

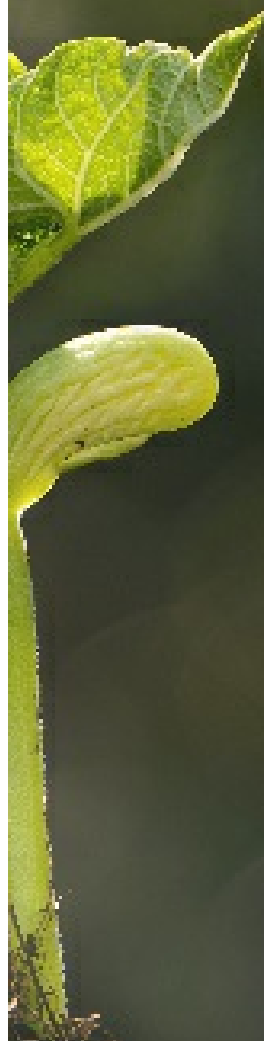


Report on

Responsible Business Conduct 2021

for IKEA AS

□



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business has a major impact on people, society and the environment. It can make positive contributions to development but can also have negative impacts and cause harm. Companies therefore play a key role in achieving the UN's Sustainable Development Goals (SDGs). The Norwegian government expects all companies, regardless of size, to map, prevent, limit and communicate on how they handle risks for negative impact, as well as remediation mechanisms in cases of harm on people, societies or the environment. This is known as due diligence and applies to the private and public sector as well as organizations. As a consequence of the recently passed Transparency Act (åpenhetsloven), all larger corporations are obliged by law to conduct due diligence and show transparency in this work from 1 July 2022.

Members of Ethical Trade Norway have committed themselves to work with mandatory due diligence for responsible business practice. The foundation for this work is Ethical Trade Norway's Declaration of Principles (code of conduct) which covers the areas decent work, human rights, environment/climate, anti-corruption and animal welfare.

The reporting template is designed for the company to show transparency in their work on responsible and sustainable business practice, as described in the UN Guiding Principles (UNGPs) and the OECD Guidelines for Multinational enterprises. The report should show how the company works with due diligence, and describe what challenges the company faces, which measures are being implemented to handle these challenges, as well as progress and results. All member reports are publicly available on Ethical Trade Norway's website.

Heidi Furustøl

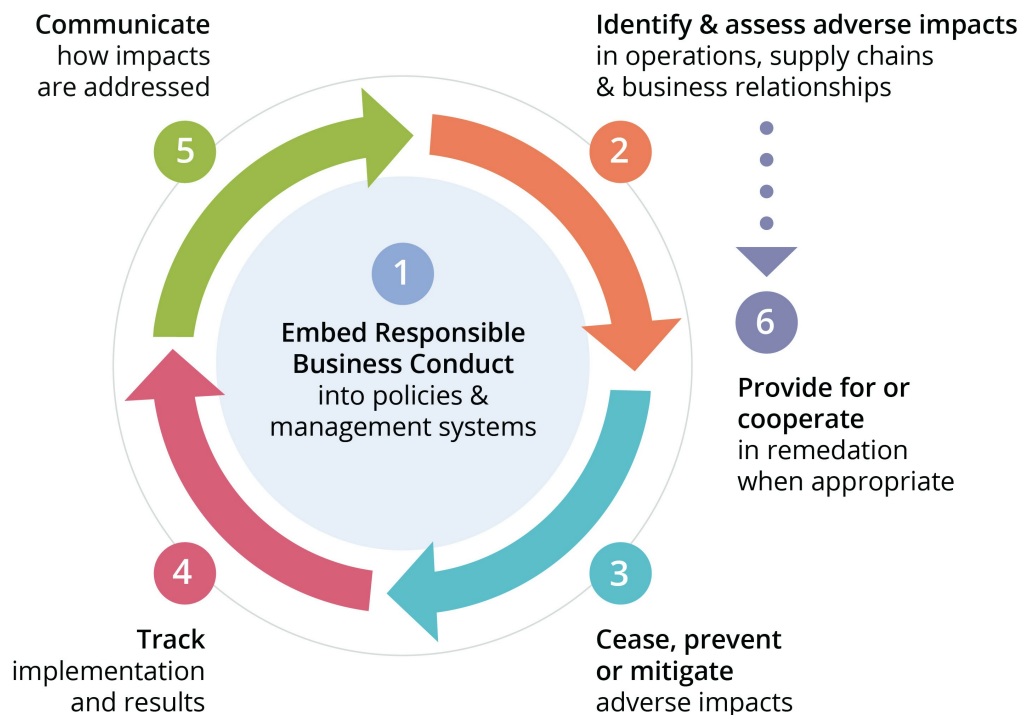
Executive Director

Ethical Trade Norway

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

IKEA's vision is to create a better everyday life for the many people. We are passionate about life at home and love bringing inspiring, affordable and sustainable home furnishing to people with big dreams and thin wallets.

When we say the many people, we are not just talking about our customers. The IKEA value chain touches millions of lives around the world, and across every link of that chain we're committed to respecting and supporting human right. We know that everything we do affects people and the environment and that's why we work, in every country around the world, with a set of ethical guidelines called IWAY, "the IKEA Way." – how IKEA purchases products, materials and services. They apply to all suppliers and service providers in our value chain. IWAY is based, among other things, on the International Labour Organization (ILO) and the UN Declaration of Human Rights, on current legislation and on IKEA's values.

"IKEA and all our subcontractors shall follow our ethical guidelines IWAY covering safety aspects, labor rights, animal welfare and environmental protection. We carry out audits through IWAY with our suppliers in Norway.", Carl Aaby, CEO of IKEA AS, says.

We are proud of these guidelines, which we know help us make good choices for people and the environment so that every day we really work to create a better everyday life for the many people.

So, what does a better everyday life mean for us? That means enabling even more people to create a better life at home, by making a healthy and sustainable life affordable for the many, not just the few. It means being a fair, inclusive and value-driven company that creates positive change for the home we all share. As we take care of humans and the planet, we can make a significant and lasting change — today and for future generations.

We are taking big steps throughout our business to achieve our goal of becoming climate-positive and 100% circular by 2030, while making it easier for our customers to live more sustainably. We work with this throughout the value chain, and in addition we have a great focus on how we use our resources. Using resources efficiently has always been part of how we work at IKEA. In Norway, we have, among other things, launched "IKEA buys back", where we buy back furniture you no longer use, "spare parts online", where you can receive spare parts for free, directly in your mailbox. These are two steps we have taken to extend the life of our products, and the service has been a welcome addition to extend the life of the furniture.

We know that our size gives us a great responsibility – and a great opportunity – to make a difference. It's a responsibility we're happy to take.

Carl Aaby

Country Retail Manager & CSO

Company information and business context

Key company information

Company name

IKEA AS

Head office address

Nesbruveien 42, 1396 Billingstad

Main brands, products and services offered by the company

IKEA retailer of home interior products and services, operation of IKEA cafés and restaurants and online shop at ikea.no

Description of company structure

IKEA AS (Norwegian entity) is a part of Ingka Holding BV, which is one of the franchisees who has an agreement with Inter IKEA Systems BV. Inter IKEA systems BV is the franchisor, and owner of the concept and brand name IKEA, while Ingka Holding BV is responsible for providing home interior products, services and the IKEA brand to the end customer. IKEA AS is indirectly owned by Ingka Holding BV.

IKEA Supply AG is the distributor and producer of products sold by IKEA AS, while IKEA of Sweden AB is the designer of the products and brand communication.

When Ingvar Kamprad founded IKEA in Älmhult, Sweden, in 1943, it sold products by mail order. IKEA AS is part of the Ingka Holding BV, which is the biggest franchisee of the IKEA concept. Ingka operates 390 stores and 27 store concepts worldwide, including the Norwegian stores.

