



IWAY Standard

Minimum Requirements for Environment and Social & Working Conditions
when Distributing Home Furnishing Products

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Introduction

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

These requirements are applicable to IKEA Service Providers as well as our own IKEA Distribution and Transport Organisations. IKEA Service Providers shall always abide by the most demanding of the requirements whether it is the applicable legislation or IWAY specific requirements.

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

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

IKEA adheres to UN decisions regarding trade boycotts and embargoes.

Professional Secrecy

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

The IWAY Approval Process

1. Start-up Requirements

Potential IKEA Service Providers – prior to starting a business relationship with IKEA – must fulfil the IWAY start-up requirements; No forced or bonded labour and no child labour.

2. Performing the IWAY audit

IKEA will conduct an IWAY approval audit of the Service Provider. It will always be performed by an IWAY auditor from the IKEA Supply Chain audit group. Following audits may also be performed by IKEA Compliance & Monitoring Group as well as 3rd party Audit Organisations appointed by IKEA, to ensure calibration of different IKEA Offices' judgement level. The IKEA Service Provider shall support on-site audits conducted by any of the above mentioned parties. This means e.g. allowing for confidential employee interviews and maintaining and allowing access to all documentation and records as required.

The IWAY audit consists of the following activities:

I. Preparation of the audit

Before the actual audit the Service Provider need to prepare, and e.g. make sure appropriate documentation is available and that key persons (as instructed by IKEA) are available for interviews.

II. Opening meeting

The IWAY audit will start with an opening meeting between the IWAY auditor(s) and representative(s) of the site management.

III. Site tour

The auditor will conduct a site walk-through accompanied by a representative from the Service Provider. However, the auditor will always decide which parts of the site to include in the site tour. Obviously, time allocated to this portion of the audit varies substantially depending of the size of the site and the operations. Auditors will speak with Service Provider employees briefly on site, asking questions related to the fulfilment of IWAY. Additionally, auditors may perform tests of fire fighting equipment or evacuation alarms, perform measurements of emissions or noise as well as checking maintenance records.

IV. Document review

Required documentation such as permits from authorities, training records, lists of chemicals will be examined in order to verify compliance with IWAY/legal demands. Auditors may also examine documentation related to employees working hours and pay records,

V. Employee interviews

Employee interviews are a vital part the IWAY audit. Findings and observations are verified through the interviews. Interviews could be performed in the operation areas as well as in separate private rooms. Employee interviews conducted with site/company management or their representatives present. Typically, auditors will identify individuals for interview during the walk-through of the site. Some workers may however be selected as a result of the document review. IKEA do not under any circumstances accept that interviewees are harassed, mistreated or dismissed as result of the interviews performed. This will be followed up by IKEA.

VI. Closing meeting

The result of the audit will be summarised in a closing meeting with the site management.

VII. Audit report

Observations of areas requiring improvement found during the IWAY Audit will be presented in a written audit report.

3. Corrective Actions

In the event of non-conformances, IKEA will require a written action plan from the Service Provider detailing how the non-conformances will be corrected. An action plan must be sent to IKEA within 2 weeks following the audit. The action plan must include a description of the corrective action, responsible person and timelines for each non-conformance to be rectified. IKEA must review and approve the action plan received from the Service Provider.

4. IWAY Approval

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

5. Maintenance and Re-auditing

IKEA reserves the right to perform unannounced audits or inspections to verify that the IWAY requirements are fulfilled. IKEA will perform re-audits – as a minimum – every two years to ensure the IKEA Service Provider maintains its IWAY Approved status.



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1. General Conditions and Legal Requirements

1.1 IWAY compliance commitment (Start-up requirement)

The IKEA Service Provider shall acknowledge and accept the IWAY requirements by signing the IWAY Compliance Commitment document.

1.2 IWAY communication to sub-contractors

The IKEA Service Provider shall communicate the IWAY requirements to all its contractors that are involved in the distribution of IKEA products ⁽¹⁾.

The IKEA Service Provider shall ensure that its contractors have signed a document where they acknowledge and accept the requirements.

