



Modern Slavery Statement



Welcome from Peter Jelkeby, Country Retail Manager and Chief Sustainability Officer, IKEA UK and Ireland

At IKEA we are driven by our vision to create a better everyday life for the many people. This aspiration is embedded throughout every part of the IKEA business and value chain. We recognise that modern slavery remains a persistent and serious global issue that requires urgent and ongoing attention. As a responsible business, we view addressing modern slavery not just as a legal obligation but as a moral imperative that aligns with our core values.

to identifying, preventing, mitigating, and rectifying any human rights. Our efforts are grounded in the UN Guiding Principles on Business and Human Rights (UNGP), ensuring a robust framework for our actions. A key element of our approach is IWAY, our comprehensive code of conduct. IWAY sets clear standards for environmental, social, and working conditions, and it applies to all our service partners and suppliers. By implementing IWAY globally, we strive to create secure, transparent, and ethical working environments across every aspect of our operations.

Through this approach, we aim to foster a culture of transparency, collaboration, and accountability, and by working together with our partners, we are making meaningful progress toward a world where every individual can work with dignity and respect.

Introduction

This statement has been produced by IKEA Limited on behalf of itself and its subsidiaries, IKEA Properties Investments Limited and IKEA Distribution Services Limited in compliance with the Modern Slavery Act 2015. It details the steps that we have taken to date to ensure that slavery and human trafficking are eliminated from IKEA's own operations and supply chains.

In this statement we set out what actions and steps we have taken in our 2024 ("FY24") financial year to combat modern slavery and human trafficking in our supply chain. We will talk about our people, our business, our values, our policies, the actions taken globally to eliminate modern slavery in our supply chain. This statement builds on the commitments and actions described in previous reports.

This report is approved and endorsed by our senior management in the UK & Ireland and its significance is known by those involved in the management of our supply chain. Before the legislation came into effect, we contributed to the 'Joint Committee on the draft Modern Slavery Bill' in 2014, helping to support the development of the law on modern slavery. This statement explains in detail how we are actively working to protect the dignity and wellbeing of all workers in our operations and in our value chains and what we are doing to improve, in line with our values of caring for people and planet and taking responsibility.



The emotional and physical wellbeing of the many workers who make up our supply chain is extremely important to us. Any potential violation of the dignity and basic human rights of those who earn a living within any aspect of our supply chain network is unacceptable, be it the production of raw materials, manufacturing or delivering products to customers. Every individual deserves fair working conditions and an opportunity to make a better life for themselves, their family and their wider community. At IKEA, we have a responsibility to respect the human rights of people that our business touches.

We continually strive to put respect for human rights at the centre of everything we do. We want our customers to be confident in the knowledge that the products and services they purchase from IKEA are in no way linked to the unfair treatment of workers in IKEA's operations or in the supply chain.

Our Values

At IKEA, we come from all over the world but we share an inspiring vision: *"to create a better everyday life for the many people"*. How we realise this vision is based on our shared humanistic values. These values guide our work and build our inclusive, open and honest culture:

- Togetherness or *'tillsammans'*
- Caring for people and planet
- Cost-consciousness
- Simplicity
- Renew and improve
- Different with a meaning
- Give and take responsibility
- Lead by example

These values are the foundation of the global IKEA family. We all work together, not just with each other, but with suppliers and customers. We want to be a force for positive change both locally and globally, and be mindful of our impact on the planet and its population. We strive to improve the work environment for IKEA co-workers and the many people throughout the direct and indirect supply chains involved in producing IKEA products and IKEA services.

It is a privilege to take responsibility and be accountable for all decisions we make, including the impact of our business activities, and the eradication of modern slavery in whatever form we discover it.



This Statement was prepared to cover the six areas recommended by the Home Office's statutory guidance. The table below identifies where each area is addressed within this Statement.

Criteria recommended by statutory guidance	Heading and page reference
Organisation structure, business and supply chains	1. Our structure, operations and supply chain (page 4)
Policies in relation to slavery and human trafficking	2. Our Policies and Procedures (page 7) Appendix A: IWAY - The IKEA Way of Purchasing Products and Services (page 30)
Due diligence processes in relation to slavery and human trafficking in its business and supply chains	3. Due Diligence Processes (page 13)
The parts of the business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps taken to assess and manage that risk	4. Identifying our modern slavery risks (page 13) 5. Actions taken to assess and address our modern slavery risks (page 16)
Key performance indicators to measure effectiveness of steps being taken	6. Measuring the effectiveness of our actions (page 23)
The training and capacity building about slavery and human trafficking available to staff	7. Other Information – IKEA's broader contributions and planned future actions (page 28)



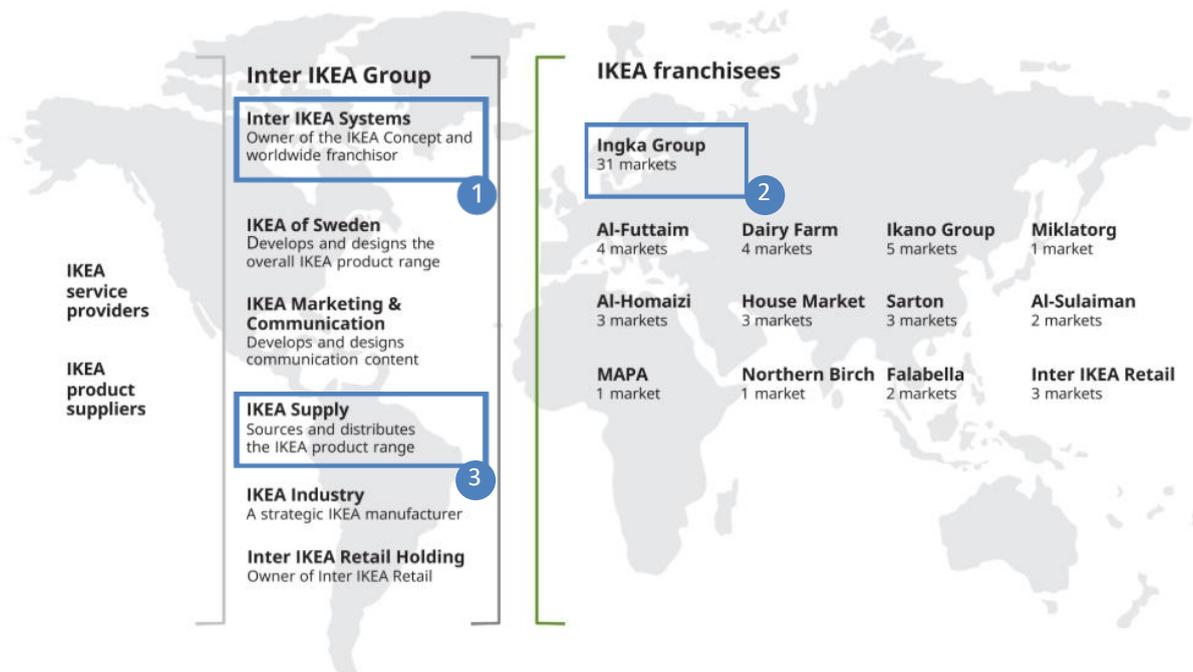
1. Our structure, operations and supply chain

Organisational structure

IKEA is a franchise business. That means that many groups of companies work together under one IKEA brand.

Inter IKEA Group and Ingka Group (see illustration below) have the same founder, as well as a common history and heritage, but are two independent groups of companies with different management and different owners.

Inter IKEA Group at a glance



This diagram shows a simplified overview of key organisations in the IKEA Franchise system and value chain (excluding subsidiaries) as per 13th December, 2024.

Inter IKEA Systems B.V., a Dutch company, is the owner of the unique IKEA Concept and the worldwide IKEA franchisor.

The Ingka Group is currently operating a significant number of IKEA Retail Businesses in Europe, North America and the Asia Pacific under franchise agreements entered into with Franchisor. IKEA Limited is part of the Ingka group, which includes INGKA Holding B.V. and affiliated companies.

By entering into a franchise agreement with the various franchisees under the Ingka group, Inter IKEA Systems B.V. offers the opportunity to operate an IKEA Retail Business, using the IKEA Retail System and the IKEA Marks for the offer and sale of IKEA Products from sales channels in a designated territory. As a consequence of the IKEA UK being a franchisee, IKEA UK purchases the IKEA Products through the authorized suppliers, one of them being IKEA Supply AG (box 3 in the illustration).

IKEA Limited (IKEA UK) is a company incorporated in the UK. Its registered office is located in London. References in this statement to “we”, “us”, “our” or IKEA UK are references to IKEA Limited and the entities we own or control. The ultimate parent company of IKEA UK is INGKA Holding B.V., a company registered in the Netherlands. We refer to Inter IKEA Holding B.V. and all its subsidiaries including Inter IKEA Systems B.V., IKEA of Sweden AB, IKEA Marketing & Communications AB, IKEA Supply AG and IKEA Industry as the “**Inter IKEA Group**”.

IKEA UK is engaged in retail operations in the UK. IKEA Distribution Services Limited, (**IKEA Distribution**) is responsible for furniture and furniture accessories distribution within the UK and Ireland. IKEA Properties Investments Limited, (**IKEA Properties**) owns and manages property within the UK.



IKEA UK operations

As of January 2025, IKEA UK operates 20 full sized stores, 3 Plan and Order Points, 1 small store, 3 fulfilment properties, 2 distribution centres, 1 remote customer meeting point, 1 order and collection point and 1 Service Office.

IKEA Limited employs 10,514 co-workers, throughout our stores in the UK, including our Service Office and Customer Support Centre and IKEA Distribution employs 1,437 co-workers. We see the people working within our organisation as being integral to securing the eradication of modern slavery. We want our co-workers to be ambassadors of IKEA, to embody our culture and values and to inspire fellow co-workers, suppliers and customers alike. All our recruitment processes adhere to the relevant employment laws and regulations, and we expect all businesses with whom we interact to abide by all applicable laws when recruiting.

Within the UK and Ireland, the retail products are stored in warehouses as well as our retail stores. Part of our operations includes distribution of the home furnishings from distribution warehouses to our stores and distribution from both our Customer Distribution Centres (**CDCs**) and our stores to our customers. These warehouses, distribution and relevant services are by and large provided by IKEA Distribution.