IKEA AS first opened its doors in Norway in 1963, and we currently have stores in Oslo, Asker, Bergen, Stavanger, Trondheim, Lillesand and Ringsaker. In addition, we have a separate planning studio in Akersgata in Oslo city centre.

Our business has a non-standard financial year that runs from 1 September to 31 August, hence the financial results and the entire report are for FY21 (1.9.2020 - 31.8.2021).

Turnover in reporting year (NOK)

8 944 457 139

Number of employees

3 241

Major changes to the company since last reporting period

We have a new Country Retail Manager & CSO Carl Aaby, replacing Clare Rodgers.

Contact person for the report (name and title)

Irena Olsen Vasickova

Email for contact person for the report

irenaolsen.vasickova@ingka.ikea.com

Supply chain information

General description of the company's sourcing model and supply chain

IKEA AS purchases products from IKEA Supply AG. IKEA AS is part of Ingka Holding BV (also described as Ingka group in the report), who is a franchisee for Inter IKEA Systems B.V.

Inter IKEA Systems B.V. owns IKEA Supply AG. IKEA AS purchases the products from IKEA Supply AG, who is the importer of our products and deliver them our stores and the distribution centers of national transport suppliers. IKEA AS is a retailer who sells the products to the end customer.

IKEA AS has a direct contracts with several suppliers for services provided locally, such as delivery, assembly, security etc.

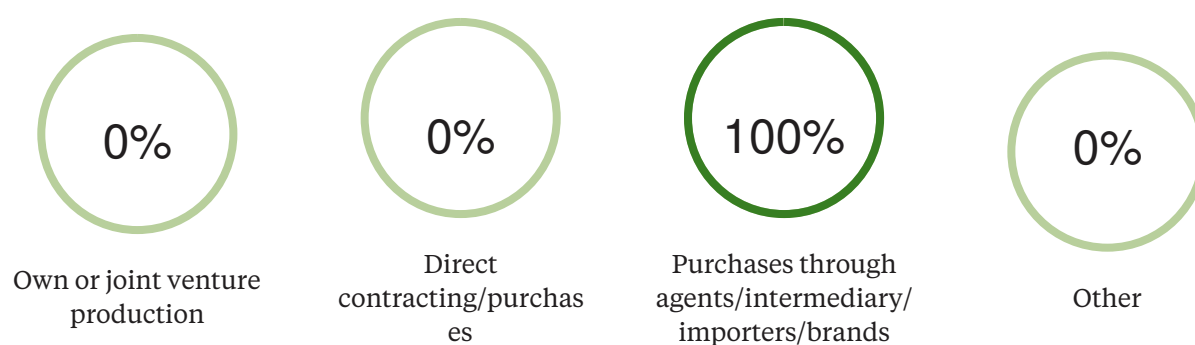
Number of suppliers with which the company had commercial relations in the reporting year

970

Comments

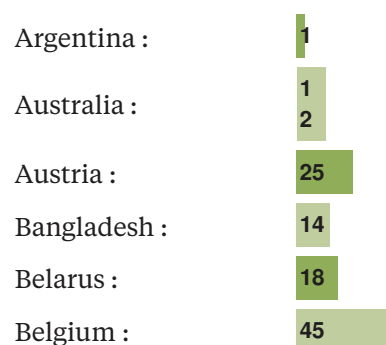
This is the number of suppliers in Norway, that IKEA AS conducts business directly with. This does not include first-tier producers of IKEA products.

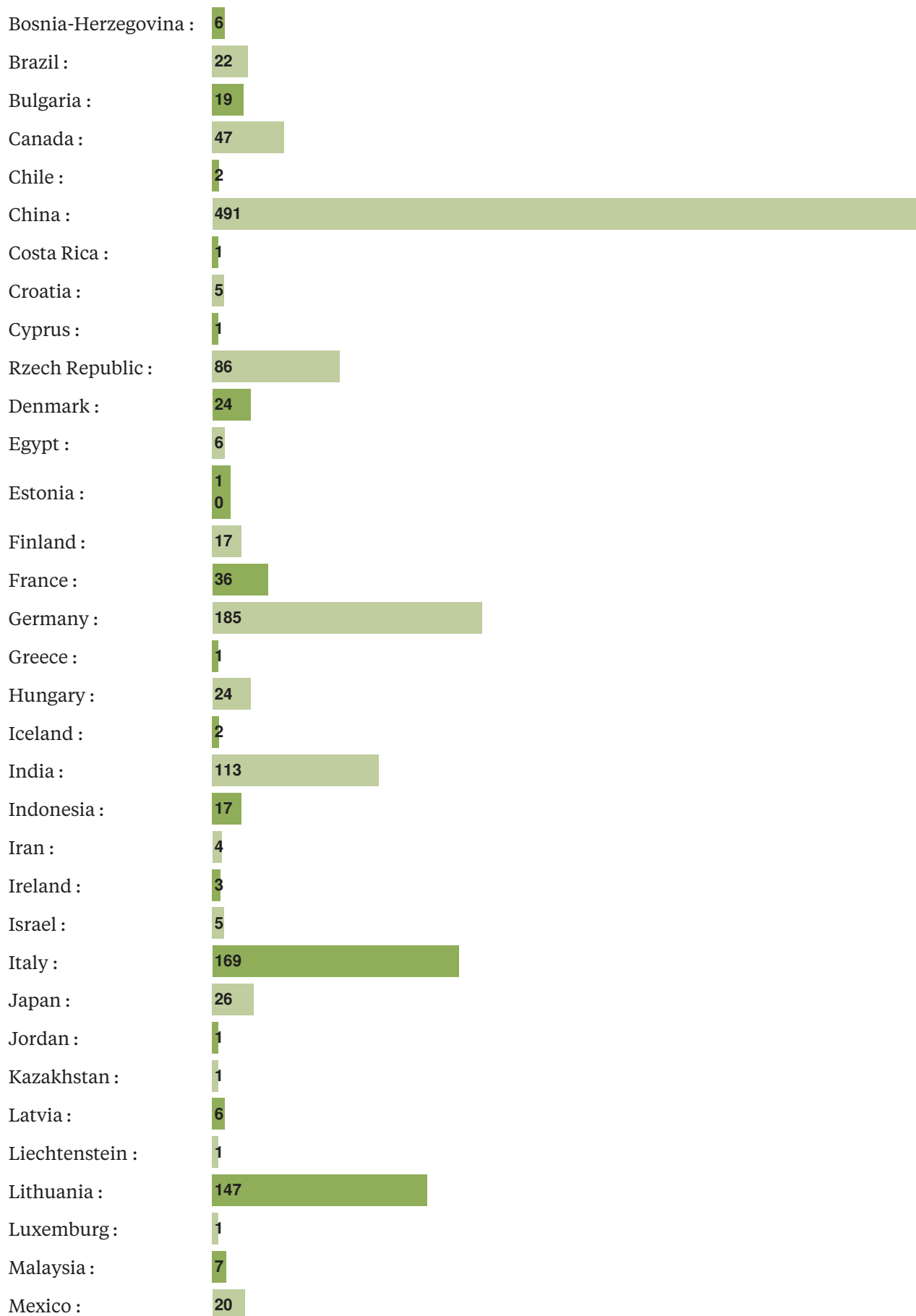
Type of purchasing/ suppliers relationships