Note 1: Included here are only first level of sub-contractors which are

- a) Processing work for the IKEA Service Provider e.g. loading/unloading, storing and transporting IKEA goods.
- b) Providing on-site services directly linked to the core operations e.g. maintenance of vehicles and fork lifts, fumigation of goods containers, pallet handling and repair etc.

The IWAY requirements do not need to be communicated to partners that e.g. provide electricity, fuel, office material, tools, machinery or other services that are not a part of the core operations.

1.3 IWAY communication to employees

The IKEA Service Provider shall communicate the IWAY requirements to all its co-workers. The demands must be displayed in a place where all co-workers have access, e.g. on notice boards in a language understood by the co-workers.

1.4 IWAY organisation

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

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

1.5 Internal IWAY audits

The IKEA Service Provider shall, at least once every 12 months, perform an internal audit of the IWAY performance. The results from the internal audits shall be documented and, on request, be given to IKEA. If deviations are found during the audit, the Service Provider shall ensure that corrective actions are taken.

The results from the Service Provider IWAY audits will be reviewed by IKEA during ordinary visits and IWAY Audits.

1.6 Registration / Licence

The IKEA Service Provider shall have a basic registration/ licence to operate, if the law required this, and comply with terms stated therein.

This demand on registration/authorisation/certification also covers vehicles, ships and trains as well as on-site fuel stations etc., when required by national or international legislation.

1.7 Classification

If required by law, the IKEA Service Provider shall have a valid environmental, health & safety and/or fire classification.

The IKEA Service Provider shall comply with the requirements stated in the classification.

1.8 Reporting to authorities

If required by law, the IKEA Service Provider shall make an environmental report, health investigation and/or work place risk analyses.

If required by law, the IKEA Service Provider shall conduct an environmental impact assessment and obtain approval from authorities prior to changes in operations and buildings.

1.9 Legal compliance

The IKEA Service Provider shall comply with all relevant and applicable laws and regulations ⁽²⁾ per-taining to Environment, Social & Working Conditions, Fire, Health & Safety, as well as Labour issues.

The laws and regulations concerned are those valid in the country where an activity, e.g. a transport, at a specific time is carried out.

The IKEA Service Provider shall maintain a list of laws and regulations and there shall be a procedure for updating the list on regular basis.

The IKEA Service Provider shall always comply with the most demanding requirements whether they are relevant applicable laws or IKEA IWAY specific requirements.

Note 2. For cross border transports, the application of country specific law or regulation mean that the entire journey – including the part to and/or from another country – shall be considered.

2 Environment – Air, Noise and Water Pollution

2.1 Inspections by environmental authorities

The IKEA Service Provider shall ensure compliance with results from inspections by environmental authorities. The required corrective actions shall be documented and completed within stipulated time.

If there is a legal demand to be inspected, and no inspection has been carried out, the IKEA Service Provider must, at least, send a request to be inspected to the authorities.

2.2 Air pollution

The IKEA Service Provider shall ensure compliance with applicable laws and regulations pertaining to emissions to the air and, if required, obtain the necessary permits and demonstrate compliance to those permits

2.3 Emissions of Green House Gases (GHG)

The IKEA Service Provider shall, upon request, provide IKEA with all necessary information needed for monitoring and reporting ⁽³⁾ GHG emissions.

This applies to operations in IKEA owned premises as well as in non-IKEA owned, including mobile equipment such as trucks, locomotives and ships.

Note 3: Guidelines on how to measure/calculate CO₂ emissions is provided by IKEA.



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2.4 Noise pollution

The IKEA Service Provider shall ensure compliance with applicable laws and regulations pertaining to noise pollution and, if required, obtain the necessary permits and demonstrate compliance to those permits.

2.5 Water pollution

The IKEA Service Provider shall ensure compliance with applicable laws and regulations pertaining discharges to ground and water and, if required, obtain the necessary permits and demonstrate compliance with those permits

Effluent treatment plants (ETPs) shall be operated and maintained appropriately. Staff operating the ETP shall have the appropriate competence.