IKEA UK supply chain

IKEA UK's supply chain is comprised of both the supply chain for sourcing the products that we sell (the **Retail supply chain**) and the separate supply chain for the goods and services that are essential for our business operations (the **Business operation supply chain**).

Retail supply chain

The IKEA home furnishing and retail food products (**retail products**) are supplied to IKEA UK by the Inter IKEA Group. In this statement, we have included information provided by Inter IKEA Group about its supply chains and modern slavery risks and actions, including information from the IKEA Sustainability Report. IKEA UK also purchases food products from other suppliers as described in the section regarding the Business operation supply chain. The Inter IKEA Group imports the retail products and then stores the products (other than the food products) in distribution warehouses and arranges for them to be delivered to the IKEA UK stores and CDCs or the products are imported and transferred directly to stores.

Our direct relationships for purchasing almost all retail products are predominantly with Inter IKEA Group. Inter IKEA Group in turn have their own extended supply chains. In the last financial year, Inter IKEA Group has partnered with more than 1,500 direct suppliers in more than 50 markets, including home furnishings, food suppliers, transport service providers and suppliers of components for home furnishing products. There are millions of workers who, through our suppliers, source, make and transport our products and components, provide food for our restaurants, and supply essential services to IKEA companies.

IKEA retail products are predominantly sourced and produced in Europe, Asia-Pacific and North America, including Brazil, Mexico, India, Bangladesh, China, Vietnam, Indonesia, Turkey and Pakistan. Material sourced by suppliers includes wood, natural fibres, textiles, plastics, food and agriculture, metals, and electronics.

From product development and material sourcing to production, transportation and product end-of-life, Inter IKEA Group is involved every step of the way. All products sold from IKEA UK are designed and developed in accordance with strict global requirements that Inter IKEA Group puts on both the product and the suppliers. Inter IKEA Group believes in building long-term relationships with their suppliers and places a strong emphasis on supplier development. The average length of collaboration between Inter IKEA Group and home furnishing suppliers is currently 11 years.

Business operation supply chain

In order to conduct our retail operations, IKEA UK procure goods and services mainly from other businesses based in the UK:



- **Information and communications technology (ICT):** this includes computer hardware and software, cloud services, virtual data room services, virtual document exchange services, printers, audio/visual equipment and services, desk phones and mobile phones.
- **Warehousing and distribution services:** this includes operating our distribution centres, freight hardware and driver logistics services to transport and unload stock between units, and customer delivery from stores and distribution centres.
- **Retail services:** this includes retail showroom fit outs, back-office furniture and fit outs, stationery and branded items, knowledge subscription services, document management services, courier and postal services, as well as printer maintenance services and document printing services.
- **Facilities management:** this includes the services that support our retail operations including leasing, office maintenance, utilities, cleaning and security.
- **Professional services:** this includes taxation, external legal counsel, consulting, professional, personal development, and welfare training programs.
- **Mobility and travel:** this includes vehicle and airplane travel bookings and accommodation bookings.
- **Hospitality and catering:** this includes for in-store restaurant and beverage services, as well as external catering events.
- **Food UK:** this includes all food and beverage supply to our retail units of frozen, chilled, and ambient goods, food logistics and warehouse, in house catering for external and internal guests, vending machines, consumer packaged goods and external events.

The key areas of outsourcing in our Business operation supply chain are for facilities management, including cleaning and trolley collection, security, dishwashing, play areas, marketing services, CDCs operations and 'last mile' transport.

During FY24, IKEA UK had active contracts with 982 suppliers. 97.4% of our country spend on procurement goods and services contracts is subject to IWAY.

2. Our Policies and Procedures

2.1 Ingka Group

Ingka Group's approach to human rights is guided by well-established international standards. This starts with the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social and Cultural Rights, which form the basis of the Ingka Group approach.

Ingka Group pays special attention to children's rights, women's rights and the rights of people belonging to underrepresented and marginalized groups, as outlined in international conventions including:

- the UN Convention on the Rights of the Child
- the UN Convention on the Elimination of All Forms of Discrimination against Women
- the International Convention on the Elimination of All Forms of Racial Discrimination
- the International Convention on the Rights of Persons with Disabilities
- commitment to workers' rights is based on the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Ingka Group's approach to human rights in our business is also aligned to:

- the UN Guiding Principles on Business and Human Rights
- the Children's Rights and Business Principles
- the OECD Guidelines for Multinational Enterprises
- the UN Global Compact, including the UN Women's Empowerment Principles
- the Gender Guidance to the UNGPs
- the UN Standards of Conduct for Tackling Discrimination against LGBTI people.



Ingka Group complies with applicable laws in the countries where it operates. When these laws are not aligned with international human rights standards, Ingka Group strives to find the best way forward to secure that the essence of the rights reflected in these international human rights standards is still respected.

Across the Ingka Group there are a number of global internal and external policies and procedures in place to secure respect for the human rights of Ingka co-workers and all the people linked to Ingka supply chain. Ingka Group policies and procedures include but are not limited to the Ingka Group Policy on Sustainability, [the Ingka Group Policy on Human Rights and Equality](#), the Ingka Group Policy on People, the Ingka Group Policy on Anti-Bribery and Corruption, the Ingka Group Policy on Raising a Concern, the Ingka Group Rule on Employment Standards, the Ingka Group Rule on Health, Safety and Security, the IKEA Code of Conduct, and IWAY, our Supplier Code of Conduct (see more on IWAY below).

Sustainability governance

Human Rights at Ingka Group is governed according to the governance system for sustainability.

Key roles and responsibilities for sustainability, including human rights, in FY24 included:

- **Management Board**, which formally approves the sustainability strategy taking into account advice from the Supervisory Board, who have a broad range of competencies including ESG.
- **Chief Sustainability Officer (CSO)**, a member of Ingka Group Management, with a remit to secure our focus on sustainability as a key topic for the Group. They manage the Group sustainability function with responsibility for the execution of sustainability strategy across Ingka Group.
- **The Group Sustainability Management Team (GS MT)**, The Group Sustainability Management Team (GS MT) is responsible for the development of sustainability strategy, policy, governance and communication and oversees the sustainability performance across Ingka Group. The GS MT role is to support the integration of sustainability into the Retail, Centres and Investment businesses as well as acting as external and internal advocates for Ingka Group's People and Planet Positive agenda. With their centre of expertise function they enable and equip all Ingka Group and local country management teams and co-workers across the business to lead and deliver on its strategic ambitions.
- **The global Ingka cross-functional Sustainability Leadership Team (SLT)** ensures alignment throughout Ingka Group on sustainability topics. Chaired by the Chief Sustainability Officer with members drawn from key functions and the three Ingka businesses. Group Sustainability (one of eleven Group functions) drives the delivery of targets by defining its strategic direction, setting clear performance criteria, and supporting the business with subject matter expertise and thought leadership.
- **Country Retail Managers are also the Chief Sustainability Officer (CSO)** for their country. This is designed to help embed sustainability into the core business and broaden ownership of the sustainability strategy. Country CSOs are accountable for delivering Ingka Group's goals at the country level, and sustainability is integrated into their development programme and performance review process. They are supported by Sustainability Managers in each country.

ESG Project Management Office (environmental, social, governance) in the Group Finance function leads on the reporting transformation for Ingka Group, ensuring its readiness for CSRD at a function, country and business level. It brings together leaders from Group functions such as Sustainability, Risk Management, Business Steering, People & Culture, Finance, Digital, Communications, Legal & Governance and Public Affairs. This ensures business accountability for ESG topics. The Ingka Group ESG Forum and ESG Steering Group support implementation of the ESG transformation journey.

Human Rights



The Ingka Group Policy on Human Rights and Equality is the basis of the approach and is based on the expectations set forward in the UN Guiding Principles on Business and Human Rights, Children's Rights and Business Principles for business responsibility to respect human rights. The foundation of the Group Policy is the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social and Cultural Rights.

Ingka Group is developing its new Human Rights and Environmental Due Diligence (HREDD) framework to strengthen its approach. This company-wide framework will help identify, prevent and manage potential and actual human rights risks as they evolve across the operations and value chain and strengthen human rights due diligence across four key areas: human rights risk assessment and mitigation, grievance mechanisms, remediation and public reporting as well as its approach to engagement and measuring Ingka Group human rights impacts. We are clarifying our governance bodies and business functions' responsibilities in implementing our HREDD framework in FY25.

Children's rights

Ingka Group wants to support, protect and empower the children and families that come into contact with our business through our products, stores, marketing and supply chain.

Ingka Group's children's rights commitment is set out in its Policy on Human Rights and Equality and it has detailed principles for child participation and safeguarding. The Ingka Group approach is based on the Children's Rights and Business Principles developed by Save the Children, the UN Global Compact and UNICEF.

In FY24, Ingka Group developed a roadmap to strengthen the approach to child rights across all aspects of the business. It is based on three priorities:

- **Keeping children safe and protected:** putting appropriate child safeguarding measures in place, never tolerating any form of child labour in its supply chain and making sure products are safe and marketed responsibly.
- **Being a family-friendly business:** supporting co-workers who are parents and caregivers through Ingka Group policies and workplace practices.
- **Reflecting young peoples' views:** listening to young people's opinions and ideas and collaborating with them to shape the future of the business.

Fair income

A fair income is essential to improving the wellbeing of all co-workers and at the heart of building a more inclusive IKEA. Ingka Group defines it as an income that is perceived by co-workers as fair reward for the work they do and which enables them to live a decent life.

Fair income is part of Ingka Group's Total Rewards offer which comprises several core components: culture and values, purposeful jobs, choice-driven benefits, supporting wellbeing and sustainability, performance appreciation and safeguarding a decent standard of living.

Ingka Group has several initiatives to ensure fair incomes across Ingka Group for co-workers. These include for example:

Responsible Wage Practices Framework (RWP)

Ingka Group's Responsible Wage Practices framework is the shared approach with Inter IKEA Group to providing fair incomes across the value chain by focusing equally on five practices:

- Equality at work,
- Pay principles,



- Competence,
- Dialogue, and
- Living wage.

It includes a consistent methodology for calculating, benchmarking and monitoring a living wage that is used in all Ingka countries. This is informed by data from the Wage Indicator Foundation, a not-for-profit organisation that calculates and benchmarks living wages across multiple countries. Ingka Group has rolled out the RWP framework to all countries.