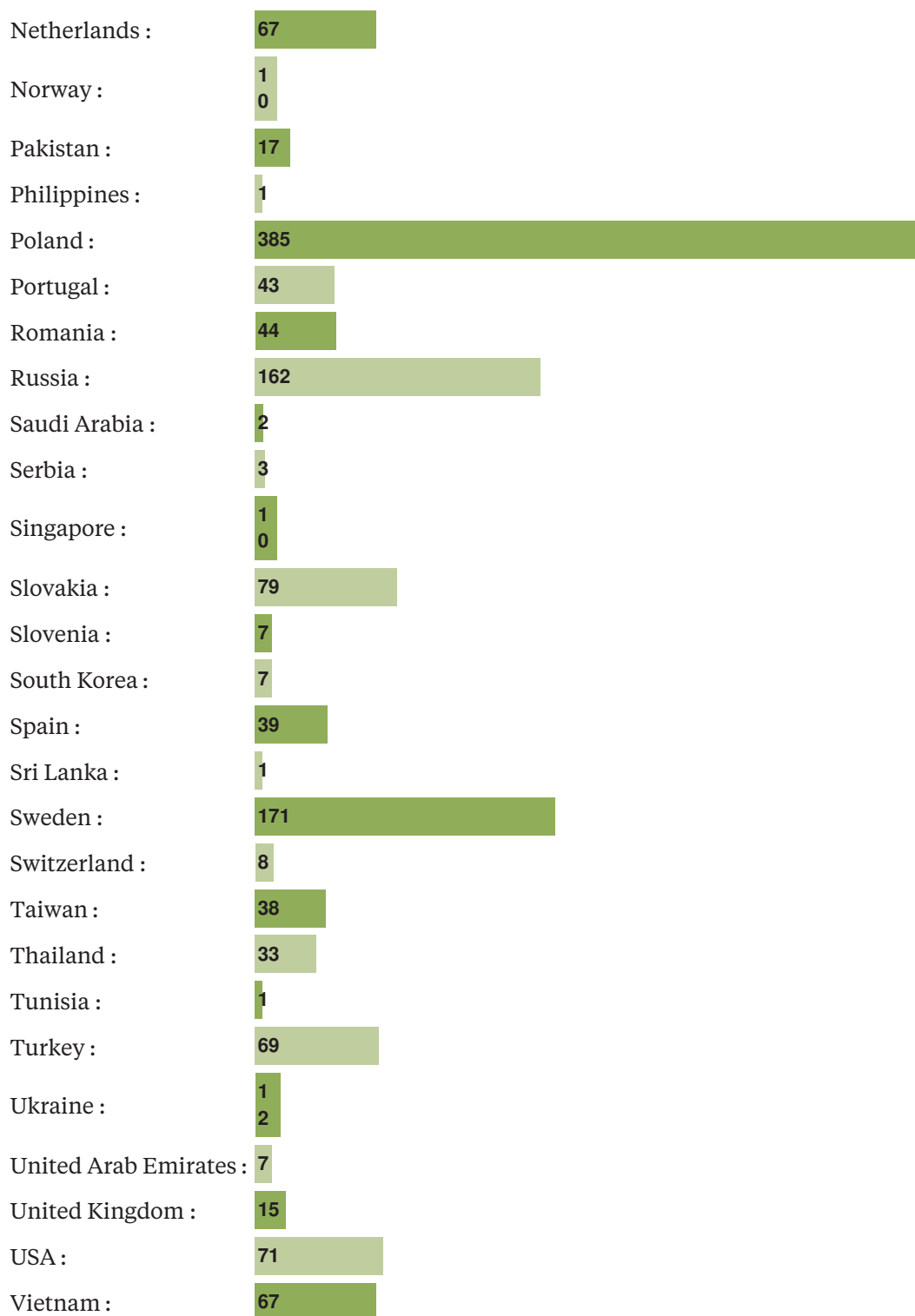


We are purchasing our products from IKEA Supply AG. Suppliers that we are using in Norway are providing services and products enabling retail operations, not products that are sold to the end customer, with the exception of some IKEA Food products.

List of first tier suppliers* (producers) by country







List of direct suppliers to Inter IKEA Systems B.V. (producing home furnishing products that IKEA AS sells in Norway). This list is of all suppliers, not exclusively those who produce products sold in Norway.

Some of the high-risk countries suppliers might be producing only for Ingka franchises in those countries (for example Saudi Arabia). However, all suppliers must be compliant with IWAY (supplier code of conduct), meaning they need to follow basic human rights and workers rights regarding health and safety. Inter IKEA Systems B.V. is regularly checking that the suppliers are not in war zones or on black lists.

Regarding the suppliers affected by ongoing war in Ukraine, it is first and foremost a human tragedy, and our deepest empathy and concerns are with the millions of people impacted. The company groups have decided to

temporarily pause IKEA operations in Russia.

This means that:

- Inter IKEA Group has taken the decision to pause all export and import in and out of Russia and Belarus.
- Inter IKEA Group has taken the decision to pause all IKEA Industry production operations in Russia. This also means that all deliveries from all sub-suppliers to these units are paused.
- Ingka Group has taken the decision to pause all IKEA Retail operations in Russia, while the shopping centre Mega, will continue to be open to ensure that the many people in Russia have access to their daily needs and essentials such as food, groceries and pharmacies.

State the number of workers at first tier producers that the company has an overview of, and the number of suppliers this overview is based on:

Number of workers

978 132

Number of suppliers this overview is based on

2 000

Antall arbeidere per produsent

490

Comments to number of workers

Based on approximately 2/3 of our direct supplier base

Key inputs/raw materials for products or services and associated geographies



A detailed list of key inputs per geography can be found in risk assessment file.

Is the company a supplier to the public sector?



1

Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies* and guidelines for due diligence for responsible business conduct (hereafter due diligence) which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to success, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the company has for itself, challenges they are facing, and how these are managed is fundamental

1.A Policy* for own business

1.A.1 Link to publicly available policy for own business

<https://www.ingka.com/reporting/better-company/meeting-the-highest-standards-of-integrity-and-business-ethics/>

1.A.2 What does the company say publicly about its commitments to respect people, society, the environment and climate?

At Ingka Group, we are led by our values, our strong IKEA culture and our vision to create a better everyday life for the many people.

We want to run our business honestly and with integrity, meeting high ethical standards in our interactions with each other, our customers, visitors, suppliers and the world around us. We have zero tolerance for bribery or corruption in any form.

We only work with suppliers and service providers who respect our values, uphold our standards and want to have a positive impact on societies and communities. Suppliers must adopt the IKEA supplier code of conduct – known as IWAY – and ensure their suppliers understand and apply our standards too.

All policy documents relevant for IKEA franchisees can be found here: <https://www.inter.ikea.com/en/how-we-do-business/ethics-and-integrity/code-of-conduct>

The planet is our only home. And our home needs us now more than ever. Inequality risks making it unaffordable. Intolerance risks making it unwelcome. And climate change, uninhabitable. But home has always been what we make of it. And we're determined to help a billion people live better everyday lives. Our commitment to contribute to a better planet is described in our Sustainability strategy Welcome 2030. Our sustainability strategy is described in Norwegian here: <https://www.ikea.com/no/no/this-is-ikea/sustainable-everyday/baerekraftsmalene-vare-pubb01a1de0>

1.A.3 How has the policy/commitment been developed and how is it embedded in the company?

The Ingka and IKEA policies are a mandatory requirement for any business operating under the IKEA brand. When the company was established, the policies were part of the agreement and signed off by a board at the time. All subsequent updates to company policies are presented and then signed off by the company board.

Our Code of Conduct is reflecting IKEA values and every new co-worker is required to complete a training on Code of Conduct, with refreshing training every 2 years; to ensure our values and sustainable business practice is spread throughout the entire company.

IWAY, code of conduct for suppliers is based on UN Guiding Principles for Business and Human Rights and anchored across the company on both global and local level. It is mandatory that all IKEA suppliers which we have contractual agreements with, sign and follow IWAY-guidelines.

