume of 250 litres or more which are situated within close proximity (< 100 meters) of water or other land protected areas, surface water wells, lakes, rivers or other water bodies must have a secondary protective shield (i.e. double lined/walled tank) or be placed in a concrete embankment.

#### 4.d Labelling of Chemicals

The IKEA supplier shall ensure all containers - including temporary containers - of chemicals are properly labelled with appropriate danger symbols<sup>(2)</sup> and chemical names to ensure the contents are known and the potential risk minimised.

**Note 2:** Examples of symbols to be used on chemical containers are as follows: Flammable, Explosive, Corrosive, Toxic, Oxide, Harmful and Dangerous for the environment.

#### 4.e Handling & Use of Chemicals

The applicable information regarding the risks and safe handling of chemical compounds and substances shall be accessible to all concerned employees. Employees that regularly handle chemicals should be adequately trained. Employees must use the necessary protective safety equipment when handling or in contact with chemicals (see 8.b and 8.e).

### 5. Hazardous and Non-Hazardous Waste

#### 5.a General

The IKEA supplier shall ensure compliance to applicable laws, legislation & regulations – and if required obtain the necessary permits and demonstrate compliance to those permits - pertaining to the handling, storage, utilisation, transporting and disposing of hazardous and non-hazardous waste.

For those countries where there is no applicable or effective legislation regarding hazardous waste, the "IKEA Hazardous Waste Matrix" shall apply.

In general, the site should give a good impression to visitors. Raw material, chemicals, waste etc should not be stored in disorder all over the property.

#### 5.b Waste Management

The IKEA supplier shall establish a procedure according to legislation for the safe handling, storing, transportation, utilisation and disposal of waste.

The IKEA supplier shall maintain records of permits for its suppliers and contractors for any of the above mentioned activities, as well as records/documentated procedures, pertaining to the safe and proper handling, transport and end disposal of hazardous waste. If appropriate licensed contractors, transport companies or end disposal companies do not exist, IKEA supplier shall ensure that the hazardous waste is kept in storage until appropriate end disposal can be assured<sup>(3)</sup>.

If waste is disposed of on-site e.g. by landfill or incineration, all relevant legal requirements must be fulfilled. IKEA do not allow hazardous waste to be land-filled or incinerated on-site. If hazardous waste is stored temporarily on-site, the waste has to be stored in safe containers.

The hazardous waste storage facility shall consist of a secure, designated area that is clearly identified. The storage facility must be free of possible leakage to minimise the environmental risk (please also refer to section 4c).

Different categories of hazardous waste must not be mixed. Hazardous waste and non-hazardous waste must be kept separate.

The IKEA supplier shall establish and maintain a list of Hazardous and non-hazardous waste in order to monitor the type and quantity that is generated at the supplier as a result of its activities.

Personnel handling hazardous waste must be trained and informed of the following;

- Risks involved in the handling hazardous waste
- Handling instructions for hazardous waste including emergency provisions in case of an accident or incident
- Handling instructions as recommended by the original manufacturer and/or MSDS of the substances (if such recommendations exist). See 4.b and 4.e.

**Note 3:** Should the IKEA requirement of storing hazardous waste be in violation with national laws or regulation, the law shall always be complied with and prevail. In such cases, the supplier shall immediately inform IKEA.

### 6. Environmental Improvements

#### 6.a General

The IKEA supplier shall ensure and demonstrate continuous environmental improvements – relative to increases in production – in various areas i.e. reduction of:

- Emissions to air
- Discharges to ground and water
- Noise
- Hazardous and non-hazardous waste
- The use of natural resources e.g. energy, raw materials, chemicals etc
- Continuously working to replace hazardous substances with less hazardous (i.e. applying the substitution principle).

### 7. Fire prevention

#### 7.a General

The IKEA supplier shall comply with all relevant and applicable laws, legislation & regulations pertaining to Fire Safety and ensure compliance to specific requirements issued by local authorities, as well as ensure fulfilment of IKEA IWAY specific Requirements stipulated in (b) – (f) below.

#### 7.b Fire Fighting Equipment

The IKEA supplier shall have the appropriate and adequate number of fire extinguishers and/or hydrants situated with a maximum distance of 25 meters between fire extinguishers and/or fire hydrants. The fire extinguishers must be easily accessible for co-workers and maintained in good working order.