In FY24, Ingka Group conducted a review of supply chain living wage best practices to identify gaps and opportunities and developed a fair income roadmap, based on the Responsible Wage Practices Framework. Ingka Group plans to pilot potential approaches with selected suppliers from different sectors.

In 2024 we invested over £35 million in the financial wellbeing of our co-workers across the UK through a combination of pay increases that reflected the true cost of living, as well as year-end bonuses that were based on our FY23 performance. In line with our commitment to offer a fair and sustainable rate of pay, hourly paid co-workers received a 10% increase in 2024, with salaried co-workers receiving a rise of 5% on average; together representing an investment of almost £10m. We remain the largest accredited Living Wage Foundation retailer and have continued to pledge to meet the Real Living Wage. To that end, hourly paid co-workers in London received the rate of £13.15, £12.60 in outer London, and £12.00 for employees throughout the rest of the UK.

Gender-equal pay

Ingka Group's commitment to achieving and sustaining equal pay for work of equal value. There should be no gaps in pay that are not explained by performance, competence, or a country's legal requirements. It uses an annual Gender Equal Pay assessments across the markets to identify and address any gender pay gaps. Ingka Group has updated its gender equality approach for the years FY25-27 and is extending it to include people who identify as gender non-binary.

In FY24, Ingka Group maintained gender balance (equal representation of men and women) across Ingka Group co-workers and management teams. In FY24, 54% of co-workers, 50% of managers and 46% of country CEOs were women (FY23: 54%, 50% and 46%).

Among Ingka Group administrative, management and supervisory bodies (AMS), women made up 42% of Group Management (including our Management Board) and 25% of the Supervisory Board. (FY23: 39% and 25%). Ingka Group is achieving gender balance in succession plans and leadership development programmes and it expects this to have a positive impact on gender balance among the Ingka Group executive leadership over time.

Equality, diversity and inclusion (ED&I)

Ingka Group is committed to fair treatment and equal opportunities, creating a workplace where people of all backgrounds and identities can thrive and feel supported and valued for who they are.

Ingka Group also aims to provide an inclusive retail experience that meets customers' diverse needs. Ingka Group wants its business to reflect the diversity of our world to inspire a more inclusive everyday.

Ingka Group has a new global Equality, Diversity and Inclusion Plan setting out its ED&I goals and actions up to FY27. Through this plan, Ingka Group aims to increase its impact by focusing on:

- **Building and sustaining diverse teams** that reflect the diversity of society with a focus on gender, including people who identify as non-binary, ethnic diversity in management, and disability inclusion.
- **Creating an inclusive culture** where all co-workers feel psychologically safe, respected, acknowledged, valued and confident being their unique selves.
- **Meeting more people with the IKEA brand** including ensuring its retail experiences are inviting, engaging and inclusive for customers of all backgrounds and abilities.

Each Ingka Group country will develop local action plans to drive progress on these priorities in FY25. Ingka Groups' Inclusion Sponsors Network helps embed ED&I in strategic decisions and encourages learning between different



parts of the business. Sponsors are from country and Group function management teams.

Furthermore, key policies, including Ingka Group policy on Human Rights and Equality and its Rule on Equality, support its efforts to establish a workplace that is free from discrimination, harassment and hostility. Each country in the European Union has signed their country's national diversity charter.

A recent survey of IKEA UK co-workers revealed that 89% of UK co-workers believe in IKEA's commitment to driving a culture of diversity and inclusion.

The IKEA Way of Purchasing Products, Materials, Services and components (IWAY)

General

The IWAY Standard, which is the IKEA supplier code of conduct, includes requirements for suppliers and is built around 10 environmental and social principles. Topics covered include, among others, children's rights, business ethics, fundamental labour rights, health and safety at work, working and living conditions, environmental aspects, resource optimization and animal welfare. With its roots in the IKEA culture and values, and the United Nations Sustainable Development Goals, IWAY principles and requirements are founded on internationally recognized standards and principles (such as the UNGPs, the Ten Principles of the UN Global Compact, the ILO Centenary Declaration for the Future of Work, ILO labour standards), as well as regional and national laws and regulations. You can read the IWAY Standard [here](#).

Ingka Group works with thousands of suppliers to help run its business – from companies providing construction, security and cleaning services, to home delivery providers and product assembly businesses. Ingka Group chooses to work with suppliers and service providers who share its values, uphold its standards and seek to have a positive impact on societies and communities. Ingka Group's suppliers are expected to implement and maintain compliance with IWAY.

This entire section is related to Ingka Group's business operations supply chain. Regarding IWAY for the retail supply chain (i.e. our home furnishing products), please refer to the relevant section.

Governance

Ingka Group's governance of responsible sourcing includes:

- **Global IWAY Forum** – oversees the development and implementation of IWAY.
- **Country IWAY Forums** – oversee implementation at the country level, with members from procurement, business risk and compliance, and distribution teams.
- **Category Area Management Forums** – work to ensure compliance among the suppliers for their category.
- **IWAY Calibration Group** – reports to the Global IWAY Forum and is responsible for ensuring a consistent approach to implementation and verification of IWAY compliance across Ingka Group.

Risk assessment

Ingka Group determines if suppliers are in scope for its IWAY process based on their sector and the business relationship. Ingka Group requires all suppliers in scope to sign the IWAY Compliance Commitment. Ingka Group carries out a risk assessment for in scope suppliers and those identified as high and critical risk must meet additional requirements (see IWAY implementation). Ingka Group assesses risk based on internal and external data and factors such as the supplier's industry and location and the characteristics of the business they run. Ingka Group mitigates ethical risks in its supply chain through supplier training and engagement, integrating IWAY into our contracts and supplier discussions and through a program of audits.

The IWAY process covers Ingka Group's business operations suppliers and Ingka Centres suppliers.

2.2 Inter IKEA Group

Human Rights



The Inter IKEA Group Sustainability strategy recognises Inter IKEA Group's responsibility to respect human rights and understand the impact its business has on both people and the communities where it operates. The IKEA business is values-based and strives to put caring for people at the heart of its decision-making. Inter IKEA Group's responsibility includes everyone in the IKEA value chain: IKEA co-workers, workers at its business partners and people working in other parts of its value chain, its customers as well as the communities where it operates.

Children's rights

Inter IKEA Group is committed to contributing to resilient societies and to respecting and promoting human rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the Children's Rights and Business Principles (CRBPs).

Children are a key stakeholder in the IKEA business. The business interacts with them in a variety of ways every day, both directly and indirectly. We have a big responsibility to understand our impact on children throughout the entire IKEA value chain and we must always act in their best interest.

Inter IKEA Group is committed to being a child-friendly business, securing child safeguarding, family-friendly practices and inclusion and empowerment of children and youth. Inter IKEA Group is committed to having a consistent approach to child safeguarding and will apply these standards equally across all areas of Inter IKEA Group legal entities irrespective of their location. Reporting and acting on concerns are an important part of safeguarding children. Inter IKEA Group is committed to respecting children's rights in all IKEA operations, and recognises the responsibility to ensure children are not harmed as a result of any direct or indirect contact with Inter IKEA Group operations.

Inter IKEA Group Governance

The Inter IKEA Group Management Team is the responsible governing body for the Human Rights Due Diligence approach at Inter IKEA. The total IKEA sustainability agenda is decided by the Strategic Sustainability Council. The CEO of Inter IKEA is the chair of the Strategic Sustainability Council. The council consists of members from Inter IKEA and invitees representing the IKEA franchisees. The Inter IKEA Sustainability Management team includes the sustainability managers from the different parts of the Inter IKEA businesses. The group is responsible for aligning and developing sustainability ambitions and commitments and reporting on performance.

3. Due Diligence, Reviews and Remediation of Suppliers

3.1 IKEA UK

IWAY

A supplier's risk rating will direct the level of review and remediation to be implemented under IWAY.

Suppliers are required under their IWAY Compliance Commitment to prepare an annual compliance self-assessment. Copies are required to be provided if requested by IKEA UK. Depending on the response, IKEA UK, with support from the Ingka Procurement Sustainability and Business Risk & Compliance teams will conduct announced and unannounced reviews of suppliers and critical subcontractors to ensure IWAY compliance and consistent implementation throughout all of the areas in which IKEA operates. In some cases, we complete joint reviews together with third-party reviewers. The Supplier must secure Ingka's rights to IWAY review all tiers of sub-contractors in scope as specified in the IWAY standard.

Under the IWAY system, if Supplier and/or subcontractors do not fulfill the requirements of the IWAY Standard, this will constitute a material breach of any contract and agreement with Ingka, and Ingka may at its sole discretion and without any compensation to Supplier, immediately terminate all existing agreements with



Supplier.

4. Identifying our modern slavery risks

4.1 Ingka Group

Ingka Group aims to focus on the most salient human rights impacts – those at risk of the most severe negative impacts. Assessing the human rights impacts of Ingka Group’s business activities is an ongoing process and Ingka Group is continually learning and developing its approach. A range of potential human rights risks have been identified within the business operation supply chain, including:

- modern slavery and forced labour;
- low wages;
- undocumented cash wages;
- excessive hours;
- unsafe working conditions; and
- threats to freedom of association rights.

The starting point for Ingka Group’s risk assessment is the enterprise risk management process, which is both a yearly process as well as a process run on a need-basis. It is based on a pre-defined risk universe, where human rights risks are one element.

The purpose of a risk universe is to support the above-mentioned risk assessment processes, especially identifying risks and reporting on risks. It’s a structured way to categorise risks to understand the status of the company and in what areas Ingka Group sees opportunities and where it has its biggest, or rising, risks. The risk universe is yearly submitted to various internal key departments in the form of workshops with the business referents, to check its relevance to the activities of the local IKEA markets as well as to identify risk owners and actions upon.

Based on the country-specific risk analysis and the input from the global processes, an annual compliance plan is created at IKEA UK, which includes the timeline for the individual activities that need to be planned and carried out by each part of the company during the year. There are regular compliance activities that take place each year, but there may also be additional issues that need to be reviewed on an ad hoc basis.