1.B Organisation and internal communication

1.B.1 How is the due diligence work organised within the company, and why?

Our vision is to create a better everyday for the many. Our Sustainability strategy is an integrated part of our business. Sustainable and healthy life; circular and climate positive and fair & equal treatment of our employees, suppliers, customers and communities is at the heart of our Sustainability strategy.

Overall responsibility for our Sustainability strategy and execution has the Country Retail Manager & CSO for Norway, who is also a Chief Sustainability Officer. This responsibility is shared with 7 market managers, each responsible for Sustainability strategy and execution in their respective stores and local areas. On top of that, the work with sustainability and due diligence is distributed across several roles. Each area (diversity, code of conduct, supplier code of conduct, etc.) has a clear ARC (accountable-responsible-contributor) structure, regular meeting points and reporting. Our co-workers receive training in both sustainability and business code of conduct, and they are encouraged to speak up freely, should they see an error in the processes. In FY21 we implemented an online tool for all co-workers to be able to report any suspicions on code-of-conduct breach or errors in the process they might encounter. We have also several engaged Sustainability ambassadors in each store, spreading engagement and creating sustainable initiatives from the bottom up.

IKEA AS has a sustainability team consisting of Sustainability Manager and Sustainability Business Partner. This team is part of the Business Development & Innovation department, and is working with the direction and country strategies as well as supporting the units with local implementations of sustainability actions. Furthermore, the team is working with innovation and new projects contributing to IKEAs sustainability goals.

One of our key values is to Lead by example and we believe that being a good company is a good business. Our decision to be structured about our sustainable strategies and due diligence is an important part of the IKEA brand and a firm belief that this is the only way how to continue a sustainable business growth.

1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

Work with sustainability and code of conduct has a clear ARC (accountable-responsible-contributor) structure, which is defined as part of job description for affected roles. To ensure that all stakeholders are informed, regular meeting schedule is in place. These stakeholders have meetings to discuss status and potential issues and how to address them. In addition we hold company all employee meetings where all co-workers are informed about status on relevant sustainability KPI's. It is a responsibility of Market Managers in stores to ensure that all co-workers are informed about the progress on relevant KPI's.

Each co-worker receives training on Code of conduct during their onboarding, furthermore IKEA introduced mandatory Sustainability training. Those working with suppliers are obliged to take IWAY (IKEA code of conduct for suppliers) training on a regular basis.

INGKA has a team of specialists working with supplier Code of Conduct IWAY, who are doing risk assessment and reviews at suppliers. This team has the due diligence work as part of their yearly goals.

1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

All co-workers are requested to take two trainings:

- Code of Conduct training as part of their onboarding, refreshed every 2 years. Part of this training is a training about our Code of Conduct for suppliers (IWAY)
- Basic Sustainability at IKEA awareness training, explaining IKEA's goals and vision for 2030 as well as examples of sustainable actions already put in place and how can each co-worker contribute to IKEA's sustainability goals

Co-workers working specifically with these topics, such a procurement, are taking further trainings. F.ex. Anti-bribery course, going more in depth than what is covered in Code of Conduct training.

The level of completion of these training and regular refreshments of this training is measured and controlled each year during IKEA review process.

1.C. Plans and resources

1.C.1 How are the company's commitments to respect people, society and the environment embedded in strategies and action plans?

Our Sustainability strategy is well integrated in our organization and amongst our co-workers. Our ambition to become 100% circular and climate positive within 2030 is the driving force of our action plans with clear goals and actions. On a local level, we have working groups defining actions per tertial (4 month period). These actions contribute to one of our three goals in the Sustainability strategy: 1) Healthy and Sustainable living for the many 2) Circular and climate positive 3) Fair & equal in IKEA and IKEA supply chain.

Action plan is followed up monthly and the results are presented on tertial meetings to the entire IKEA Norway organization. The management is following up on the KPI's.

The products we sell should represent something positive. Which is why we do not select our suppliers based on price/quality only, but also that in the fact that the required environmental standards are in place and everyone in the process is treated fairly. For us, this is a natural way of working to create a better everyday for the many people. Therefore apply our standards for all our suppliers and service providers across the value chain, including service providers to the stores, distribution centers and facilities as well as suppliers of food, transportation, home furnishing and its components.

To achieve these goals, we have developed IWAY (supplier code of conduct). IWAY is based on international treaties and commitments for human rights, protection of environment and workplace safety; and on IKEAs values and applicable laws.

We conduct regular risk assessments and audits to ensure that IWAY is followed. This work is summarized and communicated to the stakeholders and the management three times a year in a meeting forum.

1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and the board?

Part of IKEAs strategy is to create a positive impact on people, society and the planet. This focus is the guiding star for boards and management teams all across the IKEA world and it is imprinted in all the local strategies. This is true for IKEA AS as well. Our Sustainability strategy and action plans connected to it, is followed up by the management team. The management team is responsible for the KPI's.

All actions (related to sustainability strategy and other strategies) are collected in one common business plan, which is assessed every tertial. Our goals, progress and results are regularly followed up in the organization by the relevant stakeholders. Results are summarized and reported on once a month.

Strategies, actions and results are discussed and followed up in the board meetings, which happen two times a year.

1.D Partnerships and collaboration with business relationships, suppliers in particular

1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

We work with thousands of suppliers to help run our business – from companies providing construction, security and cleaning services, to home delivery providers and product assembly businesses. We choose to work with suppliers and service providers who share our values, uphold our standards and seek to have a positive impact on societies and communities.

Our suppliers must comply with IWAY, the IKEA way for responsibly procuring products, services, materials and components, and ensure their own suppliers understand and meet the requirements too. Our Global IWAY Forum steers the development and implementation of IWAY and we have Country IWAY Forums, with members from our procurement, business risk, compliance and distribution teams. Our IWAY Calibration Group which reports to the Global IWAY Forum – monitors and manages IWAY implementation and verification.

IWAY sets out mandatory requirements for all suppliers and service providers that we work with. It covers environmental, social and working conditions. The latest version of IWAY (introduced in September 2020) was updated to cover topics such as biodiversity and conservation, animal welfare, and an increased focus on the competence development of workers. IWAY is one of the key ways we seek to mitigate human rights risks across our supply chain.

What is IWAY?

IWAY is our supplier code of conduct – the IKEA way for responsibly procuring products, services, materials and components.

It sets minimum requirements on environmental, social and working conditions. These are based on the Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, the eight core conventions defined in the ILO Fundamental Principles of Rights at Work (https://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_711674.pdf) and the Ten Principles of the UN Global Compact (<https://www.unglobalcompact.org/what-is-gc/mission/principles>), as well as the UN Guiding Principles on Business and Human Rights (UNGPs) (https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf) and UN Sustainable Development Goals (SDGs) (<https://sdgs.un.org/goals>).

More than 20 years of working with IWAY has enabled us to build a credible and robust system that we can rely on to support, challenge, and actively work with together with our suppliers.

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 is structured around 10 principles which reflect the IKEA standpoints on different environmental and social topics:

IWAY principles:

- 1) IWAY principles are supported by effective routines and open dialogue
- 2) Business is conducted lawfully and with integrity
- 3) Children are protected and opportunities for work, learning and family life are promoted
- 4) Fundamental labour rights are respected
- 5) Workers have time off work, are paid responsibly and have opportunities to develop competence
- 6) Workers' health and safety are protected
- 7) Working and living conditions are suitable
- 8) The planet is protected

- 9) Resources, including water and waste, are managed in a sustainable and circular way
- 10) Animals live decent lives

Information about IWAY in English can be found here: <https://about.ikea.com/en/sustainability/building-a-better-business-with-iway> and in Norwegian here: <https://www.ikea.com/no/no/this-is-ikea/about-us/leverandorene-vare-en-av-noklene-til-et-bedre-ikea-pub3b639e02>

IWAY documents are uploaded here: <https://about.ikea.com/en/work-with-us/for-suppliers/iway-our-supplier-code--of-conduct#IWAYdocs>

How do we communicate with suppliers?