3. Ground Contamination

3.1 Ground contamination.

The IKEA Service Provider shall ensure compliance with applicable laws and regulations regarding ground contamination. The IKEA Service Provider shall investigate and assess the possible risks of ground contamination, due to previous or ongoing activities on the site.

If contaminated ground has been identified, the IKEA Service Provider must ensure the following measures are taken:

1. Immediately stop the source of contamination to the ground if this is still ongoing.
2. If judged to be feasible, clean up the ground, ensuring disposal in an environmentally acceptable way according to legal demands (normally to be treated as hazardous waste).
3. If cleaning up the ground is judged to not be feasible (e.g. involving significant investments) this must be reported to and discussed with the authorities and IKEA.

4. Fuels and Chemicals

4.1 List of chemicals with valid MSDS's

The requirements stipulated in 4.1 – 4.6 are applicable for all chemicals⁽⁴⁾ used in operations and maintenance.

The IKEA Service Provider shall establish and maintain a list of all chemicals used in operations and maintenance. The list shall - as a minimum – include the name of the chemical product, the purpose/area of use and a reference to a Material Safety Data Sheet (MSDS).

The IKEA Service Provider shall have valid (MSDS) for all chemicals used in operations and maintenance.

Note 4: By fuels and chemicals we mean chemical substances and products e.g. oil, diesel, lubricants, lacquer, solvents, paints, dyes, hardeners, stains, waxes, acids, additives, gases, insecticides etc.

4.2 Procedure for fuels and chemicals

The IKEA Service Provider shall have a written procedure for the procurement, storage, handling and use of fuels and chemicals. The procedure shall include guidelines on safe handling and use of different fuels and chemicals, with specific emphasis on hazardous chemicals.

The procedure shall include responsible person(s) at the IKEA Service Provider.

4.3 Competence and training

The IKEA Service Provider shall ensure that employees that procure, store, handle and use fuels and chemicals have the right competence and are adequately trained. Records from training shall be kept by the IKEA Service Provider.

4.4 Storage and handling of fuels and chemicals

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply)

The IKEA Service Provider shall prevent fuels and chemicals from leakage to air, ground and water. Fuels and chemicals storage facilities shall have a floor with hard surface that can easily be cleaned. Storage of liquid fuels and chemicals shall be free of drainage holes and protected by sills (bunding, containment). The containment must at least be able to hold the volume of the largest barrel/tank stored.

There shall be adequate ventilation in the fuel and chemical storage facilities containing e.g. flammable liquids/gases, to prevent explosions or other possible hazards. Electrical equipment (e.g. switches and lighting) in such facilities shall be suitable for the specific environment and prevent risks of ignition/explosion.

For fuels and chemicals stored outside, the same requirements for bunding etc. as give above apply. They shall also be protected from rain. Exceptions: unopened fuels and chemical containers and tanks can be stored outdoors without bunding and rain protection as long as this does not lead to corrosion of the containers. Storage shall still always be on hard surface, e.g. concrete or asphalt.

To prevent the risk of leakage, above ground storage tanks equal or larger than 1.5 m³, as well as all underground storage tanks, shall be inspected for corrosion and other damages either

- according to a legally defined inspection procedure, involving certified inspection bodies, or
- at least once every five years, including, for aboveground storage tanks, both an internal and external inspection, and for underground tanks a pressure test.

The applicable information regarding the risks and safe handling of fuels and chemical compounds and substances shall be displayed at storage areas and areas of operations where the chemical is used. The information can be either the MSDS itself or specific instructions for safe handling and use (taken from the MSDS). Information must be in a language understood by the workers.

4.5 Labelling of fuels and chemicals

The IKEA Service Provider shall ensure all containers of fuels and chemicals, including temporary containers, are properly labelled with appropriate danger symbols⁽⁵⁾ and chemical names to ensure that the contents are known and the potential risk minimised.

Note 5: Examples of symbols to be used on chemical containers are: Flammable, Explosive, Oxidising, Irritating, Corrosive, Harmful, Toxic and Dangerous for the environment.