During the coming FY, Ingka Group will strengthen its risk assessment process for human rights by conducting a new company wide human rights risk assessment of its operations and entire value chain to identify and prioritise the most salient risks, considering risk factors such as sector, geography and commodity. The findings will be used to update or develop mitigation plans for its most salient risks and will be continuously updated as part of the overall risk assessment process detailed above

4.2 IKEA UK - Supply chain risks

IKEA UK’s supply chain is comprised of both the supply chain for sourcing the products that we sell and the separate supply chain for the goods and services that are essential for our business operations. More details on IKEA UK’s supply chain operation and structure are described above (see *1. Our structure, operations and supply chain (page 4)*).

Potential human rights risks in the IKEA UK business operation supply chain have been identified in accordance with paragraph 4.1 above.

Our assessment for FY24 demonstrated to us that in operating our IKEA UK business we have risks of causing, contributing or being directly linked to modern slavery in our deliveries, assembly, cleaning, security service suppliers, and any permanent or semi-permanent on-site service providers such as trolley collectors.

We have identified the need to monitor, consistently through IWAY, our contracting parties under responsible recruitment regimes with wages and working conditions that are fully in compliance with UK awards and



workplace regulations.

Within the IKEA UK business operation supply chain, the key risk area for modern slavery is the engagement of unskilled and/or migrant workers. The other risk area is the presence of sub- contracting and the lack of transparency as to when and to what extent sub-contractors are engaged. IKEA UK supports the employment of this class of workers however we also recognise that they can be more vulnerable to modern slavery risks than others.

Suppliers in the business operation supply chain are largely contracted globally through Ingka and are subject to the IWAY responsible sourcing of products, services, materials and components processes. IKEA UK is continuing to map its business operation supply chain and assess modern slavery risks, particularly for its suppliers based overseas.

4.3 Inter IKEA Group - Supply Chain Risks

During FY24, through external monitoring and engagement with credible external sources, Inter IKEA Group identified the following risks of potential adverse impacts associated with Inter Ikea Group's retail supply chain in relation to people or the environment.

As noted above, Inter IKEA Group is the primary supplier of the IKEA UK Retail supply chain. Inter IKEA Group's actions to identify and address modern slavery risks therefore greatly influence the overall risk of modern slavery in the IKEA UK Retail supply chain.

Forced labour risks

During FY24, Inter IKEA Group identified forced labour and recruitment risks for vulnerable groups of workers within its supply chains. This includes new complex corridors of migration arising (such as from Asian countries to Eastern European countries), where the risk of exploitation of migrant workers is increasing. Risks of exploitation broadly relate to both:

- a) the recruitment phase, where migrant workers are at risk of being charged extensive recruitment fees that lead to forced and bonded labour; and
- b) the employment phase, where workers are at risk of being exploited, by not being offered minimum working and social conditions, going against the fundamental labour rights as defined by the International Labour Organisation.

Cotton sector

Inter IKEA Group also identified the risk of forced labour in the cotton sector, including in Pakistan, China, India, and Brazil. With cotton as a key raw material used in IKEA products, minimising this risk has long been prioritised for IKEA supply chains.

Inorganic Materials

Inter IKEA Group identified the risk of poor working conditions within the supply chain for extraction and mining of inorganic materials and particularly the impact on small scale miners. IKEA remains a relatively small consumer of inorganic materials. However, these materials are critical in applications such as furniture, appliances, lighting, tableware, and cookware. They are also integral to products designed for healthier and more sustainable living, such as air purifiers and rechargeable batteries.

Regions with high migrant workers

Inter IKEA Group identified risks in upholding the IKEA Code of Conduct (IWAY), especially in regions with many migrant workers and weaker local regulations. IKEA has a responsibility to protect these vulnerable individuals within the value chain. Advancing human rights and fair working conditions through responsible recruitment practices is a supply priority.



Geopolitical and country-specific risks

When the war began in Ukraine, Inter IKEA Group paused operations in Ukraine to prioritise the safety and security of co-workers and partners across the value chain. Since then, Inter IKEA Group have continuously monitored the situation both from a humanitarian and a business perspective and have remained in close dialogue with partners in Ukraine, with the long-term goal to restart operations as soon as necessary evaluations and reviews are feasible.

Whilst safety and security of people is always the top priority, as is the commitment to respect human rights and conduct heightened human rights due diligence, taken together with the business responsibility under international humanitarian law during times of armed conflict. At the same time, Inter IKEA Group are committed to long-term partnerships and recognise the needs of partners in Ukraine to move toward normalised operations, where possible.

Transportation risks

Inter IKEA Group has identified there are human rights risks within the seafaring industry which relate to recruitment fees, the wellbeing of seafarers on-board, access to shore leave and working hours.

The maritime industry has not adequately addressed these human rights issues to date, and therefore, it has been identified they remain linked to the modern slavery risks associated with the seafaring industry.

The smuggling of people across cross border transport networks (such as into European countries) is an identified risk within the retail supply chain. Based on monitoring systems there is a continued risk for both criminal people smuggling as well as refugees moving illicitly across countries via transport companies, putting the safety of those people at risk.

5. Actions taken to assess and address our modern slavery risks

5.1 Ingka Group

Ingka Group is committed to mitigating risk for Ingka Group suppliers, especially those risks identified as high or critical risk.

Ingka determine if suppliers are in scope for the IWAY process (mentioned below) through a risk-based approach determined by sector and business relationship. All suppliers in scope are required to sign the IWAY Compliance Commitment. All in scope suppliers are risk rated and those identified as high and critical risk must meet additional requirements. The risk rating is based on internal and external data and factors such as the supplier's industry and location and the characteristics of the business they run.

IWAY Initial Assessment

IWAY Initial Assessments are carried out for potential new suppliers with a risk level of critical or high. These potential new suppliers must be able to confirm that they comply with the 'IWAY Must' mandatory requirements. IKEA will not proceed to work with any suppliers that fail to meet these standards.

IWAY Implementation

If a supplier is identified as high or critical risk, an appropriate mitigation plan is put in place with compliance monitoring measures. This plan may include supplier training, gap analysis and verification activities such as IWAY audits.

The risk level of suppliers we work with is monitored on an ongoing basis and IKEA may carry out further IWAY reviews based on risk and performance.

During FY24, Ingka revised the IWAY standard operating procedure for construction suppliers. This will help teams to assess and manage risks in this potentially higher risk sector, where Ingka are often engaging with suppliers on shorter term or one-off projects. The IWAY Forest Materials section was also launched.



IWAY Advanced & Excellent requirements are being rolled out to encourage strategic suppliers to adopt best practices for equality, diversity, and inclusion. This includes targets for FY25 relating to promoting equality, diversity and inclusion in the workplace, achieving gender balance in management and acting on gender equal pay. 15.4% of strategic suppliers fulfilled the Advanced & Excellent requirements During the Reporting Period.

IWAY verification

During the FY24, 190 IWAY reviews (audits) of high or critical risk Ingka Group suppliers were completed (FY23: 200). Most IWAY reviews were conducted by Ingka internal audit teams, but external audits were also commissioned to provide an independent perspective. During FY24, 10.5% of the reviews were conducted by an external auditor and 3.7% of reviews were unannounced.

Suppliers are expected to agree on an action plan to address major non-compliances within 14 days of the audit. If suppliers do not meet this deadline action is then taken which can include exiting the supplier relationship as a last resort.

Key findings from the reviews undertaken were:

- Failures to comply with IWAY Must criteria during 34% of IWAY reviews.
- The most common issues related to working hours, wages and benefits, occupational health and business ethics.
- The majority of non-compliances were identified among suppliers of real estate and customer fulfillment suppliers with the highest numbers relating to suppliers in India and France.

Ingka Group also conducted 94 IWAY Initial Assessments to check compliance at potential new suppliers during the tender process (FY23: 102). It found that 33% of these suppliers did not meet all the IWAY Must criteria. Where the supplier was not able to address this, Ingka Group did not proceed with the contract.

During FY24, there was a focus on improving performance among suppliers of last mile delivery services, a sector which had a relatively higher rate of non-compliance in previous years. Suppliers were engaged on preventative actions, carried out more frequent follow-ups after audits and conducted root-cause analysis of the most common IWAY deviations.

Children's Rights

Ingka Group is developing and implementing new processes, guidance and tools to embed its child rights roadmap. In FY24, this included updating the Ingka Group child safeguarding guidelines and reporting protocol to help co-workers interact safely with children on Ingka Group premises, identify signs of neglect and act on any concerns. Ingka Group plans to pilot these guidelines in FY25.

Ingka Group makes its stance on child labour clear to suppliers through the IWAY Standard on Preventing Child Labour and Supporting Young Workers. Ingka Group believes that young people who are legally able to work should have access to decent employment opportunities, but they should not do hazardous work, night work or overtime.

In FY24, there was one cases of child labour identified in the Ingka Group supply chain at one of its waste sub-suppliers in Slovenia. During an IWAY audit Ingka Group found that a child was operating floor cleaning machinery in an area considered a hazardous working environment. Ingka Group required the supplier to immediately resolve the situation including restricting access to the production site to authorised personnel and clarifying that access restrictions and child labour policies apply to family members. Ingka Group's direct supplier is conducting regular follow-up checks of the sub-supplier site.

Corporate Sustainability Due Diligence Directive (CS3D)

Ingka Group believes businesses have a responsibility to provide transparency on human rights through due diligence reporting. Together with Inter IKEA Group, Ingka Group has supported the adoption of the proposal for a Corporate Sustainability Due Diligence Directive (CS3D) and Forced Labour Ban and Ingka Group continues to engage with EU institutions and policy makers to support the implementation of CS3D, including through the development of practical



implementation guidelines.

5.2 Inter IKEA Group

Inter IKEA Group is committed to taking action to assess and address the modern slavery risks that were identified within the retail supply chain during FY24.

Forced labour risk prevention

During FY24, Inter IKEA Group placed more emphasis on strengthening the dialogue with suppliers on topics such as working hours, fundamental labour rights and the responsible recruitment of migrant workers and workers from other vulnerable groups. In addition, co-workers were trained to increase internal awareness surrounding forced labour and strengthen the ability to identify and handle cases of forced labour.

During FY24, Inter IKEA Group continued training efforts on human rights and labour conditions. 25 co-workers and over 400 representatives from suppliers finished training modules on these topics. Furthermore, the prevention of Forced Labour is part of standard IWAY trainings which are completed internally as well as externally for suppliers.