To be compliant with IWAY, a supplier must:

- Sign an IWAY Compliance Commitment as part of their contract.
- Have a risk rating (which is assigned by us).
- Suppliers with a high- or critical-risk rating must receive an IWAY review and address any major non-compliances ("i.e. comply with our IWAY Musts").

We aim to monitor IWAY compliance for all our suppliers with contracts in place. We require all key suppliers to sign a contract with us.

An online Supplier Support Hub was developed to help suppliers understand our IWAY requirements - <https://www.ingka.com/suppliers>. We have also introduced new internal resources to develop co-worker knowledge about IWAY and learn from each other.

Suppliers are followed up by respective business owners, who are both communicating about IWAY and IKEA values, as well as being first point of contact in case the supplier has need for more guidance regarding IWAY. Procurement is following up the suppliers with risk assessment, audits and contractual updates as well as trainings.

1.E Lessons learned and changes in the reporting period

1.E.1 What lessons has the company learned during the reporting period concerning responsible business conduct, and what has changed as a result of this?

During FY21, IKEA suppliers and service providers were introduced to the next generation of IWAY, including improved ways of working and new topics, such as biodiversity and conservation, worker competence development, road safety, animal welfare and digital platform work.

IWAY 6 is a total system upgrade. One important change is a shift in the focus of our efforts from audits only to a combination of audits and implementation support to suppliers and service providers. This shift strengthens the collaboration we have with our suppliers, which supports our aim for the coming years to reach beyond our direct suppliers and service providers and implement IWAY further to create a truly sustainable IKEA value chain.

Read more on learning from FY21 on a global level in IKEA Sustainability report 2021, pages 49-50: <https://gbl-sc9u2-prd-cdn.azureedge.net/-/media/aboutikea/newsroom/publications/documents/ikea-sustainability-report-fy21.pdf?rev=d72d435b0c5d416f8dfcb2ec4fcb007a&hash=5F874B8EDF3CB1192824D8EB02AC0CBE>

We updated our governance processes for IWAY in FY21, establishing a Global IWAY Forum to support the development and implementation of IWAY. The Forum also oversees IWAY compliance, shares best practice and provides guidance to the business. Our Country IWAY Forums and IWAY Calibration Group (ICG) collaborate with the Global IWAY Forum.

A man with a slight smile, wearing a white hairnet and a dark blue long-sleeved shirt, is looking towards the camera. He is in a factory or industrial setting, with blurred machinery and structures in the background. The lighting is soft, highlighting his face.

2

Defining the focus for reporting

Identify and assess the company's impact on people, society and environment

“Identify and assess” is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

2.A Mapping and prioritising

STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List the company's prioritised risk of negative impact on people, society and environment.

Salient issue	Related topic	Geography
Impact related to part of IKEA Sustainability strategy - Healthy and Sustainable Living	Environment	Global
Impact related to part of IKEA Sustainability strategy - Circular and Climate Positive	Emission Greenhouse gas emission Energy Waste Water Use of materials	Global
Impact related to part of IKEA Sustainability strategy - Fair & Equal	Discrimination Marginalized populations	Global
Impact related to IKEA Supply chain	Forced labour Freedom of association and collective bargaining Child labour Occupational Health and safety Wages Working hours Regular employment Corruption	Global

An extensive list of risk analysis of first-tier suppliers is attached to the report, with a short description how the risk is evaluated.

This is a global approach, that was used in FY21. IKEA AS is planning on doing local evaluation of negative impacts during this financial year.

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe in short the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period. Describe how information was gathered, what sources were used, and which stakeholders have been involved/consulted. Further, describe whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

Social, environmental and ethical risks are integrated into the Ingka Group Risk Management Framework. Risks are identified, assessed and managed across the business, and relevant functions are responsible for monitoring progress and putting mitigation plans in place. We assess risks on an ongoing basis, and also conduct an annual strategic sustainability risk review, led by the Sustainability Management Team.

Risk assessment process

Strategic sustainability risks are assessed using internal data and third-party reports from organisations such as the World Economic Forum and the World Resources Institute. Risks are assessed from a quantitative financial impact and qualitative impact perspective under five different areas: Brand & reputation; Financial; Legal & Regulatory; Operations; Health & Safety. The impacts are assessed based on five level scale from insignificant to critical.

Risks are also assessed based on their likelihood to materialise. The likelihood is assessed on a five level scale from unlikely to materialise to almost certain to materialise (the highest likelihood). The impact and likelihood together determine the overall risk level; which in turn determines how swiftly a risk response plan must be developed where Ingka has five possible response options; accept, transfer, mitigate, avoid and explore.

Our risk assessment process includes pre-defined risks from the Ingka risk universe that is used as a basis for the assessments. Based on the input received from all the different parts of the business and countries, the consolidated score of some of the sustainability risks have been rated as having a potentially high impact and requiring a coordinated approach to respond effectively. This includes risks related to climate change.

The key sustainability risks identified in FY21 include: climate change disrupting our supply chain and business operations and impacting co-workers and customers; and social and environmental risks in our supply chain.

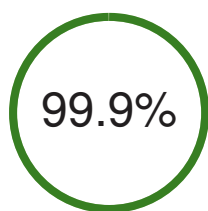
As a response to the three major challenges impacting the IKEA business, we have identified three corresponding focus areas to help us to fulfil the IKEA vision and ambition to become people and planet positive. This is reflected in our People and Planet Positive Strategy (Sustainability Strategy). Read more in IKEA People and Planet Positive Strategy here: <https://www.ikea.com/no/no/this-is-ikea/sustainable-everyday/baerekraftsmalene-vare-pubb01a1de0>

With so many companies in our supply chain, we carry out IWAY reviews for the highest risk suppliers. We use internal and external data to assess risks, based on the suppliers' location and industry, and the individual characteristics of the business they run. All new suppliers are evaluated and given a risk rating of critical, high, medium or low. Those with a critical- and high-risk rating are required to have an IWAY review to check compliance with our standards within 9 months of the risk rating.

Our suppliers are responsible for communicating IWAY requirements to their own suppliers and ensuring high-risk sub suppliers comply with the critical parts of IWAY ("IWAY Musts"). We support suppliers with this through our training and ongoing dialogue.

Indicator

Percentage of suppliers in high risk supply chains that have been mapped



2021

In FY21, 99.9% of contracted suppliers had signed our IWAY Compliance Commitment (as part of their contract) and had a risk rating (assigned by us).

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other severe impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

Audit challenges due to COVID-19

During FY21, the largest challenge remained the travel and safety restrictions connected to COVID-19, which have limited our ability to perform regular audits at our suppliers to the same extent as before. Where physical audits were not possible, we performed remote verification activities. While remote audits are better than no compliance and monitoring activities at all, they present limitations, such as reaching out to workers to hear their voices and inputs in a truly independent way. The IKEA commitment to human rights and decent and meaningful work in the IKEA value chain is more important than ever and we continue a close dialogue with our suppliers to enable these.