### 7.c Evacuation Alarm

The IKEA supplier shall have an evacuation alarm <sup>(5)</sup> in good working order, to notify all employees about smoke and/or fire and to ensure a safe evacuation of the suppliers facility(s) <sup>(6)</sup>.

**Note 5:** As a general principle IKEA requires the supplier to have an evacuation alarm. The alarm - as a minimum - can be manually activated, but must by itself evoke a continuously light and/or sound signal. The alarm must function also during power-cuts. If the supplier can demonstrate an alternative solution that complies with IKEA's requirement of alert evacuation that option can be acceptable.

**Note 6:** The decision for determining a proper and suitable fire alarm is based upon; the suppliers field of business, the size of the workplace, the degree of planning, as well as extent and ease that the workplace can be evacuated

### 7.d Evacuation Plan

The IKEA supplier shall have an evacuation plan <sup>(7)</sup>, showing emergency exits, appropriate meeting area(s), and a means to notify or contact fire authorities or fire brigade. In case of an evacuation, the supplier shall ensure that designated persons are responsible for performing a head count to ensure all co-workers have evacuated the building and are accounted for. Evacuation plans shall be placed at appropriate designated locations.

**Note 7:** An evacuation plan should consist of a map where you easily could identify your position and how to find your way out. An evacuation plan is not needed for workplaces in which the size of the workplace, the risk involved, as well as the extent and ease of evacuation poses no potential risk to the safe evacuation of the suppliers personnel.

### 7.e Emergency Exits

The IKEA supplier shall - as a minimum - have two independent emergency exits <sup>(8)</sup> per working area. All emergency exits shall be marked with exit signs that are either luminous or illuminated. The IKEA supplier shall ensure all emergency exit(s), access routes, fire doors and fire fighting equipment are free from obstruction.

**Note 8:** Emergency exits should be opened outwards. Sliding doors, used as emergency exits, must always be kept open during work hours. Otherwise, the sliding doors must be equipped with an encased, built-in EXIT door.

### 7.f Training and Maintenance

The IKEA supplier shall have an adequate number of personnel trained to use the fire fighting equipment in each work area, covering all production shifts.

The IKEA supplier shall perform fire drills at least once in every twelve-month period. These drills must involve all production shifts.

All fire fighting equipment and the evacuation alarm must be checked at least once in every twelve-month period.

Records of Evacuation Drills, Training and Maintenance must be maintained.

## 8. Worker Safety

### 8.a General

The IKEA supplier shall comply with all relevant and applicable laws, legislation and regulations pertaining to internal air quality (fumes, particles and appropriate ventilation), noise levels, lighting levels and temperature <sup>(9)</sup> levels in the workplace.

**Note 9:** In tropical or sub-tropical areas, the outside temperature is acceptable as the workplace temperature, in production facilities without walls, provided there's a roof provides shade and protection from sunlight. Fans or other air moving devices shall be used to ease the heat.

### 8.b Personnel Protective Equipment

The IKEA supplier shall provide the appropriate personnel protective equipment <sup>(10)</sup>, free of charge, to all employees working in any harmful or potentially risky work area(s). The IKEA Supplier must ensure the Personal protective Equipment is maintained.

The IKEA supplier shall ensure all employees wear the personnel protective equipment when working in or in close proximity to any harmful or potentially risky work area(s).

**Note 10:** Protective equipment for eyes, hands, feet, ears, hearing, body and breathing.

### 8.c Machine Safety

The IKEA supplier shall ensure that all machines and other equipment used in production are equipped with the necessary and required <sup>(11)</sup> safety device <sup>(12)</sup> in order to prevent personnel injuries.

**Note 11:** Machines and other equipment marked with CE-labels, that have not been tampered with or modified are to be considered as fulfilling the Health & Safety requirements.

**Note 12:** i.e. Emergency stop buttons, gates and safety cages to prevent injuries caused by crushing, squeezing, cutting, etc.

### 8.d Warning Signs

The IKEA supplier shall ensure that warning signs <sup>(13)</sup> are posted at designated work area(s), in close proximity to machines and other equipment, and at entrances to such area(s) where such machine(s) or equipment are used.

The IKEA supplier shall ensure that all its employees abide by the content of the posted warning signs.