4.6 Legal compliance

The IKEA Service Provider shall ensure compliance with applicable laws and regulations pertaining to procurement, storage, handling and use of fuels and chemicals.

The IKEA Service Provider shall have a valid permit for chemicals that are legally restricted. The IKEA Service Provider shall demonstrate compliance to those permits.



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5. Hazardous and Non-hazardous Waste

5.1 List of waste

The IKEA Service Provider shall establish and maintain a list of Hazardous and non-hazardous waste in order to monitor the type and quantity of waste that is generated by the Service Provider. The list shall clearly show which kind of wastes is hazardous and which is not, and be updated at least every 12 months.

When classifying hazardous waste, the "IKEA Hazardous Waste Matrix" together with legal demands shall be used. The IKEA Service Providers shall always comply with the most demanding, whether it is the local law or the IKEA demands.

5.2 Procedure for handling of waste

The IKEA Service Provider shall establish a procedure for the safe handling, storing, transportation and disposal of waste. The procedure shall ensure compliance with legal and IKEA demands (see 5.4)

5.3 Competence and training

The IKEA Service Provider shall ensure that employees, handling hazardous waste, have the right competence and are adequately trained. The training shall include:

- Risks involved in the handling of hazardous waste.
- Handling instructions for hazardous waste, including emergency provisions in case of an accident or incident.

Records from training shall be kept by the IKEA Service Provider.

5.4 Storage and handling of waste

The IKEA Service Provider shall ensure compliance with applicable laws and regulations pertaining to the handling, storage, transporting and disposing of hazardous and non-hazardous waste and, if required, obtain the necessary permits and demonstrate compliance with those permits.

Different categories of hazardous waste must not be mixed. Hazardous waste and non-hazardous waste must be kept separate. Areas for storage shall be marked and barrels/containers properly labelled.

The hazardous waste storage facility shall consist of a secure, designated area that is clearly identified. The storage facility shall be free from possible leakage to minimise the risks for people and the environment (the same requirements as for the storage of fuels and chemicals are valid, see section 4.4).

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

5.5 Licensed contractors

The IKEA Service Provider shall ensure that their contractors for transport, storage and final disposal of hazardous waste are licensed according to applicable legislation. The IKEA Service Provider shall have copies of its waste contractors' licenses. If appropriate licensed contractors, transport companies or end disposal companies do not exist, the IKEA Service Provider shall ensure that the hazardous waste is kept in storage until appropriate end disposal can be assured⁽⁶⁾.

Note 6: Should the IKEA requirement of storing hazardous waste be in violation with national laws or regulation, the law shall always be complied with and prevail. In such cases, the Service Provider shall immediately inform IKEA.

5.6 Incineration / landfill on site.

Hazardous waste shall not be incinerated or land-filled on site.

If non-hazardous waste is incinerated or land-filled on-site, all relevant legal requirements shall be fulfilled

6. Fire Prevention

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

6.1 Inspections by fire authorities

The IKEA Service Provider shall ensure compliance with applicable laws & regulations pertaining to fire protection, including compliance with inspections by the fire authorities. The required corrective actions from such inspections shall be documented and completed within stipulated time.

6.2 Fires

The IKEA Service Provider shall document any fires and serious incidents that could have caused a fire, including corrective and preventive actions. If required by law, a report shall be sent to the authorities.

6.3 Competence and training

The IKEA Service Provider shall have an adequate number of employees trained to use the fire fighting equipment in each work area, covering all operations and shifts. All co-workers shall be made aware of basic fire safety issues, e.g. not blocking fire fighting equipment and emergency exits.

Records of training shall be maintained.

6.4 Fire fighting equipment

The IKEA Service Provider shall have the appropriate fire fighting equipment in fixed premises as well as in vehicles, such as trucks, locomotives and ships. Placing and maximum distances shall comply with applicable laws and regulations and/or specific approvals from the fire authorities. In the absence of laws, regulations or specific approvals covering this issue, there shall be a maximum distance of 25 meters between individual fire fighting devices.

The fire fighting equipment shall be marked in such a way that it is easily identified, also from a distance. It shall be easily accessible for co-workers and maintained in good working order. Fire hydrants/hoses shall always be kept unlocked.