A woman in a blue surgical cap and gown, looking down, in a hospital setting. The background is blurred, showing other people in similar attire and bright overhead lights.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's own policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	Impact related to part of IKEA Sustainability strategy - Healthy and Sustainable Living
Goal :	Help our customers to live more sustainable and healthy life
Status :	During FY21, new solutions, products and services were developed and launched to enable and inspire people to live healthier and more sustainable lives. We are developing our ways of measuring progress towards our ambition, beyond data from marketing and communication campaigns and sales.
Objectives in reporting year :	Increase the amount of sustainable products in our range, increase awareness in the market of advantage of using such products and be a leader in plant based food offer (goals for 2025 - 50% of main meals offered in our restaurants will be plant-based)

Actions :

In FY21, we've been developing an internal tool, the Sustainability Score, that will support our range and product development process. We also took action to remove less sustainable products from our range. We started to phase out all non-rechargeable alkaline batteries and are replacing them with our new LADDA rechargeable batteries.

This move enables customers to significantly reduce waste while also saving money in the long run. As a large food provider, the IKEA business has a responsibility to inspire and enable healthier, more sustainable food choices. In FY21, we reached a waste reduction of 46% compared to baseline (FY17).

Salient issue	Impact related to part of IKEA Sustainability strategy - Circular and Climate Positive
Goal :	Circular and climate positive by 2030
Status :	In FY21, we continued on track in our work with circular product development to secure that all our products will eventually be circular. We are continuously working on reducing GHG emissions in our supply chain.
Objectives in reporting year :	Increase amount of recycled materials in production, test circular business models.

Actions :

During FY21, we continued to make progress towards our ambition to use only renewable or recycled materials and strengthening responsible sourcing with the ambition to continuously become more sustainable in our four material groups:

- Forestry: We continued to deliver on our requirement to only use FSC-certified or recycled wood (we call this wood from more sustainable sources).
- Agriculture: We continued to meet our thirdparty and internal requirements for agricultural materials, including reaching 100% cotton from more sustainable sources
- Inorganics: To strengthen responsible sourcing of inorganic materials such as iron, aluminium and copper, we have made an in-depth analysis of 14 inorganic raw materials and have mapped the inorganics used in IKEA products.
- Recycled: The IKEA business is committed to finding ways to ensure that we source our recycled materials inclusively and bring positive developments to society, including informal waste management set-ups. During the year, we have continued our efforts to source secondary raw materials in a way that's aligned with our fair and equal practices.

Salient issue	Impact related to part of IKEA Sustainability strategy - Fair & Equal
Goal :	By 2030, our ambition is to create a positive social impact for everyone across the IKEA value chain and the local communities
Status :	In FY21, we continued our work to contribute to creating a fair and equal society while respecting human rights throughout our value chain and beyond. We focused our efforts on specific areas where we can have the most positive impact: the rights of children, decent work, and inclusive workplaces that support diversity and equality.
Objectives in reporting year :	Focus on physical and mental well-being of co-workers during the covid-19 pandemic, supporting workers in our supply chain during the pandemic and caring for those affected by the pandemic in local communities.

Actions :

Local Covid-19 support - during FY21, Norway has distributed donations to local organizations that were supported these who found themselves in a difficult situation during the pandemic; under the umbrella Home outside of home.

Throughout FY21, and since the COVID-19 pandemic began, we've supported co-workers in facing and navigating the resulting financial, practical and mental health impacts. This includes securing co-worker pay during national lockdowns, expanding access to our Employee Assistance helplines in different countries, and providing digital training courses to build resilience and give co-workers opportunities to reskill and upskill.

Salient issue	Impact related to IKEA Supply chain
Goal :	By 2030, our ambition is to create a positive social impact for everyone across the IKEA value chain.
Status :	In FY21, we celebrated 20 years since IWAY was introduced to IKEA suppliers. Throughout the last two decades, we have built a credible and robust system that we can rely on to support, challenge, and actively work with 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's agile and relevant to meet the defined sustainability impacts
Objectives in reporting year :	Launch and implemented new and improved IWAY framework called IWAY 6

Actions :

During FY21, IKEA suppliers and service providers were introduced to the next generation of IWAY, including improved ways of working and new topics, such as biodiversity and conservation, worker competence development, road safety, animal welfare and digital platform work. IWAY 6 is a total system upgrade. One important change is a shift in the focus of our efforts from audits only to a combination of audits and implementation support to suppliers and service providers. This shift strengthens the collaboration we have with our suppliers, which supports our aim for the coming years to reach beyond our direct suppliers and service providers and implement IWAY further to create a truly sustainable IKEA value chain. A global IWAY learning offer is available for all IKEA co-workers. Training has been held to ensure that IKEA co-workers learn about the changes.

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

IKEA Globally

Drastically reducing GHG emissions across the IKEA value chain, in absolute terms

The IKEA climate footprint in FY21 is estimated to be 26.2 million tonnes CO₂ eq, a decrease of 5.8% in absolute terms compared to the baseline FY16, but an increase of 5.7% compared to FY20. As expected, the climate footprint increased as retail sales began to recover from the pandemic.

Actions related to reducing emissions globally (a selection, full list available in our Climate report <https://gbl-sc9u2-prd-cdn.azureedge.net/-/media/aboutikea/newsroom/publications/documents/ikea-climate-report-fy21.pdf>) :

- Achieving 100% renewable electricity in IKEA operations in 10 additional markets
- Achieving 100% renewable electricity for all IKEA factories and packaging and distribution units globally (IKEA Industry and IKEA components)
- Accelerating IKEA suppliers' transition to 100% renewable electricity

IKEA AS:

IKEA AS is also reducing its climate footprint in Norway, as well as introduces circular economy to the Norwegian furnishing market. During FY21 we have:

- launched spare parts online, enabling customers to prolong life of their furniture
- continued to develop a buy back service for IKEA furniture
- reached 15% of electric transport of goods to our customers in Oslo kommune
- achieved 90% waste sorting rate nationally

3.B.2 Adapting own purchasing practices (sourcing)

IWAY has been at the heart of how we work with suppliers for 20 years, and it's always evolving. During FY21, we introduced IWAY 6 (our updated IWAY requirements) for new suppliers and started rolling it out to existing suppliers, with training and awareness sessions for business teams and stakeholders involved in the IWAY process. The new IWAY requirements are easier for all types of businesses to work with, including small suppliers, as they are focused on achieving positive outcomes rather than setting prescriptive requirements.

We updated our governance processes for IWAY in FY21, establishing a Global IWAY Forum to support the development and implementation of IWAY. The Forum also oversees IWAY compliance, shares best practice and provides guidance to the business. Our Country IWAY Forums and IWAY Calibration Group (ICG) collaborate with the Global IWAY Forum.

An online Supplier Support Hub was developed to help suppliers understand our IWAY requirements. We have also introduced new internal resources to develop co-worker knowledge about IWAY and learn from each other.

We also focused on extending IWAY to more suppliers and parts of our business. This included:

- Continued developing requirements to ensure decent and meaningful work for every worker in the value chain, and piloting new requirements for digital platform providers
 - Extending IWAY to all construction contractors
-

3.B.3 Choice of product design and raw materials

There are many types of materials used in IKEA products. Altogether, they contribute the most to our climate footprint. That's why, to reduce our climate footprint, it's important to focus on the materials with the largest climate footprint: wood, metals, paper, textile furnishings and plastics. Combined, they represent about 90% of our material needs, with wood-based materials the largest by weight at 61%. Of the materials sourced in FY21, 55.8% were renewable and 17.3% were recycled.

Wood-based materials

In FY21, 99.5% of the wood used for IKEA products was either FSC-certified or recycled. For wood sourced from countries with high forestry risks (accounting for around 30% of our total consumption), all our wood has come from more sustainable sources since 2017. In FY21, the IKEA business expanded the partnership with WWF to now cover Poland, our largest wood sourcing country.