The International Organization for Migration (IOM) and Inter IKEA Group launched their first global partnership to promote the rights and wellbeing of migrant workers employed across the IKEA supply chain. After a decade of collaboration, the new three-year partnership will leverage the strengths and expertise of both organisations to ensure meaningful inclusion and employment for migrant workers and realise the potential of migration as a powerful driver for sustainable development. In line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and human and labour rights conventions, IOM and Inter IKEA Group will strengthen ethical recruitment, promote decent work and enhance access to effective remedies, to improve the working and living conditions of migrant workers across the supply chain.

Inter IKEA Group is also a founding member of the Leadership Group for Responsible Recruitment and continues to support the 'Employer Pays Principle', which states no worker should pay for a job, and the employer should bear the costs of recruitment.

These measures work towards continuing to improve co-worker and supplier awareness on how to prevent, identify and manage cases of forced labour.

Cotton sector

During FY24, Inter IKEA Group continued to use physical segregation of the cotton for IKEA supply chains and end-to-end traceability to address the risk of forced labour. Inter IKEA Group takes steps to ensure cotton in the supply chain did not come from regions with a high risk of forced labour.

This practice enables Inter IKEA Group and their implementation partners to know where the materials come from so that compliance can be verified with internal and external requirements, including those connected to forced labour.

Inorganic Material Sector

During FY24, Inter IKEA Group continued mapping supply chains back to their sources for inorganic raw materials. Through these efforts, the main players in upstream sourcing are identified and a deeper understanding of the supply chain's impact on direct inorganic suppliers is gained. The focus on improving working conditions for small-scale miners continues.

The partnership with the international non-profit Pact continued, which aims to identify risks and build knowledge about the sustainability impacts of inorganic extraction and mining to improve responsible sourcing and minimize negative impacts on people and planet. Together, they are working to find ways to improve the working conditions in small-scale mining directly, as well as building knowledge of how to create long term positive impact in the industry by including small scale miners.

Additionally, Inter IKEA Group companies remain members of the Responsible Minerals Initiative (RMI) and continue efforts to promote social and economic development in mineral production and sourcing. This includes continued



investigation into how to address environmental, but also social risks within waste supply chains. Several stakeholders are engaged to try and identify the principles and processes to secure good practice.

During FY24, Inter IKEA Group became a member of the Fair Circularity Initiative which exists to implement and secure Fair Circularity Principles that ensure the human rights of formal and informal workers within waste and recycling value chains are respected.

Regions with high migrant workers

During FY24 Inter IKEA Group organised responsible recruitment practices and human rights training sessions for suppliers and service providers in Southeast Asia and the Middle East. Understanding that simply setting requirements isn't enough, they created clear guidelines, a toolbox for responsible recruitment, and training programs for business partners, with valuable input from the International Organization for Migration (IOM).

By actively implementing these guidelines for example, in a recent warehouse operations tender process, Inter IKEA Group required potential service providers to review Inter IKEA Group guidelines and demonstrate how they would ensure responsible recruitment and prevent forced labor. This initiative has increased internal awareness among service providers and highlighted the positive impact of its processes and guidelines. Even the companies that did not win the tender process have a better understanding of their responsibilities. Collaboration is crucial to driving this agenda forward both internally and externally.

In the UAE, Inter IKEA Group teamed up with the Swedish Business Council and, along with IOM, hosted a session involving other member companies and the Swedish Embassy. This session acted as a call to action for collectively advancing human rights and fair working conditions for migrant workers. As a result, a dedicated group of Swedish businesses committed to championing this cause has been formed. IOM remains an invaluable partner, providing expertise, facilitation, and connections with other stakeholders.

Geopolitical and country-specific risk prevention

The continued conflict in Ukraine demands agility as the reality on the ground is constantly changing. Inter IKEA Group is continuously assessing the situation and responding with support and relief in various ways, including monetary and in-kind donations, and taking a risk-based approach to restarting operations. After months of evaluation, risk assessments, auditing and conducting heightened human rights due diligence and discussions, Inter IKEA Group were able to restart operations with a few direct partners in the southwestern region of Ukraine since FY23, with the addition of more suppliers where the situation is most stable. Inter IKEA Group continue to monitor and conduct further evaluations.

Inter IKEA Group has been able to secure a stepwise, risk-based approach to respond to the needs of suppliers in Ukraine while prioritising safety and security of people across the supply chain.

Transportation risk prevention

During 2023, Inter IKEA Group started the process of enhancing internal awareness and competence, gaining a deeper understanding of the complexities within the industry which included identifying the extent of these issues in supply chains and evaluating the necessary steps for improvement.

During FY24, to support supply partners in their efforts to enhance seafarers' wellbeing, Inter IKEA Group entered a three-year partnership with The Mission to Seafarers, a leading international seafarer welfare charity. The partnership centers around a training program called 'All you need to know about Seafarers'. The program is designed to assist in the identification, assessment, prevention and mitigation of actual and potential negative impacts on human rights when contracting shipping services, helping to ensure that seafarers are properly protected and supported.

A new set of IWAY requirements related to seafarer wellbeing (IWAY Ocean Transport Section, version 6.0) were introduced and are being implemented by ocean suppliers. Inter IKEA Group are keeping a close collaboration with Ocean suppliers to ensure there is a shared vision and that together the proper actions can be taken to mitigate risks.

In relation to people smuggling risks, during FY24, there has been the implementation of more robust driver education and driver safety handbooks for service providers. There has also been an implementation of increased reporting requirements which require, in addition to reporting smuggling cases to the appropriate authorities, each



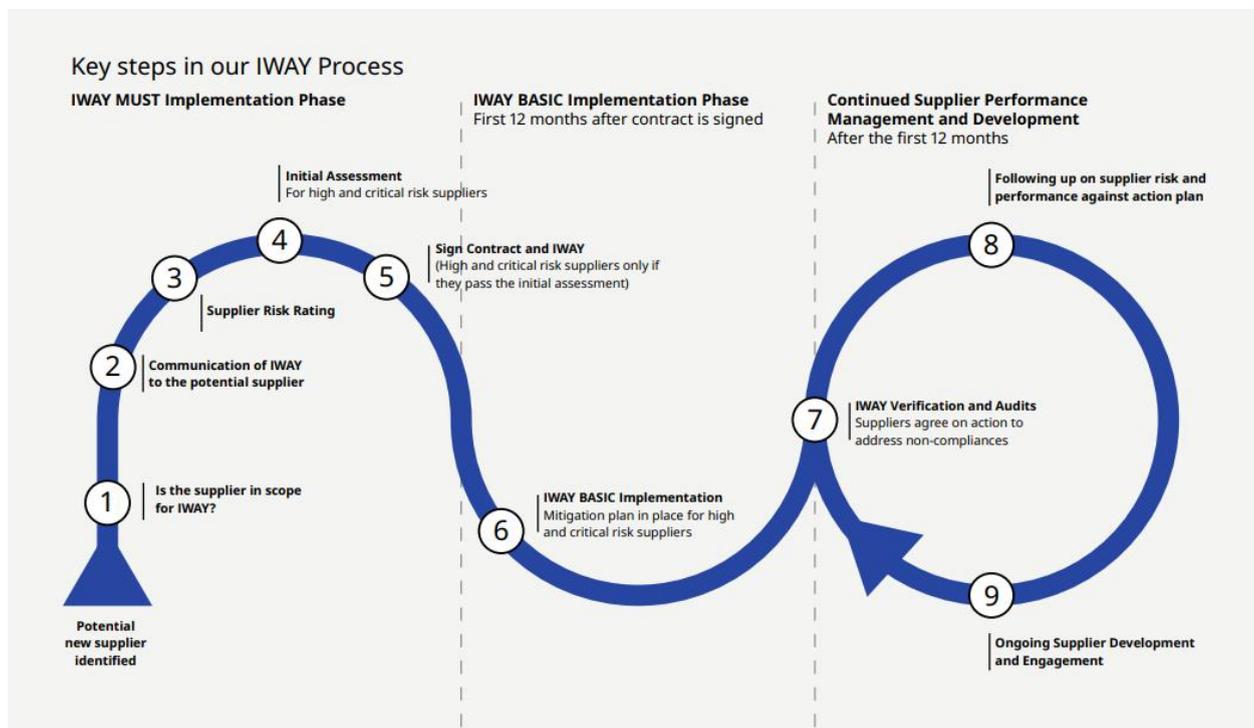
case to be analysed internally to identify and improve upon identified weaknesses. There is also a current review of mechanisms for sealing transports to ensure tracking of trucks and opening of loads.

Inter IKEA Group have increased and will continue to work toward raising awareness amongst co-workers and service providers across the supply chain. This includes providing education on how to respond to smuggling if people are discovered, and the subsequent steps to take to maximise safety, health, and security.

The IWAY Standard and IWAY System

All mitigation measures described above are taken in addition to the existing, globally mandated requirements for suppliers that are intended to mitigate and prevent risks across the supply chain.

The IWAY System is an important part of the IKEA sustainability due diligence process.



The IWAY Standard is the IKEA supplier code of conduct and includes requirements for suppliers, common rules as to ways of working for all IKEA organisations working with IWAY in their supply chains and is built around 10 environmental and social principles. Topics covered include, among others, children’s rights, business ethics, fundamental labour rights, health, and safety at work, working and living conditions, environmental aspects, resource optimisation and animal welfare.

With its roots in the IKEA culture and values, and the United Nations Sustainable Development Goals, IWAY principles and requirements are founded on internationally recognised standards and principles (such as the United Nations Guiding Principles on Business and Human Rights, the Ten Principles of the United Nations Global Compact, the International Labour Organisation Centenary Declaration for the Future of Work and the International Labour Organization Labour Standards), as well as regional and national laws and regulations.

You can read the IWAY Standard here : <https://www.ikea.com/global/en/our-business/how-we-work/iway-our-supplier-code-of-conduct/>

By securing supplier compliance with IWAY, the Inter IKEA Group is better able to assess and address modern slavery risks within its supply chains, including by:

- requiring all its direct suppliers to comply with the IWAY Standard;
- requesting direct suppliers to communicate the mandatory IWAY requirements (IWAY 'Must' and IWAY 'Basic') to their own suppliers. In addition, critical sub-suppliers of direct suppliers must confirm that the



mandatory IWAY requirements are adhered to;

- ensuring due diligence and audits, both announced and unannounced, of the supply chain by IKEA IWAY auditors and independent third-party auditors, are conducted to verify compliance against the IWAY Standard and other standards; and
- taking steps for continuous improvement or ultimately phasing out a supplier if the supplier fails to fulfil the IWAY requirements within the given time frames.