All fire fighting equipment shall be appropriately maintained. The IKEA Service Provider shall have an internal review process regularly, at least once every 12 month, check that fire fighting equipment is functioning with documented maintenance records and/or stickers/tags placed on the equipment.

6.5 Escape routes & emergency exits.

The IKEA Service Provider shall - as a minimum - have two independent emergency exits⁽⁷⁾ per working area. All exits that shall be used as emergency exits shall be marked with luminescent or illuminated signs. Emergency exits shall ensure a fast evacuation of all co-workers. The IKEA Service Provider shall ensure all emergency exit(s), access routes and fire fighting equipment are free from obstruction.

Note 7: Emergency exits should be opened outwards. Sliding doors, used as emergency exits, shall always be kept open during work hours. Otherwise, the sliding doors shall be equipped with an encased, built-in EXIT door.

It is acceptable for smaller workshops (less than 100 m² and less than 6 persons regularly present) to have only one exit. This



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exit shall be immediately accessible from all parts of the workshop.

6.6 Evacuation alarm

The IKEA Service Provider shall have an independent and functioning evacuation alarm with a continuous sound to notify all employees about smoke and/or fire and to ensure a safe evacuation of the Service Providers facility(s) ⁽⁸⁾.

The alarm can be manually or automatically activated, but must after activation evoke a continuous signal by itself. The alarm must function also during power-cuts.

Note 8: The decision for determining a proper and suitable fire alarm is based upon; the Service Providers field of business, the size of the workplace, the degree of planning, as well as extent and ease that the workplace can be evacuated. In noisy environments the sound signal could be complemented by a light signal. The signal shall be possible to hear or observe in all parts of the buildings/premises.

6.7 Evacuation plan

The IKEA Service Provider shall have evacuation plans ⁽⁹⁾. An evacuation plan shall include a map where you can easily identify your present position and the way out. The plan shall show emergency exits, appropriate meeting area(s), locations of fire alarms and means to contact the fire brigade.

Evacuation plans shall be placed at appropriate designated locations. As a minimum, evacuation plans shall be available at the main entrance(s) of the building and, if there are several floors, at least one per floor.

Note 9: An evacuation plan is not needed for workplaces in which the size of the workplace, the risk involved, as well as the extent and ease of evacuation poses no potential risk to the safe evacuation of the employees.

6.8 Evacuation drills

The IKEA Service Provider shall perform fire drills at least once in every twelve-month period. These drills shall involve all operation shifts and departments.

In case of an evacuation, the IKEA Service Provider shall ensure that designated persons are responsible for performing a head count to ensure that all co-workers have evacuated the building and are accounted for.

Records of evacuation drills shall be maintained. Minimum requirements on recorded information are:

- 1) How long time it took to evacuate.
- 2) Date of the drill and who participated.
- 3) The result of the drill and any corrective actions needed.

7. Worker Health and Safety

7.1 Inspections by authorities

The IKEA Service Provider shall ensure compliance with inspection results presented by labour and health & safety authorities.

The required corrective actions shall be documented and completed within stipulated time.

7.2 Accidents and incidents

The IKEA Service Provider shall maintain records of work accidents and incidents ⁽¹⁰⁾, including corrective actions.

If required by law, the accidents shall be reported to the authorities.

Note 10: Incident = an event in the work place that could have resulted in an accident, e.g. a heavy object falling from height but nobody was injured.

7.3 Health and safety training

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

The IKEA Service Provider shall ensure that employees are aware of the safety risks in their respective working area.

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

The IKEA Service Providers shall keep records of the training.

7.4 Machine / vehicle safety devices.

The IKEA Service Provider shall ensure that all machines and other equipment used in the operations are equipped with the necessary and required ⁽¹¹⁾ safety devices in order to prevent employee injuries. Examples of safety devices are emergency stop buttons, gates and safety cages etc. aimed to prevent for injuries caused by crushing, squeezing cutting etc.