**Note 13:** Risks and hazards can either be described in the form of figurative signs or described in a written instruction or procedure. The warning signs should also show where to use personnel protective equipment.

### 8.e Training and Records

The IKEA supplier shall ensure all employees are aware of the safety risks associated with the supplier's production facility. Safety instructions must be available and easily accessible.

Employees shall be given the necessary and adequate safety training before operating machines and other equipment (e.g. as one part of an introduction programme). IKEA suppliers shall keep records of training.

### 8.f Washing and Toilet Facilities

The IKEA supplier shall ensure an adequate number of washing and toilet facilities are available for both men and women, and ensure they are maintained.

### 8.g Drinking Water

The IKEA supplier shall provide clean drinking water to all employees. Clean drinking water must be provided, free of charge and within a reasonable distance of the work area(s).

### 8.h First Aid Equipment

The first aid equipment shall be available to co-workers. The extent of the first aid equipment shall be based upon the size of the facility, the extent of the activities performed as well as the potential risk of injury. As a general rule, each floor and each building should have at least one first-aid box.

### 8.i First Aid training

The IKEA supplier shall have at least one first-aid trained personnel present during working hours covering all production shifts.

### 8.j Other obvious occupational safety hazards

The IKEA supplier shall make sure that other occupational hazards of an immediate character e.g. severely damaged staircases, dangerous electrical wires close to workers, big holes in the floor etc are avoided.

## 9. Provided Housing Facilities

### 9.a General

If there is legislation within this area, the IKEA supplier shall abide by legal requirements. The IKEA supplier shall also, when providing housing facilities to its employees, ensure reasonable cleanliness, privacy, quietness, personal hygiene and access to drinking water. No restrictions shall be applied infringing on the employee's right to leave the housing facility during his/her free time.

Employees, for whom accommodation is provided, shall be provided with his/her own individual bed/mattress. The living space provided per individual shall be according to the legal requirements, and if there are no such requirements, the average area for each person should not be less than two square metres.

Separate accommodations, toilets and showers shall be available for men and women respectively.

### 9.b Fire Safety for Housing Facilities

Demands as per section 7.

## 10. Wages and Working hours

### 10.a General

The employees at the IKEA supplier should be employed according to legislation and there should be a contract written accordingly. The IKEA supplier shall pay wages to its employees (applicable also to temporary workers, trainees and workers on trial), including compensation for overtime, and working hours in accordance to legal requirements.

### 10.b Working Hours and Overtime

While suppliers to IKEA have to have flexibility in scheduling, weekly working time must not exceed the legal limit. Suppliers shall not require their personnel to work more than sixty hours per week on a regularly scheduled basis, including overtime. Working hours exceeding normal working hours per week must be on a voluntary basis. Employees shall have at least one day off in seven, as well as time off from their job according to existing legislation, local traditions and standards.

IKEA can, during extraordinary business conditions, accept that the supplier obtains waivers from the local labour authority to temporarily exceed the maximum overtime hours. The waiver must always be in writing and presented to IKEA upon request.

The IKEA supplier shall provide its employees with appropriate time off for meals and breaks. At least one break per day and shift should be 30 minutes or more.

### 10.c Wages

The IKEA supplier shall compensate its employees at a rate at least corresponding to the legislated minimum wage.

Wages shall be paid at regular intervals and on time with respect to work performed, according to local legislation. Wages shall be paid at least monthly.

### 10.d Obligations

The IKEA supplier shall provide its employees with all legally mandated obligations to which they are entitled. These could be medical insurance, social insurance, pensions etc.

### 10.e Records

The IKEA supplier shall maintain payroll records pertaining to the documented payment of wages and working hours for each employee, including piece-rate and temporary workers.

The IKEA supplier shall make available – upon request – the above mentioned records during the course of an IWAY Audit<sup>(14)</sup> to confirm adherence to sector 10.a.

The IKEA supplier shall - prior to employment - provide written information to the employee (this also counts for temporary workers) regarding wages and the terms of employment. In conjunction with the payment of wages at regular intervals, the employee shall receive details of the wages, including overtime hours, and other legal or agreed upon deductions.

**Note 14:** Payroll records are to be seen as confidential records and shall be handled according to applicable legislation.