Protecting children's rights in the value chain

Inter IKEA Group has set a strategic commitment to operationalise its contribution to resilient societies and promote and respect human rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the Children's Rights and Business Principles (CRBPs) by 2030.

Inter IKEA Group, together with the Centre for Child Rights and Business, is working to create awareness on children's rights and risks, as well as to strengthen child protection efforts deeper in our supply chain. In FY22, Inter IKEA Group completed pilot projects to better understand the risks and impact on children in the natural fibres supply chain, in which materials are often harvested in the wild. Inter IKEA Group developed child protection guidelines and piloted child protection training for suppliers, sub-suppliers collectors and harvesters. During FY23, Inter IKEA Group supported the opening of a child-friendly space in the village of a sub-supplier for one of our key rattan furniture suppliers in Indonesia. Young children of rattan workers can now access the facilities, where they're supervised by trained caregivers. This improves child safety by ensuring children are not left unattended or join their parents at the rattan processing site. Farm workers who are parents have received additional training on children's rights. Youth in the community have received life skills such as training on children's rights and basic literacy skills on personal health. During FY24, the Centre for Child Rights and Business will continue the project in Indonesia and in Vietnam. The IKEA business, together with our suppliers, will use the knowledge gained to create awareness deeper in our supply chains.

5.3 IKEA UK

The IWAY Country Forum

An IWAY Country Forum has been set up in the UK to talk specifically about how we can take action to reduce the risks and ensure IWAY process compliance in the UK business. The IWAY Country Forum is comprised of our Country Procurement Manager, Country Procurement Sustainability Developer, Country Business Risk and Compliance Manager, Country CFF Sourcing Manager and the Country Third Party Compliance Specialist, with additional attendees invited to discuss specific IWAY-related topics. The IWAY Country Forum reports to the Risk Council where KPI overviews, updates and issues will be managed. The IWAY Country Forum meet on average once a tertial.

Risk Assessments

The process for identifying supplier risks, including for modern slavery, commences as part of the process of "onboarding" our suppliers, under the IWAY Supplier Code of Conduct. The IWAY system (described in more detail in "Appendix A: IWAY - The IKEA Way of Purchasing Products and Services") is designed to ensure that modern slavery risks (and other human rights risks) are identified before any supply agreement is entered and thereafter continuously identified, monitored and managed. The IWAY system is used with most of our suppliers, other than some sectors which are exempt because they are considered lower risk.

Before onboarding, potential suppliers are provided with an IWAY communications package, including the IWAY Standard and supporting contractual documents. These include a preliminary individual risk assessment questionnaire or Sustainability Risk Rating (SRR) to demonstrate the prospective supplier's ability to comply with our expectations, including in respect of modern slavery. The SRR also considers the supplier's sustainability performance which captures items such as workplace health and safety. Each SRR response is then assessed by our procurement sustainability developers and the prospective supplier is allocated a risk rating, including for modern slavery risks, using our IKEA supplier risk rating tool.

The IKEA supplier risk rating tool is based on three datasets which include the responses to the SRR questionnaire; any records held by us about the supplier (including about previous concerns, for example in respect of that supplier specifically, or with the category of goods and services they are supplying); and advisory data provided by external



experts that assesses the supplier's risk in line with the category of industry in which the supplier works and their geographic location. We then finally apply our local knowledge and experience to allocate a final risk rating to the supplier.

The risk rating we apply to our suppliers directs the level of ongoing dialogue and support we will provide, and the level of review or verification that we will implement under our IWAY protocols. To manage the risks associated with subcontracting and outsourcing, we require our Tier 1 suppliers to communicate our IWAY requirements with their suppliers as described further below. During FY24 there were 274 suppliers subject to IWAY in the business operations supply chain. Of these suppliers the vast majority returned a low or medium IWAY risk rating. For the high risk rated suppliers we selected a portion to perform full IWAY review with.

Our supply chain

We also mitigate our potential human rights risks in our IKEA UK business by setting standards for suppliers and monitoring compliance under the IWAY program. This is explained in more detail in “Appendix A: IWAY - The IKEA Way of Purchasing Products and Services”, however, before engaging in a business partnership, a potential service provider is provided with detailed information about the IWAY standards and is required to perform a risk assessment to demonstrate their ability to comply with our modern slavery expectations. The main focus of IWAY is to secure decent and meaningful work for workers and to respect children’s rights.

Once a supply chain partnership is on foot, and if concerns about labour practices arise across any aspect of a partner's business, we will work together to provide training and encourage compliance wherever appropriate. IKEA UK considers that this type of support promotes the most beneficial and enduring mitigation to modern slavery practices in our supply chains in the longer term.

It is made very clear in IWAY, however, that any significant or ongoing failure to meet our expectations will result in a termination of the business relationship (see further under the IWAY heading).

6. Measuring the effectiveness of our actions

6.1 Ingka Group

Human rights baseline assessment

During the FY23, Ingka Group conducted a company-wide human rights baseline assessment. This aimed to identify any gaps in our internal policies and processes and ensure we are fully aligned to the UN Guiding Principles on Business and Human Rights as well as current and upcoming human rights legislation.

The assessment found there was a shared understanding of the importance of human rights due diligence across the Ingka Group business and that it has some key policies and procedures in place to protect human rights in its own operations and the wider value chain. It also identified some gaps and opportunities to strengthen its work both internally and in its supply chain. One of the recommendations arising from the assessment is that Ingka Group should extend its grievance mechanism to its value chain, further develop the governance structure, and remedy frameworks and ensure Ingka Group integrates human rights due diligence in all processes where there could be human rights risks.

The baseline assessment has provided valuable insight into the effectiveness of the current Ingka Group approach and how it can further improve and deepen its understanding of what is required to maximise modern slavery risk mitigation efforts.

The new HREDD Framework mentioned in paragraph 2.1 above will help Ingka Group address the gaps and opportunities identified through the human rights baseline assessment in FY23. It aligns with the UN Guiding Principles on Business and Human Rights and relevant OECD frameworks and ensures it can meet upcoming human rights legislation.

How Ingka Group remediates negative human rights impacts

Ingka Group takes seriously the responsibility to remediate any negative human rights impacts on people, society and the environment that it causes or contribute to. The Ingka Group approach, including deciding which impacts are prioritised for remediation, depends on how Ingka Group is connected to the impact and its nature and severity. If cases arise within the Ingka Group supply chain that are indirectly connected to Ingka Group, Ingka Group works with



the supplier to support access to remediation, external experts or independent partners where necessary. Working with Inter IKEA, Ingka Group is creating remediation principles that align with the UN Guiding Principles on Business and Human Rights and Organisation for Economic Co-operation and Development (OECD) Guidelines. These principles will be adapted to guide how Ingka Group remedies affected stakeholders.

IWAY

Ingka Group regularly monitors, follow up and review IWAY performance in its supply chain. Ingka Group do this by tracking performance, trends and deviations both on country, global and industry level. The aggregated findings are published both each tertial as well as yearly with all relevant internal stakeholders. These stakeholders are then accountable for taking the findings back to their organisations for a deeper analysis and, if needed, putting corrective actions in place. This includes developing new KPIs or changing ways of working to address the aggregated identified deviations on a systematic level and thereby making our actions more effective in the future.

The above work is led by the Global IWAY Forum, supported by the IWAY Calibration Group. In addition, the IWAY Calibrations Group plays a crucial role throughout the year in assessing how we implement and verify on IWAY, aligning ways of working across Ingka and ensuring expectations are met.

Ingka Group grievance mechanisms

Ingka Group promotes an open culture of trust, fairness and honest communication. If co-workers have a concern at work, they are encouraged to raise this with the person involved in the first instance, where this is appropriate, or with their line manager, local Business Risk and Compliance manager or People & Culture representative.

Ingka Group also operates a confidential whistleblowing hotline, Trust line, for reporting serious work-related misconduct and breaches of the law in a work-related context.

Concerns reported via Trust line are evaluated by Trust line managers within Ingka Group, and where an investigation is required, this is carried out by a designated manager within the People & Culture or Business Risk & Compliance functions.

The majority of concerns reported to Trust line related to potential breaches of the Ingka Group Code of Conduct and were raised by retail co-workers. Ingka Group takes every case of potential unethical behavior and policy breaches seriously. Ingka Group investigates and respond quickly and carefully, following the investigation procedure to ensure confidentiality, consistency and accountability.

Ingka Group aims to offer appropriate external grievance mechanisms so people outside the organisation can report any human rights concerns relating to Ingka Group directly to Ingka Group.

Ingka Group is working (including a pilot during 2025) with Inter IKEA to explore how it can develop a grievance mechanism for workers in the supply chain to report violations of IWAY.

In the EU, Ingka Group is making its internal grievance mechanism, Trust line, available in compliance with the EU Directive on Whistleblowing. This enables people who have a work relationship with Ingka, such as freelance workers, suppliers, contractors, job candidates and volunteers, to raise concerns about workplace misconduct.

In addition, Ingka Group requests that all suppliers, via IWAY, put a grievance mechanism in place that is known to their workers and enables their workers to raise complaints or concerns without fear of retaliation. When requested, we provide guidance and support.

ED&I

The Ingka Group Inclusion Index helps it measure progress on creating an inclusive culture based on six questions in the global co-worker survey. In FY24 the score was 79% (FY23:80%) with 84% of coworkers reporting that they can be themselves at work (FY23:85%).

In addition, around 24% of co-workers took part in Ingka Includes in FY24, a voluntary and anonymous survey run every two years to help better understand the diversity of the workforce. The results indicated that while the overall survey scores on inclusion are high, co-workers with underrepresented ethnicity, disability, and sexual orientation are less likely to feel included at work and more likely to report barriers to career progression.



6.2 Inter IKEA Group

During FY24, an even stronger focus was put on supporting Inter IKEA Group suppliers with more than 1,240 implementation activities. These include capacity-building and training on topics like internal auditing, health and safety and responsible recruitment.