The IKEA Service Provider shall ensure all mobile equipment such as forklift, trucks and locomotives have wheels, tires and break systems that comply with laws and regulations. The wheels, tyres and break systems shall be in good working condition and well maintained.

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

7.5 Safety instructions

If there is a risk for health or injuries, the IKEA Service Provider shall ensure that safety instructions and/or warning signs ⁽¹²⁾ are clearly and visibly posted at designated work areas(s), in close proximity to machines and other equipment and at entrances to such area(s) where such machine(s) or equipment are used.

The IKEA Service Provider shall ensure that all its employees follow instructions and warning signs.

Note 12: Risks and hazards can either be described in the form of figurative signs or described in a written instruction or procedure. The warning signs shall also show what kind of PPE to be used and where.

7.6 Safety hazards

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

The IKEA Service Provider shall make sure that other occupational hazards of an immediate character are avoided, e.g.

- severely damaged staircases.
- dangerous electrical wires close to workers.
- big holes in the floor.
- unsafe storage of LPG (Liquefied Petroleum Gas) or similar extremely flammable products.
- gas tubes standing loose on the floor and without collars around the valve.
- trucks, fork lifts etc. driving at a too high speed.
- footpath not separated from driving area(s)
- etc.

7.7 Use of Personnel Protective Equipment

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

The IKEA Service Provider shall provide the appropriate personnel protective equipment (PPE) ⁽¹³⁾, free of



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charge, to all employees working in any harmful or potentially risky work area(s). The IKEA Service Provider shall ensure that the PPE is maintained.

The IKEA Service Provider shall ensure all employees wear the PPE when working in or in close proximity to any harmful or potentially risky work area(s).

The IKEA Service Provider shall always pay for PPE and any special clothes required to be worn at work. PPE shall also be provided for visitors.

Note 13: *Protective equipment for eyes, hands, feet, ears, hearing, body and breathing.*

7.8 PPE signs

The IKEA Service Provider shall ensure that areas where PPE are to be used are clearly marked (e.g. with symbols for helmet, earmuff, gloves, mask, goggles etc.).

7.9 First aid equipment

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

The first aid equipment shall be adequately stocked and available to co-workers. The extent of the first aid equipment shall be based upon the size of the facility, the extent of the activities performed as well as the potential risk of injury. Each floor, each building and each vehicle (trucks and locomotives) shall have at least one first-aid box placed in a designated area.

The first aid box shall be available during all work shifts.

7.10 First aid trained persons

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

The IKEA Service Provider shall have at least one first aid trained employee present during working hours covering all shifts. First aid trainers shall be certified trainers, doctors or nurses.

7.11 Internal air quality

The IKEA Service Provider shall comply with all relevant and applicable laws and regulations pertaining to internal air quality (fumes, particles and appropriate ventilation).

7.12 Temperature

The IKEA Service Provider shall comply with all relevant and applicable laws and regulations pertaining to temperature⁽¹⁴⁾ levels in the workplace.

Note 14: *In tropical or sub-tropical areas, the outside temperature is acceptable as the workplace temperature provided that there is a roof that provides shade and protection from sunlight. Fans shall be used to ease the heat.*

7.13 Workplace noise

The IKEA Service Provider shall comply with all relevant and applicable laws and regulations pertaining to noise levels in the workplace.

7.14 Work place light

The IKEA Service Provider shall comply with all relevant and applicable laws and regulations pertaining to lighting levels in the workplace.

7.15 Drinking Water

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

7.16 Hygiene

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

7.17 Alcohol and drugs

The IKEA Service Provider shall have an anti alcohol and drug policy and shall actively work to make sure it is communicated to and recognised by all employees.

8. Housing Facilities

8.1 Requirements for housing

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

Employees, for whom accommodation is provided, shall be provided with his/her own individual bed/mattress or sleeping mat.

The living space provided per individual shall be according to the legal requirements, and if there are no such requirements, the average area for each person should not be less than two square metres.

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

Fire safety for housing facilities

Demands as per section 6.

