



The IKEA Way of Responsibly Procuring Products, Services, Materials and Components (IWAY)

Specification of IWAY Standard requirements G 1.5 and G 1.6 for IKEA Home Furnishing and IKEA Components suppliers

1. Scope

This specification applies for all IKEA Home Furnishing and IKEA Component suppliers which have access to the IKEA Sub Supplier Tracking System (SSTS).

2. Sub-contractor mapping

IWAY 6.0 requirement G 1.5:

G 1.5 Sub-contractors of products, services, materials, or components in the IKEA value chain are mapped, in line with IKEA organisation specifications.

- The IKEA supplier registers at least all 1st tier sub-contractors delivering product, components, materials and services related to production of IKEA articles in SSTS.
- In case there are additional IKEA requirements to register more tiers of sub-contractors, the supplier must follow these requirements. For instance, home workers or traceability of material supply (wood, cotton, latex etc.)
- When a new sub-contractor is engaged in the production of IKEA articles, the IKEA supplier must register it in SSTS within 2 weeks.
- New IKEA suppliers must register sub-contractors in SSTS latest within 3 months from first delivery.
- SSTS must be revisited, and data reviewed, at least once every third month.

3. IWAY implementation at sub-contractors

IWAY 6.0 requirement G 1.6:

G 1.6 IWAY is implemented and verified at sub-contractors of products, services, materials or components in the IKEA value chain, in line with IKEA organisation specifications.

- The IKEA supplier is responsible to communicate the IWAY Standard (incl. all applicable sections) to all 1st tier sub-contractors registered in SSTS. If specifically agreed with IKEA, the IWAY Standard is communicated to all tier sub-contractors registered in SSTS.
- Each sub-contractor is responsible to implement IWAY Must and Basic in their operations.
- In case a main part of the final product, service, component, or material delivered to IKEA is handled by a sub-contractor, this sub-contractor is treated as a regular supplier unit where IWAY is implemented and managed the same way as with any of the IKEA supplier's own units.
- If a sub-contractor, linked to the IKEA value chain, is majority owned by the IKEA supplier the sub-contractor is treated as a regular supplier unit.

3.1 IKEA critical sub-contractors

A sub-contractor is automatically defined as critical by SSTS, if the industry or the processes performed are potentially highly harmful to the child, worker, environment and/or the animals. If the sub-contractor is not critical according to SSTS, no further verification is required.

- The IKEA supplier is accountable to ensure verification of all applicable IWAY Must requirements at all 1st tier (or all tiers if specifically agreed) critical sub-contractors, who are identified in SSTS.
- All verification results must be registered in SSTS.
- It is possible to use a third-party auditing company for IWAY Must verification at critical sub-contractors. The IKEA supplier is responsible to introduce IWAY to the third party.
- If a new sub-contractor is defined as critical, IWAY Must verification must be performed latest within 6 months from the registration in SSTS.
- IWAY Must verification at critical sub-contractors must be repeated every 12 months for Asia Pacific countries (except Australia, New Zealand, and Japan) and 24 months for all other countries (including Australia, New Zealand and Japan).

3.3 IWAY Must non-conformities at sub-contractors

If an IWAY Must non-conformity has been detected at a sub-contractor, the IKEA supplier must:

- Immediately ensure safety and well-being of any child and worker involved in the non-conformity.
- Promptly report the non-conformity to the responsible IKEA Business Developer as well as register the non-conformity in SSTS.
- Secure that corrective action plan is agreed with sub-contractor, and this action plan is registered in SSTS within 14 calendar days after the non-conformity has been discovered.
- The corrective action plan includes as minimum:
 - Root cause of the problem
 - Corrective actions
 - Person responsible for implementation and execution of the corrective actions
 - Time plan of the corrective actions
- The IKEA supplier follows up the corrective actions and verifies compliance latest within 90 calendar days. After verifying that the non-conformity is closed, this is registered in SSTS.
- If the IWAY Must non-conformities cannot be corrected after maximum 90 calendar days IKEA must be informed to agree on the next steps.

If the non-conformity is related to child labour or forced labour, the IKEA supplier must ensure that IKEA is informed and involved in the process of corrective, preventive and remediation actions to secure that the best interest of the child and the worker is protected.

3.4 Nominated sub-contractors

- The IKEA supplier must also register sub-contractors nominated by IKEA in SSTS.
- The IKEA supplier is not accountable to communicate and verify IWAY at sub-contractors nominated by IKEA.

The nominated sub-contractor is regarded as an IKEA supplier and is committed to IWAY through an agreement directly with IKEA.

In case a registered sub-contractor, not formally nominated by IKEA, is also in direct agreement with IKEA, the IKEA supplier is not accountable to communicate and verify IWAY at this sub-contractor.