IWAY System

Inter IKEA Group has robust processes in place to implement and verify compliance with IWAY requirements in its value chain. IWAY is an end-to-end process that commences when a potential new supplier is evaluated and ends when the supplier relationship is discontinued. While the IWAY process itself serves as a measure to identify, prevent, mitigate and assess risks to human rights and the environment in IKEA's operations and supply chain, it also involves actions which ensure the consistent assessment of the effectiveness of those measures. This enables IKEA to adapt and strengthen its actions to continually improve its response to modern slavery.

The following measures are taken to diligently and regularly assess the effectiveness of the risk mitigation activities which both Inter IKEA Group and our suppliers undertake:

Initial risk assessments

Before the start of a new business partnership, risk assessments are conducted to evaluate whether a potential new supplier is capable of, and willing to, meet the IWAY requirements.

A risk assessment of each existing supplier is performed continuously and builds on the assessment of six parameters. Some of the parameters include:

- country risk indices, provided by independent external risk data analysis providers connected to human rights, including child labour, forced labour, women's and girls' rights, as well as other topics such as corruption, environmental regulatory framework, freedom of association, wages, water quality, biodiversity and other matters;
- general industry characteristics; and
- results from previous verification activities at the supplier, when applicable.

A risk assessment is undertaken to identify IWAY activities which each supplier is expected to implement, allocate the necessary resources and determine the relevant frequency and focus of IWAY compliance verification activities.

IKEA supplier support

Inter IKEA Group suppliers take ownership for implementing the sustainability requirements in their value chain to fit their business setup, and IKEA takes responsibility for providing support along the way. To secure this way of working, sustainability development is a continuous journey:

- First, IKEA suppliers are required to fulfil all IWAY Must requirements at all times (prior to first delivery or service). This is defined in every business contract between IKEA and suppliers.
- A new supplier has a focus on securing compliance with all IWAY Basic requirements (within latest 12 months after the first delivery or service) and any additional requirements. Once a supplier has implemented the sustainability requirements, they focus on monitoring and maintaining their compliance and integrating these processes in their daily operations.
- At the next stage in the implementation journey, suppliers focus on continuous improvement. For example, they look for ways to assess the effectiveness and efficiency of their implementation activities. They can review existing ways of working to find potential improvements. Some suppliers may also start implementing the next level of IWAY requirements, IWAY Advanced and/or IWAY Excellent.

IKEA teams located in different regions around the world play a significant role in supporting our suppliers to implement the sustainability requirements. They keep daily contact with suppliers, developing the business to reach our common goals. They also provide trainings on specific topics, facilitate peer learning, and provide capacity-building



projects, by, for example, helping to develop and execute performance improvement plans.

IWAY audits

Verification activities are used including internal and external third-party audits to complement the implementation of IWAY by suppliers and as a tool to continuously develop the business. Audits are a critical tool to understand whether the supplier achieves the positive impacts that that are intended by working with IWAY.

Each year Inter IKEA Group performs verification activities across both new and existing IKEA suppliers. An IWAY audit includes three mandatory elements:

- A site tour to observe and assess all requirements directly on site;
- Interviews of workers engaged in different capacities; and
- A system review of IWAY-related systems through a documentary and solution review.

In FY24, more than 790 verification activities were performed in the Inter IKEA Group supply chain. They include gap assessments for new suppliers and full or focused audits for existing suppliers.

If a supplier is identified as non-compliant following an IWAY audit (which suggests a mitigation measure may be falling short of effective), the supplier is required to correct the non-compliance within an agreed timeframe, address its root cause and take steps to prevent the issue from recurring. The supplier may request support for the implementation of corrective measures which may include the provision of training, peer learning or capacity-building projects.

The supplier is required to implement the planned actions and present evidence of the actions. The non-compliance is then closed and verified by the IWAY auditor within no more than 90 days of the audit date.

There are business consequences, including phasing out a supplier in circumstances where a supplier does not implement the relevant corrective actions or fails to properly address issues to fulfil IWAY requirements.

During FY24, Inter IKEA Group ended its partnership with five suppliers due to IWAY non-compliance.

Supplier management governance forums

Continuous updates concerning IWAY-related risks, including with respect to modern slavery and supplier IWAY performance are shared in supplier management governance forums attended by the relevant IKEA management teams.

IWAY system review and evaluation

To assess the performance of IWAY, regular oversight and evaluation activities are performed, led by a function in the Inter IKEA Group that is fully independent from the development, implementation, and verification of IWAY.

Through this process, there is evaluation if IWAY is delivering on the expected sustainability impacts as defined, namely:

- improved environmental impacts;
- decent and meaningful work;
- respect for children's rights; and
- improved welfare for animals.

There is regular assessment of the IWAY system and whether it is consistently applied across the IKEA franchise. There are consistent reviews, revisions and updates for IWAY, to help ensure it remains effective in reflecting global changes and assessing modern slavery risks. By analysing internal and external inputs and trends, results of oversight and evaluation activities and comments and feedback from suppliers, organisations and external stakeholders, IWAY's success and effectiveness is diligently monitored, so the system can continue to improve and evolve.

6.3 IKEA UK



IWAY Compliance Commitment and reviews

We regularly monitor, follow up and analyze IWAY performance in our supply chain. We do this by tracking performance, trends and deviations both on country, global and industry level. The aggregated findings are published both each tertial as well as yearly with all relevant internal stakeholders. These stakeholders are then accountable for taking the findings back to their organizations for a deeper analysis and to, if needed, put corrective actions in place. This includes

developing new KPIs or changing ways of working to address the aggregated identified deviations on a systematic level and thereby making our actions more effective in the future.

The above work is led by the Global IWAY Council, supported by the IWAY Calibration Group, see above under IWAY Governance for more information. Besides the above, the IWAY Calibrations Group plays a crucial role throughout the year in assessing how we implement and verify on IWAY, aligning ways of working across Ingka and ensuring expectations are met.

All businesses in the IKEA UK supply chain which are not considered out of scope are required to sign their commitment to implement the IWAY expectations by signing an IWAY Compliance Commitment (ICC). Consultancy services and financial and insurance services are out of scope from IWAY. The ICC allows IKEA UK to audit and verify their business operations and, in turn, their supply chains against the IWAY Standard Operating Procedure. The ICC ensures transparency and drives continuous improvement in responsible sourcing and labour rights through a 10-step process.

The way in which IKEA UK measures the effectiveness of IWAY is mainly through annual self- reviews which must be completed by all of the non-exempt suppliers in our supply chain with detailed responses required across the following modern slavery related topics:

- Business Ethics
- No Forced and Bonded Labour
- Child Labour and Young Workers
- Worker Health & Safety
- Recruitment, Working Hours, Wages and Benefits

See *Due Diligence, Reviews and Remediation of Suppliers* section above for further details.

Listening and Learning

IKEA UK understands that modern slavery cannot be eliminated by IKEA's actions in isolation. We take every opportunity to learn from our corporate peers and we work as closely as possible with government and other important human rights stakeholders to improve our contribution to the collective ambition to eradicate modern slavery practices globally.

We also welcome opportunities to improve through complaints and concerns. Training about receiving and managing such a complaint was included in the Anti-Bribery and Corruption workshops. Additionally, the Ingka Group operates the Trust Line service for IKEA personnel (co- workers only) through which they can anonymously raise any concerns they may have.

7. Training and Communication

IKEA UK has taken steps during FY24 to ensure that the expectations expressed in our Policies and Procedures are embedded in our everyday business through training and communication.

Our co-workers

We respect and promote the human rights of our IKEA UK co-workers by introducing our people to our steering documents during onboarding, to the level of detail relevant to their role, and encouraging them to stay informed via refresher training and promoting accessibility via the intranet (IKEA Inside).

Our co-workers are also encouraged to participate in and learn about IKEA UK's modern slavery objectives through informal communication forums such as "Yammer" and intra-team "huddles".



As part of the IKEA UK routine Code of Conduct training for all staff, topics such as Ethical Conduct with our suppliers were covered.

The IWAY Global Training Programme

Globally, 3,345 co-workers completed e-learning training on IWAY. We have several IWAY e-learning modules for co-workers depending on their role. Ingka also operates an IWAY Support Hub for suppliers to help them understand our requirements.

Supplier IWAY 6.0 Support Hub

Our suppliers have access to IWAY 6.0 Support Hub. This gives our suppliers a good introduction to IWAY and its requirements and training materials.

This statement has been approved by the Directors of IKEA Limited, IKEA Distribution Services Limited and IKEA Properties Investments Limited on 18 August 2025, who will review and update it on an annual basis or more often as we progress with the objectives set out in this statement.

We hope you have found this statement informative and useful. Please contact us if you have any queries.



Appendix A: IWAY - The IKEA Way of Purchasing Products, Services and Components

IWAY is the IKEA way for responsibly procuring products, services, materials, and components. It sets requirements and ways of working for all IKEA suppliers and service providers on environmental, social, and working conditions, as well as animal welfare. IWAY creates the base for continual development towards a more sustainable IKEA value chain.

Throughout the last two decades, we have built a credible and robust system that we can rely on to support, challenge, and actively work towards together with our suppliers and service providers. IWAY is regularly revised and updated, to address changes and challenges in the world and in the IKEA value chain. This allows IWAY to remain a system that is agile and relevant to meet the defined sustainability impacts.

With IWAY we create impact in 4 main areas by:

- Promoting positive impacts on the environment
- Securing decent and meaningful employment for workers
- Respecting children's rights
- Improving the welfare of animals in the IKEA value chain

IWAY serves as a tool for risk assessment, development, compliance and verification and its purpose is to ensure that IKEA only works with suppliers and businesses that share its values and working standards.

IWAY 6.0 is structured according to:

Principles

The 10 IWAY Principles define the IKEA standpoint on responsibly procuring products, services, materials and components.

The IWAY Principles and requirements are based on internationally recognised standards and principles. These reflect our commitment to the UN Guiding Principles on Business and Human Rights and are based on the Ten Principles of the UN Global Compact. In developing our requirements, we have also been guided by the UN Sustainability Development Goals and the ILO Centenary Declaration for the Future of Work, among others.



IWAY principles



Sections

The sections group IWAY requirements and are applicable depending on the activities or setups of suppliers. The IWAY General Section applies to all IKEA business partners, and suppliers may have additional requirements under the Accommodation, Animal Welfare, Digital Platform, Forestry or Transport Sections.