9. Wages, Benefits and Working Hours

9.1 Contracts

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

A written contract shall contain everything specified in local legislation and, as a minimum, the following: Employer, name of co-worker, birth date, position, salary, working hours, overtime compensation, benefits and notice time⁽¹⁵⁾.

Note 15: *Information about working hours, overtime compensation, benefits and notice time can be described in an Employee Handbook or similar.*

9.2 Payrolls and attendance records

The IKEA Service Provider shall maintain payroll and attendance records pertaining to the documented payment of wages and working hours and, when applicable, driving hours for each employee, including piece-rate and temporary workers.

The IKEA Service Provider shall - upon request - make the above mentioned records available during the course of an IWAY Audit⁽¹⁶⁾.

The IKEA Service Provider shall - prior to employment - provide written information to the employee (this also counts for temporary workers) regarding wages and the terms of employment. In conjunction with the payment of



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wages at regular intervals, the employee shall receive details of the wages, including overtime hours, and other legal or agreed upon deductions.

Note 16: Payroll records are to be seen as confidential records and shall be handled according to applicable legislation.

9.3 Working hours and overtime

The IKEA Service Providers shall not require their employees to work more than sixty hours per week on regularly scheduled basis, including overtime. Working time⁽¹⁷⁾ and/or driving time shall not exceed the legal limit.

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

Overtime hours shall be on a voluntary basis. IKEA can under certain circumstances, well defined in the local legislation and/or agreed with local trade union, accept that overtime hours can be mandatory and decided by the management of the Service Provider.

Note 17: Working time for vehicle driver's covers not only time spent at the wheel, but also activities such as loading, maintenance and cleaning. Periods of mere attendance or stand-by, either in the vehicle or at the workplace and during which the driver is not free to dispose of the time as he/she please, are to be regarded as working hours.

9.4 Minimum wage

The IKEA Service Provider shall pay its employees with no less than the applicable minimum wage. The minimum wage shall be paid as per local legal demands (based on legally stipulated standard working hours).

9.5 Overtime pay

Employees shall be compensated for all overtime hours worked according to the legal requirements,

Employees shall receive details of wages on pay-slips, including information regarding overtime hours and any deductions made.

9.6 Regular payments

Wages shall be paid at regular intervals and on time with respect to work performed, according to local legislation. Wages shall be paid at least monthly. The IKEA Service Provider shall not withhold co-workers' salary.

9.7 One day off in seven

Employees shall have at least one day off in seven.

9.8 Leaves

Employees shall have time off from their job according to applicable legislation, local traditions and standards (e.g. sick/medical leave, annual/earned leave, maternity leave, national holiday's etc.).

9.9 Breaks

The IKEA Service Provider shall provide its employees with appropriate time off for meals and breaks. At least one break per day and shift should be 30 minutes or more, if not otherwise agreed in writing between the IKEA Service Provider and the employees (e.g. through an agreement with the local union or workers representatives).

For vehicle drivers, the IKEA Service Provider shall ensure that drivers are entitled to breaks and resting hours that are legally required.

9.10 Benefits

The IKEA Service Provider shall provide its employees with all legally mandated obligations to which they are entitled. These could be medical insurance, social insurance, pensions, accident insurance on drivers and vehicles etc.

If the IKEA Service Provider carries out cross border activities and has an employee placed or acting in a territory or state other than the one in which he/she normally works, the employee shall be compensated for additional costs.

10. Child Labour

10.1 Prevention of child labour (Start-up requirement)

Child labour is defined as work performed by children, which interferes with a child's right to healthy growth and development and denies him or her the right to quality education. The IKEA Service Provider shall not make use of child labour⁽¹⁸⁾. All measures to avoid child labour shall be implemented taking into account the best interests of the child.

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

The IKEA Service Provider shall take the appropriate measures to ensure that no child labour occurs at their own place of operation or at sub-Service Providers place(s) of operation⁽¹⁹⁾.

The IKEA Service Provider shall maintain a Labour force register including date of birth for all the co-workers.

Note 18: According to ILO Minimum Age Convention no. 138 (1973), a child is defined as any person less than fifteen years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If the local minimum working age is set at fourteen years of age in accordance with exceptions for developing countries, the lower age will apply.