Paper

Paper is a material that we'll be using in increasing amounts as we move towards packaging solutions and materials with better circular capabilities. Paper is renewable, recyclable and one of the most commonly recycled packaging materials globally. That's why paper will be a key material for the transition from plastic packaging solutions in consumer packaging. As the number of applications for paper increases, so does the amount of paper used, as well as its climate footprint. To counter this, we are developing innovative packaging solutions. We are also exploring alternatives to fossil-based packaging components. This is the final step before reaching 100% renewable or recycled packaging material.

Metals

Although not the material used the most in the IKEA range, metals have one of the biggest climate footprints. This is due to the energy intensity of the raw material extraction and processing, and the heavy use of coal and coke in the steel industry.

However, metal has unique properties that can't be easily substituted with other materials in products like pots and pans. The three main metal materials used in IKEA products are carbon steel, aluminium and stainless steel.

Textile Furnishings

This material area includes textiles used for bed textiles, curtains, towels and other home textiles, as well as filling materials used in sofas and chairs. Between 2017 and 2021, our total share of renewable or recycled materials, across all materials in textile furnishings, increased from 29% to 56%. Our biggest success has been with the implementation of recycled polyester in our value chain, which, by the end of 2021, was 88%. During FY21, good progress was made with the introduction of more viscose to our ranges. This helps us to reduce our dependency on cotton, as well as adding different attributes to the textile products offer.

Plastics

We're continuing to convert the plastics we use to recycled or renewable for both existing products and when developing new products. From FY25 onwards, we will begin to use more post-consumer – rather than just pre-consumer – and renewable feedstock in our range while we develop innovations in materials and technologies to meet our 2030 goals. We also aim to phase out plastic from consumer packaging by 2028.

Product design - Democratic Design

Making great design available to everyone. The five dimensions we call Democratic Design are at the heart of every product we make. Democratic Design is a tool we use when we develop and evaluate the products we put into our range. It has five dimensions, which are function, form, quality, sustainability and low price. When there is a balance between all five, we consider that the design is democratic.

3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

Advocating for mandatory human rights due diligence

In FY21, Inter IKEA Group and 11 other companies – all members of the Nordic Business Network for Human Rights (NBNHR) – signed a statement supporting and encouraging European Union (EU) legislation on mandatory human rights due diligence for all businesses operating in the EU. Due diligence processes are intended to help businesses identify, prevent, mitigate and account for how they address the negative impacts of their business activities. Good regulation can support companies in integrating respect for human rights into their business, improving human rights throughout global value chains.

3.B.5 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Expanding and improving the IKEA learning offer

In FY21, the IKEA business grew the learning offer while also improving its quality by strengthening the alignment with business ambitions. The learning offer is available to the entire franchisee system. It's a mix of physical and digital experiences. Some notable new trainings made available worldwide in FY21 include an introduction to anti-bribery and corruption, an introduction to circularity, and an updated introduction to sustainability. The sustainability training has become mandatory in many countries (incl. Norway), at least 70,000 co-workers completed this training worldwide, in Norway 56% of co-workers have completed this training by the end of FY21.

A new global framework and assessment methodology is ready for rollout

The IKEA Responsible Wage Practices Framework and Assessment Methodology was completed in FY21. This framework and methodology takes a holistic approach to the subject of wages by placing equal focus on equality at work, pay principles, competence, enabling dialogue, and a living wage. It will create a wage system that's fair, inclusive and for the many. Our aim is to enable people and families in the IKEA value chain to live a decent life, wherever they are.

We also continue to work with our partners to create better working conditions and livelihoods for the workers in the IKEA value chain. A number of selected suppliers are invited to pilot our new Responsible Wage Practices Framework, which will help the IKEA business better understand how to work with this approach within our supply chains.

3.B.6 Other relevant information concerning the company's work to cease, reduce and handle negative impact on people, society and environment

See overview of all the actions INGKA (owner of IKEA Norway) is working on related to due diligence and ceasing, reducing and handling negative impact on the society in IKEA Sustainability report, page 53: <https://gbl-sc9u2-prd-cdn.azureedge.net/-/media/aboutikea/newsroom/publications/documents/ikea-sustainability-report-fy21.pdf?rev=d72d435b0c5d416f8dfcb2ec4fcb007a&hash=5F874B8EDF3CB1192824D8EB02AC0CBE>



4

Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

4.A. Track and assess

4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

The total IKEA sustainability direction (ambitions and commitments) is set by the Strategic Sustainability Council, chaired by the CEO of Inter IKEA Group. It comprises representatives from Inter IKEA Group and the franchisees to ensure alignment across the IKEA franchise system while respecting the independence of the companies in the IKEA franchise system. The managing directors of the represented IKEA franchisees and Inter IKEA Group companies (or core businesses) are invited members of the council.

Sustainability working groups, with experts from Inter IKEA Group and franchisees, discuss and align strategic initiatives to fulfil the IKEA sustainability strategy.

In Norway, Sustainability Manager and Sustainability Business Partner are monitoring the potential negative impact for society, people and environment through regular compliance reviews at store level, IWAY forums, meetings with business owners of supplier relationships, reports from NGO's and collaboration with organizations such as Etisk Handel, Fremtiden i våre hender or Red Cross. Any potential issues are then addressed to the management team who will decide on further action and communication together with the sustainability team.

On yearly basis, IKEA publishes a Sustainability Report, where is in detail described progress on yearly goals set for a given financial year.

Progress on our commitments is under scrutiny from the NGO's, our customers and independent auditors. F.ex. in our Data and progress reports is included Assurance report on carbon emission by an external auditor.

Another example is IKEA's collaboration with the ISEAL Alliance for over 10 years. ISEAL Alliance sets the minimum requirements that sustainability frameworks need to fulfil, and 'ISEAL code-compliant members' are among the more credible sustainability standards currently available in the world. Examples of standards that the IKEA business uses today are certification schemes like Forest Stewardship Council (FSC), Better Cotton Initiative (BCI), FairTrade, Rainforest Alliance, Aquaculture Stewardship Council (ASC) and Marine Stewardship Council (MSC).

We are using the IWAY process to track the effect of our implemented measures in the supply chain.

IWAY verification activities are a complement to the implementation and development activities with the aim to assess whether suppliers are compliant with the applicable IWAY requirements. The verification approach is distinctive and requires, contrary to a checklist approach, an open-mind, and an active dialogue with representatives of the supplier.

All verification activities are performed by an approved independent auditor or, as a complement, a third-party auditor.

Apart from IWAY verification activities, we conduct IWAY audits (reviews) where we are making sure that the supplier fulfils the criteria set by our supplier business code of conduct.

In FY21, we completed 338 IWAY reviews of Ingka Group suppliers, this is a significant increase from 196 in FY20 when fewer reviews were conducted due to the pandemic. This included 226 IWAY reviews of suppliers rated as critical or high risk (out of 234 new contracted suppliers with a critical or high risk rating). 5% of the reviews (16 of 338) were conducted by an external auditor to help provide an independent perspective. In addition, 5% of the reviews (17 of 338) were unannounced.

4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work

We found major non-compliances (issues related to “IWAY Musts”) during 23% of supplier reviews in FY21 (79 out of 338), a small decrease from 24% in FY20. Non-compliances were mostly related to working hours, accident insurance and minimum wages. The suppliers with the highest number of major non-compliances were in Russia, China and Poland.

If we find that suppliers aren’t meeting our standards, we agree an action plan to correct this. We require suppliers to fix major non-compliances within 14 days and 96% of major non-compliances were resolved within this timeframe in FY21. All remaining issues must be resolved within 90 days. Major non-compliances are reported to the relevant Ingka Group decision making body. We phase out suppliers who don’t implement their corrective action plans in good time.

