

Canada

**Fighting Against Forced Labour
and Child Labour in Supply Chains
Act**

IKEA Supply AG and IKEA Food Supply (Canada) Inc.

Annual Report, May 2026

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Introduction

Based on Article 11 (1) of the Canadian BILL S-211, "Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff", IKEA Supply AG ("ISAG") and IKEA Food Supply (Canada), Inc. ("The Entities") are obliged to report on the steps taken during the previous financial year to prevent and reduce risks of appearance of forced labour or child labour at any step of the production of the goods imported into Canada. This Act also sets further specifics, the Entities need to report on.

The Entities hereby submit a common Annual Report which covers financial year 2025 ("FY25") starting on 1 September 2024, ending on 31 August 2025 ("the 2026 Annual Report").

This 2026 Annual Report describes the steps taken to prevent and reduce the risks of forced labour or child labour reflected in:

- Policies and due diligence processes;
- Measures taken to remediate forced labour or child labour;
- Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains;
- Training provided to employees on forced labour and child labour.

The 2026 Annual Report should be read together with the reports submitted in May 2024¹ ("the Initial Report") and in May 2025² ("the 2025 Annual Report").

The Entities confirm that there have been no material changes to the matters described in the report submitted by the Entities for the previous financial year, including the structure, activities, supply chains, and policies and due diligence processes in relation to forced labour and child labour.

The Entities have continued to undertake the steps described in the Initial Report and the 2025 Annual Report during the current reporting year and have maintained their existing controls and risk management processes. The Entities continue to assess its effectiveness on an ongoing basis and remain committed to identifying and addressing any potential risks.

1. Policies and due diligence processes

During FY25, a new Responsible Sourcing Policy was adopted.

The Inter IKEA Group ("IIG") Responsible Sourcing Policy outlines the due diligence system for responsible sourcing and provides clear rules for the procurement of all the

¹ [canada-due-diligence-report.pdf](#)

² [updated-canada-dd-report-2025-final250528-for-web.pdf](#)

products, services, materials and components IIG uses. This applies to the products included in the IKEA product range, as well as those critical to business operations, but not directly incorporated into IKEA products. It serves to safeguard and protect workers, children, animals and the environment connected to the IKEA supply and value chain.

2. Measures taken to remediate any forced labour or child labour

In FY25, IIG identified three cases of non-conformity to the IWAY requirements on responsible recruitment of migrant workers and prevention of forced labour.

The first case occurred in United Arab Emirates. Workers needed to pay back recruitment fees if they ceased employment before 12-18 months. The deviation was still open in FY25, and its resolution was under discussion.

The second case occurred in Serbia. A work agency representative kept possession of passports of migrant workers in a safe to which only a security worker had access. Workers could not access their passports without assistance from a security worker or agency representative. The practice was immediately terminated during the verification activity, passports were returned to workers and a personal safe, optional to use, was installed in a room of each worker which can be accessed at all times.

The third case occurred in India. Based on an internal routine of a supplier, employees were asked to pay 50 000 INR as a deposit which was returned after 12 months of employment. After identification of this practice, the supplier eliminated the practice. A new version of the internal routine which did not contain the deposit clause was signed with the co-workers and reviewed by a local IIG co-worker during verification of corrective actions to verify implementation.

In FY25, no cases of child labour were identified.

3. Measures taken to remediate the loss of income to the most vulnerable families

In FY25, there was no identified need to take measures to remediate any loss of income to the most vulnerable families. The remediation of loss of income was not relevant in the identified cases of forced labour.

4. Training provided to IIG employees on forced labour and child labour

Under the global partnership between IIG and the International Organization for Migration (IOM), the training efforts on human rights and labour rights continued in FY25 when IOM and IIG provided training to IKEA sustainability team members on “Risks to migrant workers and inclusion of migrant workers in activities” in all seven IKEA Supply

Areas. Furthermore, the prevention of forced labour is part of standard IWAY trainings which are done internally as well as externally for suppliers.

Additionally, a capacity-building training on the supplier code of conduct (IWAY Standard Requirements), including responsible recruitment, was held in Malaysia in February 2025. The training was organized for IKEA co-workers, as well as co-workers from our business partners and service providers. Its purpose was to improve competence and empower all participants to perform their tasks while respecting the rights of workers across the value chain.