



IKEA Services AB

Issued by:
Thomas Bergmark

Approved by:
Anders Dahlvig

Date: January 10, 2007

Edition: 3

Date of 1st edition: August 31, 2000

THE IKEA WAY ON PURCHASING HOME FURNISHING PRODUCTS (IWAY)

1. The IKEA Code of Conduct - IWAY

“The IKEA Way on Purchasing Home Furnishing Products” is our code of conduct. It describes minimum requirements on social and working conditions, together with environmental demands, at suppliers of the IKEA range. It has been established in order to make the IKEA position clear to suppliers and their co-workers, as well as any other parties. It is based on the eight core conventions defined in the Fundamental Principles and Rights at Work, ILO declaration June 1998 and the Rio Declaration on Environment and Development 1992. Further, IKEA recognises the fundamental principles of human rights as described in the Universal Declaration of Human Rights (United Nations 1948).

IKEA has also adopted a long-term sustainability direction, stating that the IKEA business shall have an overall positive impact on people and the environment.

2. The IKEA Concept

Our Vision

To create a better everyday life for the many people.

Our Business idea

We shall offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

This shall be achieved by

- Efficient product range development and by adapting product design to production conditions.
- Efficient distribution in combination with a caring meeting with the many people.
- A strict cost-consciousness in all areas of our business.

3. Customers and Suppliers in Focus

We have decided once and for all to side with the many. This is an objective that carries obligations. We want to offer our customers low prices for well-designed and functional home furnishing products of good quality, manufactured under acceptable working conditions by suppliers that care for the environment.



IKEA Services AB

IKEA is a production-orientated retailing company. We strive to build long-term relationships with suppliers that share our commitment to promote good practices, and who want to grow and develop together with IKEA.

Suppliers can *expect IKEA to*:

- be reliable,
- adapt our products to production demands,
- contribute to efficient production,
- care for the environment,
- support material- and energy saving techniques,
- take a clear standpoint on working conditions,
- respect different cultures,
- have clear and mutually agreed commercial terms.

4. Producing for IKEA Includes the Following Requirements

I. Legal Requirements

Suppliers must comply with national laws and regulations and with international conventions concerning social & working conditions, child labour and the protection of the environment.

II. Social & Working Conditions

IKEA expects its suppliers to respect fundamental human rights, to treat their workforce fairly and with respect.

Suppliers must agree to:

- provide a healthy and safe working environment,
- pay at least the minimum legal wage and compensate for overtime,
- ensure reasonable privacy, quietness and personal hygiene, in those instances where housing facilities are provided.

Suppliers may not:

- make use of child labour (please refer to “The IKEA Way on Preventing Child Labour”),
- make use of forced or bonded labour,
- discriminate,
- use illegal overtime,
- prevent workers from associating freely with any workers’ association or group of their choosing or collective bargaining,
- accept any form of mental or physical disciplinary action, including harassment.

III. Environment and Forestry

Suppliers must agree to:

- work to reduce waste and emissions to air, ground and water,
- handle chemicals in a safe way,



IKEA Services AB

- handle, store and dispose of hazardous waste in an environmentally safe manner,
- contribute to the recycling and reuse of materials and products,
- use wood from known areas and, if possible, from sources that are well managed and preferably independently certified as such.

Suppliers may not:

- use wood originating from national parks, nature reserves, intact natural forests or any areas with officially declared high conservation values, unless certified.

5. Implementation

IKEA suppliers must communicate the content of the “The IKEA Way on Purchasing Home Furnishing Products” to co-workers as well as sub-contractors, and ensure that all measures required are implemented accordingly.

Via a network of Trading Service Offices, IKEA supports their suppliers to improve their operations and practices. Believing in long-term relationships, IKEA does not break off relations due to non-compliance only, as long as there is a willingness to improve in the right direction with an agreed plan of action to comply with the IKEA requirements within an agreed time frame. Repeated violations of the IKEA requirements will result in the termination of business with the supplier concerned.

6. Support and Monitoring

The IKEA Trading Service Offices have the direct responsibility to support and monitor the suppliers. To ensure compliance with the requirements and to support and follow up developments on a global basis, IKEA has formed a global Compliance and Monitoring Group.

Through the General Purchasing Conditions for the supply of products to the IKEA Group of Companies, IKEA has reserved the right to make unannounced visits at any time to all places of production (including their sub-contractors) for goods intended for supply to IKEA. The IKEA Group furthermore reserves the right to assign, at its sole discretion, an independent third party to conduct inspections in order to ensure compliance with our code of conduct.

References

- “The IKEA Way on Preventing Child Labour” – our child labour code of conduct
- The IWAY Standard - a complete specification of our minimum requirements

This is a living document, and as we gain more experience and learn, it will be revised.