Example:

During the regular IWAY audits performed at suppliers during FY21, the most common deviations identified were connected to working hours, involving two different types of issues: working hours exceeding the maximum limit defined in IWAY of 60 hours per week or the legal limit, and lack of transparency and manipulation of working hours registered by suppliers. We take these very seriously, like all IWAY deviations, and are following the IWAY process of identifying root causes to the issue, securing that suppliers implement corrective measures, and phasing out suppliers who do not address the issues in a reliable way. During FY21, we have phased out 12 suppliers due to IWAY noncompliance.

A woman with dark hair tied back, wearing a light blue button-down shirt and a brown leather apron, is looking down at a surface, possibly a stove or a workbench. The background is blurred, showing what appears to be a kitchen or industrial setting.

5

Communicate how impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly available, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders when managing negative impact

An essential part of reaching the IKEA sustainability goals is working together with others. It's important to develop strong and meaningful relationships. When we work together, we can drive and support change, learn, and inspire each other and find the best solutions. Our key stakeholder groups are:

- **Co-workers:** The 225,000 IKEA-co-workers from around the world share a special set of values and a vision to enable people to live a better, more sustainable everyday life. They come together in diverse, inclusive and open IKEA environments, where each can offer something unique. Every co-worker, including their families, plays a role in creating a better business.
- **Communities:** We engage in the communities where we operate to learn and share ideas while working collaboratively to create positive impacts on the environment, livelihoods and local economy.
- **Suppliers:** Working with over 1,600 direct suppliers and service providers in the areas of transport, logistics and distribution services, components and food to minimise the environmental footprint of the total IKEA supply chain and beyond, while improving working conditions.
- **Customers:** In order to live up to the IKEA vision of creating a better everyday life for the many people, we need to understand the needs of our customers. The IKEA business engages with customers in many ways, such as in stores, online, by visiting them at home and via IKEA FAMILY. Each year, IKEA co-workers conduct hundreds of home visits around the world. So far, we've collected insights from more than 53,000 home visits across the globe. The data and insights collected are used in the development of IKEA products and services.
- **Partners and collaborators:** IKEA partners and collaborators are important in tackling big, complex challenges that impact the IKEA business, as well as achieving necessary systemic change. Our partners and collaborators include businesses, governments, universities and NGOs

5.A.2 Describe how the company communicates publicly about its own work on identifying and managing salient risks

We are publicly communicating about our Sustainability Strategy on our webpage - link.

The progress is communicated as well on our reporting hub - <https://www.ingka.com/reporting/> IKEA publishes every year an extensive Sustainability Report to highlight work with our sustainability strategy. This year, IKEA published also a Climate report, to speak more in detail how IKEA is working towards its 2030 goals.

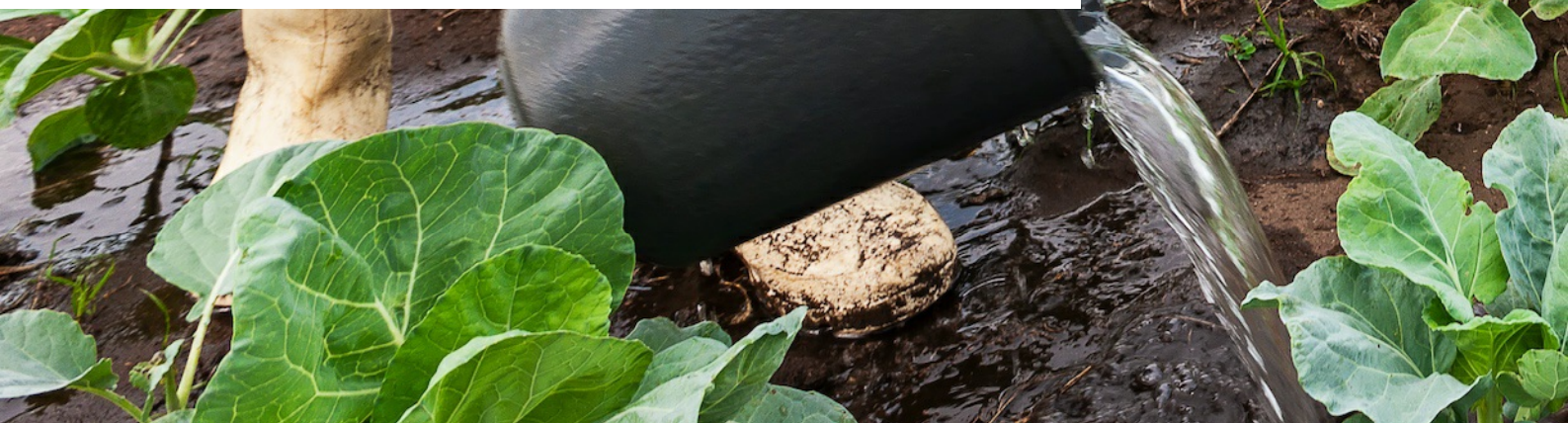
The report from Etisk Handel is available online as well. IKEA in Norway is often invited to conferences or seminars to speak about our sustainability strategy and the progress towards ambitious 2030 goals to become 100% climate positive.



6

Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.



6.A Remediation

6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

We are committed to taking our responsibility to remediate negative impacts we cause or contribute to, on people, society and the environment. Our approach to remediation, including which impacts we prioritize for remediation, depends on how we are connected to the impact as well as the nature and severity of the impact in question.

There is no one-solution-fits-all when it comes to remediation. Although we are currently working strengthening our approach to ensuring we provide consistent levels of remedy to affected stakeholders, we recognize that remediation should be effective and meaningful in each context and tailored to the needs of specific vulnerable groups as well. We recognize that human rights challenges can be complex. We are committed to always strive to create a sustainable plan that addresses relevant root causes to negative impacts on people, society and the environment. This also means that we do not hold all the answers and that we need to work together with others to influence meaningful change and contribute to systemic improvements.

In cases where IKEA is indirectly connected to the negative impact through business partners, we work together and through the partner to provide access to meaningful remediation. This also means we set clear expectations on how specific negative impacts on people, society and the environment are to be handled by our business partners, e.g. through our IWAY Guidelines on responsible recruitment, Handling cases of child labour, forestry, etc.

In cases where Inter IKEA Group is linked to human rights challenges (i.e. it has neither caused nor contributed to the impact), we use our leverage to help mitigate the impact.

6.A.2 If relevant, describe cases of remediation in the reporting year

In FY21, we did not identify any cases of child labour or modern slavery in the Ingka Group supply chain.

6.B. Ensure access to grievance mechanisms mechanisms

6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is appropriate

Co-workers who have any human rights concerns can raise them through our internal grievance mechanism, Trustline. Together with Inter IKEA, we are working on developing a grievance mechanism for external stakeholders such as suppliers, partners and communities.

We promote an open culture of trust, fairness and honest communication. If our co-workers have a concern at work, we encourage them to raise this with the person involved in the first instance, where this is appropriate. When this isn't suitable, concerns should be raised with their line manager, local risk manager or People & Culture representative.

Co-workers can anonymously raise a concern through our Trust line. The platform is independently operated by a third party. Concerns are evaluated by Trust line managers, and where an investigation is required, this is carried out by a designated manager within our People & Culture or Business Risk & Compliance functions.

We offer clear guidance on how to manage situations of misconduct, and undertake regular risk assessments, both nationally and within our functions and three businesses (IKEA Retail, Ingka Centres and Ingka Investments). We take every case of potential unethical behaviour and policy breaches very seriously. We investigate and respond quickly and carefully, following our investigation procedure to ensure confidentiality, consistency and accountability.

There were 219 concerns raised via Trust line in FY21. The majority of the concerns related to potential breaches of our human resources policies and were raised by retail co-workers.

For employees working in Inter IKEA Group, there is a different grievance mechanism - read more details here: <https://www.inter.ikea.com/en/how-we-do-business/ethics-and-integrity>

Contact details:

IKEA AS

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