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

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

Note 19: If child labour is found in any place of production, IKEA will require the Service Provider to establish a corrective action plan. The action plan shall take the child's best interests into consideration, i.e. family and social situation and level of education. Care shall be taken not merely to move child labour from one Service Provider's workplace to another, but to enable more viable and sustainable alternatives for the children

10.2 Young Workers

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



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11. Forced & Bonded Labour

11.1 Forced and bonded labour (Start-up requirement)

The IKEA Service Provider shall not make use of forced⁽²⁰⁾, prison⁽²¹⁾, bonded⁽²²⁾, indentured or involuntary labour⁽²³⁾.

The IKEA Service Provider shall allow its employees to freely leave the premises when their work shifts ends. The IKEA Service Provider shall not withhold ID cards, passports or require deposits (e.g. for working clothes or uniforms).

If employment contracts are terminated according to agreed notice time, the IKEA Service Provider shall not make any salary deductions for workers who leave.

Note 20: Forced labour is understood as all work or service that a person is compelled to carry out under any treat of punishment or confiscation of any personal belongings, such as ID card, passport etc., and for which work the said person has not offered him/herself voluntarily.

Note 21: Use of state or military prisoners at the Service Provider or at sub Service Provider is prohibited.

Note 22: Bonded labour is understood as labour not only physically bonded, but also bonded by financial debts, loans or deposits.

Note 23: If guest workers or temporary labour are employed on a contractual basis, such workers shall never be required to remain employed against their own will, for any period beyond the agreed time of the contract. The Service Provider shall pay all commissions and other fees to the recruitment agency in connection with their employment.

12. Discrimination

12.1 Discrimination

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

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

13. Freedom of Association

13.1 Labour union

The IKEA Service Provider shall ensure that employees are not prevented from associating freely.

13.2 Collective bargaining

The IKEA Service Provider shall not prevent employees from exercising collective bargaining⁽²⁴⁾.

Note 24: Collective bargaining is defined as negotiations between employer and employees representatives (freely and independently chosen by the employees).

14. Harassment, Abuse and Disciplinary Actions.

14.1 Punishments and appeal

The IKEA Service Provider shall not engage in or support the use of; corporal punishments, threats of violence, other forms of mental or physical coercion, or engage in sexual harassment.

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

15 Continuous Improvements

15.1 Health & Safety improvements

(For operations in IKEA owned premises, the IKEA Risk Manual demands apply).

The IKEA Service Provider shall ensure and demonstrate continuous health and safety improvements in various areas through the formation of a Health & Safety Committee aiming at

- reducing the number of incidents and accidents.
- Increasing workers involvement in improving their working environment.

The Health & Safety Committee shall follow up accident and incident reporting and ensure measures are taken to prevent recurrence. It shall identify the need for training of co-workers, perform regular inspections of the work environment and ensure that deficiencies are addressed. Inspections shall be done at least once every quarter. The committee shall also make sure that the IKEA requirements (e.g. the IWAY Standard) are available for the co-workers.

The Health & Safety Committee shall include co-workers as well as management, with at least 50% participation of co-workers. It shall have regularly scheduled meetings at least once every quarter. The results of the meetings shall be documented and made available for all employees.

Results from Health & Safety Committee inspections and meetings will be reviewed by IKEA during Service Provider visits and IWAY audits.

15.2 Environmental improvements

The IKEA Service Provider shall ensure and demonstrate continuous environmental improvements, relative to increases in operations, in various areas e.g. reduction of:

- Emissions to air.
- Discharges to ground and water.
- Hazardous and non-hazardous waste
- The use of natural resources e.g. energy, raw materials, chemicals etc. as well as working to reduce and replace the use of fossil fuels.

The IKEA Service Provider shall also continuously work to replace hazardous substances with less hazardous (i.e. applying to the substitution principle).

15.3 Fulfilment of current Environmental demands

The IKEA Service Provider shall ensure compliance to the IKEA specific environmental requirements



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expressed in the, for the art of operations relevant
Staircase Model.