The IWAY Requirements

IWAY requirements are based on a 4-step staircase model: Must, Basic, Advanced and Excellent. IWAY Must and IWAY Basic are the minimum requirements that need to be in place for all suppliers and service providers who do business with IKEA. Together with our business partners, our ambition is to continually improve and develop beyond the minimum, to reach IWAY Advanced and IWAY Excellent levels.



THE IWAY REQUIREMENTS

MUST

Requirements that must be met at all times when doing business.

BASIC

Requirements that must be met within 12 months of first delivery or service.

ADVANCED

Requirements that go beyond minimum compliance and define additional steps towards more sustainable practices.
These may or may not be applicable depending on the priorities set by the relevant IKEA organisation.

EXCELLENT

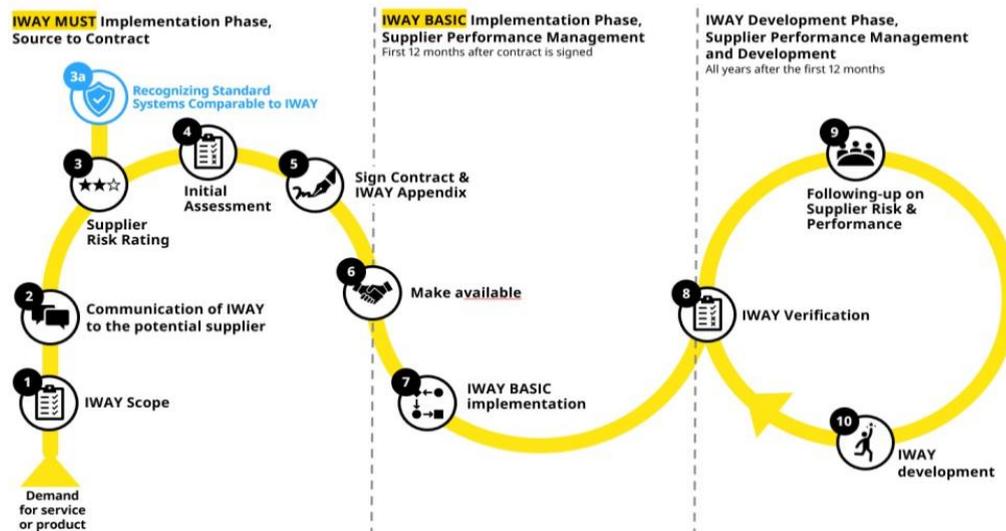
Requirements that go beyond minimum compliance and define additional steps towards more sustainable practices.
These may or may not be applicable depending on the priorities set by the relevant IKEA organisation.

IWAY implementation in IKEA UK

We have a 10-step process to manage risks in our supply chain (see below). Suppliers are reviewed and reassessed in a continuous IWAY cycle. Sustainability developers in our procurement team build relationships with suppliers and offer training to help them understand and apply IWAY. For the highest risk suppliers, we conduct IWAY reviews to check compliance with our standards. This is done by a trained team, Third Party Compliance Specialists are independent from our procurement team.



3. IWAY Process



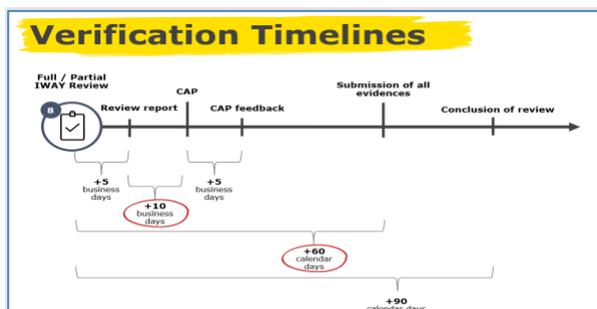
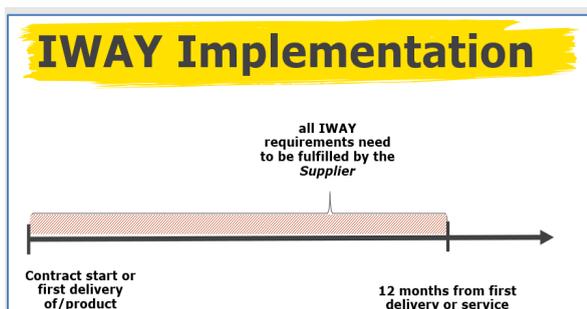
Our suppliers are responsible for communicating IWAY requirements to their subcontractors and for ensuring high-risk subcontractors comply with the critical parts of IWAY (**IWAY Musts**). We support suppliers throughout this process.

We follow strict routines to ensure compliance with IWAY requirements in UK and IE. This includes an audit of suppliers to establish whether their organisation has processes and procedures in place that secure compliance with (amongst other considerations) legal expectations on the treatment of the environment, workers, health and safety and insurances. The audit is comprehensive, and data is captured in interviews and written responses. Detailed questions focus on contracts of employment and ensuring fair employment terms and conditions, and verification of the ages of employees. Further ad hoc questions can also be asked of interviewees as prompted by the instincts of the auditors. We expect our suppliers to be transparent and any failure to answer candidly can justify further inquiry and require us to consider notification obligations and ultimately terminating contractual discussions.

Follow up and non-compliance

Where we find non-compliance with an IWAY Must, the supplier is given 10 business days to remedy the situation. The decision to give them an opportunity to remedy is based on the supplier's attitude and willingness to work with us to improve. If the supplier is unable to rectify the non-compliance within the 10 working day timeframe, we will then look to phase out the supplier and terminate the contractual relationship.

Where a non-compliance is found outside of the IWAY Musts, the supplier is given 90 days from the date of audit to rectify any non-conformities and must provide evidence to demonstrate the steps they have taken to ensure long term solutions have been implemented to prevent the non-compliance from reoccurring. If the non-compliance is not rectified, the contract owner is contacted to explain the problem and we will then look at the procedure to phase out and/or terminate the contractual relationship.





For 'subcontractors', IKEA UK and IE's direct supplier must confirm to our satisfaction that the IWAY Musts are adhered to.

IKEA UK & IE supports suppliers throughout this process and will work with them to address any issues.

IWAY Musts

IKEA UK&IE requires that all direct suppliers comply with IWAY. The IWAY Musts, or start up requirements, are those which must be in place before a contract is signed with IKEA and these requirements must be maintained at all times. Under IWAY 6.0, suppliers are also required to implement the IWAY Basic requirements within 12 months from the first delivery date to achieve full compliance.

Subcontractors

Suppliers will often engage their own suppliers (IKEA subcontractors) who are a step removed from day-to-day contact with IKEA personnel and are not in a contractual relationship with IKEA directly. This can make it challenging to ensure that they share the IKEA approach to important issues such as the environment and human rights. Tier 1 suppliers (direct suppliers) are requested to communicate IWAY Must requirements to their own suppliers, and to register them on Inter IKEA Group's IKEA tracking system to identify critical subcontractors. It is the responsibility of Tier 1 suppliers to audit their critical subcontractors and ensure IWAY Must compliance. IKEA UK requires its direct suppliers map their subcontractors and that mapping be provided to us on request.

Subcontractors are defined as critical if the processes they perform are considered to be potentially highly harmful for the environment, health and safety of workers, or they are operating in an industry/geography or supply setup that is prone to child labour or forced or bonded labour. For such 'critical subcontractors', the IKEA direct supplier must confirm to IKEA's satisfaction that the IWAY Musts are adhered to.

Who is involved in IWAY implementation?

At IKEA UK&IE the following groups are responsible for IWAY implementation:

- Business teams are responsible for the sustainable implementation of IWAY with their suppliers. They do this by making IWAY part of their everyday business and discussions with existing and potential suppliers. IWAY is also part of the contractual commitment to becoming an IKEA UK & IE supplier.
- Sustainability developers support business teams in their daily work, backing the training on IWAY and other sustainability topics and issues. Third Party Compliance Specialist and third-party auditors are responsible for annual IWAY reviews of IKEA UK & IE suppliers. They review and follow-up action plans in the case of noncompliance.

At Ingka Group, the Sustainability Committee (chaired by the Ingka Group Chief Financial Officer and with members of Group Management) is responsible for setting sustainability requirements. The role of the Sustainability Committee is to establish the IWAY specifications for Ingka Group, to monitor and mitigate sustainability risks and follow-up on IWAY compliance. The Sustainability Committee is supported by the INGKA Group Global IWAY Forum (as detailed below). On a country level, we have local IWAY Forums.

In December 2020, the Ingka Group Sustainability Committee approved a new global governance setup for IWAY. One of the major changes was to merge verification with implementation into the same governance body. This meant that the former SCWG (Sustainability Compliance Working Group) was dissolved, and a new body was created called Global IWAY Forum (**GIF**). GIF supports Ingka Group with operational expertise, advice and guidance connected to implementation and verification of IWAY requirements to support consistency and successful implementation of IWAY across Ingka Group. The members of the GIF are senior leaders from different functions across the company.

GIF's roles and tasks are:

- providing input and steering on IWAY roadmaps;



- advising on IWAY steering documents (rules, standard operating procedure and guidelines), KPI, business solutions and training material;
- defining IWAY specifications for approval in the relevant decision-making body;
- interpreting and confirming exceptions to IWAY requirements based on set criteria and approach. This includes securing alignment and confirmation of new types of exceptions with the relevant line organisation/ decision making body;
- providing guidance on IWAY issues raised by line organisations;
- analyzing IWAY performance to understand continuous development needs for the IWAY process, system and framework; and
- directing IWAY Calibration Group in tactical cases.

At Inter IKEA level, IWAY is governed through the IWAY Council. The IWAY Council has the mandate to make decisions on IWAY related topics on a tactical and strategic level. In certain circumstances, local governance bodies can escalate questions and requests to the IWAY Council. These include requests for long-term exceptions to the IWAY requirements or exceptions to the mandatory requirements outlined in the IWAY Framework and its appendices.

The role of the IWAY Council is to:

- ensure alignment related to IWAY across the IKEA franchise system, including escalation to relevant bodies where needed;
- validate IKEA organisation's IWAY roadmaps and issue recommendations;
- review progress against IKEA organisation's IWAY roadmaps;
- validate IKEA organisation's ways of working related to IWAY and issue recommendations;
- monitor compliance with IWAY across the IKEA value chain; and
- approve exceptions in line with the principles on Exceptions Management described in the IWAY Framework.