## 11. Child Labour

### 11.a General

Child labour is defined as work performed by children, which interferes with a child's right to healthy growth and development and denies him or her the right to quality education. The IKEA supplier shall not make use of child labour<sup>(15)</sup>. All measures to avoid child labour shall be implemented taking into account the best interests of the child. The supplier shall sign a document where it is stated that they recognise and abide by IKEA Child labour requirements.

The IKEA supplier must abide by the United Nations Convention on the Rights of the Child (1989), and comply with all relevant national and international laws, regulations and provisions applicable in their country of production.

The IKEA supplier shall take the appropriate measures to ensure that no child labour occurs at their own place of production or at sub-suppliers place(s) of production<sup>(16)</sup>. The supplier shall maintain a Labour force register including date of birth for all the workers.

The IKEA supplier shall effectively communicate to all its Suppliers, as well as to its employees, the content of the "IKEA Way on Preventing Child Labour".

**Note 15:** According to ILO Minimum Age Convention no. 138 (1973), a child is defined as any person less than fifteen years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If the local minimum working age is set at fourteen years of age in accordance with exceptions for developing countries, the lower age will apply.

National laws or regulations may permit the employment or work of persons 13 to 15 years of age or 12 to 14 years of age on light work which is:

- a) Not likely to be harmful to their health or development; and
- b) Not such as to prejudice their attendance at school, their participation in vocational orientation or training programmes approved by the competent authority or their capacity to benefit from the instruction received."

**Note 16:** If child labour is found in any place of production, IKEA will require the supplier to establish a corrective action plan. The action plan shall take the child's best interests into consideration, i.e. family and social situation and level of education. Care shall be taken not merely to move child labour from one supplier's workplace to another, but to enable more viable and sustainable alternatives for the children

### 11.b Young Workers

The IKEA supplier shall protect young workers of legal working age, up until the age of 18, from any type of employment or work which, by its nature or circumstances in which it is carried out, is likely to jeopardise their health, safety or moral.

## 12. Forced & Bonded Labour

### 12.a General

The IKEA supplier shall not make use of forced<sup>(17)</sup>, prison<sup>(18)</sup>, bonded<sup>(19)</sup>, indentured or involuntary labour<sup>(20)</sup>.

The IKEA supplier shall allow its employees to freely leave the factory premises when his/her work shifts ends. The IKEA supplier shall sign agreement regarding IKEA's Forced and bonded labour requirements.

**Note 17:** Forced labour is understood as all work or service that a person is compelled to carry out under any treat of punishment or confiscation of any personal belongings, such as ID card, passport etc., and for which work the said person has not offered him/herself voluntarily.

**Note 18:** Use of state or military prisoners at the supplier or at sub supplier is prohibited.

**Note 19:** Bonded labour is understood as labour not only physically bonded, but also bonded by financial debts, such as loans, gambling debts, providing housing facilities etc.

**Note 20:** If guest workers or temporary labour are employed on a contractual basis, such workers shall never be required to remain employed against their own will, for any period beyond the agreed time of the contract. The supplier shall pay all commissions and other fees to the recruitment agency in connection with their employment.

## 13. Discrimination

### 13.a General

The IKEA supplier shall, as a general principle, base decisions pertaining to hiring, salary, fringe benefits, promotion, termination and retirement on workers individual skills and ability to do the job.

The IKEA supplier shall not discriminate with regards to employees based on race, creed, sex, marital or maternal status, age, national origin, sexual orientation or any other basis prohibited by law.

At the same time, respect for local culture and religions shall be taken into consideration when evaluating the prevailing situation.

## 14. Freedom of Association

### 14.a General

The IKEA supplier shall ensure that employees are not prevented from associating freely with any lawful organisation that represents the best interests of such.

The IKEA supplier shall not prevent employees from exercising collective bargaining<sup>(21)</sup>.

**Note 21:** Collective bargaining is defined as negotiations between the suppliers and employees representatives by the own choice of the personnel.

## 15. Harassment, Abuse and Disciplinary Practises

### 15.a General

The IKEA supplier shall not engage in or support the use of; corporal punishments, threats of violence, other

forms of mental or physical coercion, disciplinary actions or engage in sexual harassment.

### 15.b Reprimands and Dismissals

The IKEA supplier shall not make use of public warning and punishment systems. Reprimands for breach of duty or misconduct shall be a private matter between the employer and the employee and/or its representative. The employee at the supplier should have the right to appeal reprimands/disciplinary actions/dismissal. These appeals should be recorded.

## 16. Routines for procurement of wood

### 16.a General

The requirements in section 16-19 are only applicable for suppliers delivering or producing IKEA articles containing solid wood, veneer, plywood or layer glued wood (below referred to as "wood").

The IKEA supplier shall for IKEA products, only use wood that have been produced in compliance with existing laws & legislation and accepted forest practices within the country and/or region where the wood originates from.

The IKEA Supplier shall have a responsible person and the existence of a procurement procedure to ensure that all wood used in IKEA products, comply with IWAY requirements. Before starting up business with a new supplier the Level 1 requirements must be fulfilled, i.e. the FTS must be completed and the supplier must not use any wood from High Conservation Value Forests and Intact Natural Forests (see section 17).

New suppliers to IKEA, not fulfilling the IWAY requirements for Wooden Merchandise (section 16-19), must establish a written action plan to ensure adherence to the requirements within a period of 3 months.

### 16.b Procurement Routine

The IKEA supplier shall maintain records of the origin of all wood sources. This must be defined to at least the specific region within the country.

The IKEA supplier shall establish and maintain a register of all wood sources used over the course of the last 12 months.

The IKEA supplier shall sign written agreements with all wood suppliers, covering the IWAY requirements. Each part in the wood supply chain is responsible for securing that the next part in the chain complies with the IWAY requirements.

If the IKEA supplier mixes or utilises wood that does not comply with IKEA's IWAY Requirements, the supplier shall establish and implement a procedure to ensure that adequate storage facilities exist to separate non-complying wood from wood used for IKEA products, and secure this throughout the whole process.

The IKEA supplier shall inform people responsible for the wood procurement about the IWAY requirements.

In the event that maps of intact natural forests have been distributed by IKEA to the IKEA Supplier, the IKEA Supplier shall use these maps to secure that the wood does not come from intact natural forests.



### 16.c Follow up and audit

The IKEA Supplier shall, through IKEA's Forest Tracing System document, provide IKEA with information about the origin of all wood sources that have been used in IKEA products.

The IKEA supplier shall support on-site audits conducted by either; an IKEA Audit Team, an independent Auditor(s) or Audit Organisation recognised by IKEA. IKEA reserves the right to perform unannounced audits at various links in the supply chain, to verify that the IWAY requirements are fulfilled. IKEA Suppliers shall allow for confidential employee interviews and shall maintain and allow access to all documentation and records as required.

The IKEA supplier must – upon request from IKEA or by a 3<sup>rd</sup> party appointed by IKEA - be able to report the origin of the wood within 48 hours.

## 17. Protected areas, Intact Natural Forests and High Conservation Value Forests

### 17.a General

The IKEA supplier shall not utilise wood from Intact Natural Forests <sup>(22)</sup> or nationally/regionally recognised and geographically identified High Conservation Value Forests <sup>(23)</sup> unless the forest area is certified according to a standard recognised by IKEA.

**Note 22: Intact Natural Forests** Forests that are intact, i.e. unfragmented with a minimum block size of 50 000 ha, where no systematic forest management has been carried out within the area and where access to the area is restricted, i.e. no roads, mines, pipelines etc.

**Note 23. High Conservation Value Forests:** Forests that possess one or more of the following attributes:  
a) Forest areas containing globally, regionally or nationally significant concentrations of bio diversity values (e.g. endangered species); and/or large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance  
b) Forest areas that are in or contain rare, threatened or endangered ecosystems.  
c) Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).  
d) Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in co-operation with such local communities).

### 17.b Protected areas

The IKEA supplier shall not utilise wood from protected areas (e.g. national parks, nature reserves) unless it can be proven that the wood has been harvested in accordance with management prescriptions for the protected area and/or has been certified according to a standard recognised by IKEA.

## 18. Plantations in tropical and sub-tropical areas

### 18.a General

The IKEA supplier shall not utilise wood from plantations in tropical and sub-tropical region, that have been established after Nov 1994 by replacing Intact Natural Forests.

## 19. High Value Tropical Tree Species

### 19.a General

The IKEA supplier shall only use high value tropical tree species <sup>(24)</sup> that are certified according to FSC or other IKEA recognised level 4 standards.

**Note 24. High-value tropical tree species:** teak, meranti, rosewood, mahogany, etc.