



STATEMENT

**18 December 2020
Älmhult, Sweden**

IKEA discovers misconduct at a supplier related to wood origin documents

At IKEA we believe in taking social and environmental responsibility throughout our supply chain, as well as being transparent about how we work. For our wood supply, we deploy a comprehensive due diligence system to secure that the wood we use in our products meets our strict requirements and legal obligations, which includes being able to trace where the wood comes from. Under no circumstances do we accept wood that does not meet our requirements. If we discover irregularities, we take immediate action.

As a part of the IKEA due diligence system, during the fall of 2020, IKEA wood supply and forestry specialists proactively performed a routine audit at a supplier in China. The audit discovered falsified documents related to the origin of the wood. Besides being unethical, the misconduct by the supplier constitutes a clear violation of our requirements and goes against the foundation of our business model and values. This is completely unacceptable and, we moved quickly to address it. Our customers should be able to trust that our wood is responsibly sourced, and we are sorry and troubled by this event.

IKEA supply organisation launched a full investigation into what has taken place, which resulted in the termination of the business relationship with the supplier. We have also stopped sales of the affected products. Despite being fully functional and safe to use, the 95 different birch-based products manufactured by this supplier do not live up to our standard and promise towards customers, as we cannot verify the wood origin. During FY20, the unverifiable wood used by the supplier equates to 0.28% of our total wood consumption.

Across the world we work with approximately 1000 home furnishing suppliers and many more sub suppliers. We work closely with our suppliers and have high trust with all of them. However, if we find any irregularities everyone is treated the same way. If the case warrants it, we will not hesitate to terminate the business or take legal action. Although what has happened here is serious it is important to underline that it is a very rare occurrence. We will continue to proactively monitor and follow up our requirements across our total wood supply chain.

As a large consumer of wood, we take our responsibility very seriously. We consciously work to use our scale and global reach as a driver for positive change, particularly in regions facing challenges. To achieve this, we remain committed to investing in specialist competence. Today, IKEA employs a global team of approximately 40 wood supply and forestry specialists. The team works to ensure that the

wood which enters our supply chain meets our strict requirements and that we strongly contribute to the further development of responsible forest management around the world.'

About IKEA

IKEA offers well-designed, functional and affordable, high-quality home furnishing, produced with care for people and the environment. There are several companies with different owners, working under the IKEA Brand, all sharing the same vision: to create a better everyday life for the many people. IKEA was founded in Sweden in 1943.

About the IKEA franchise system

The IKEA retail business is operated through a franchise system with franchisees that are authorised to market and sell the IKEA product range within specified geographical territories. Inter IKEA Systems B.V. is the owner of the IKEA Concept and worldwide IKEA franchisor, who also assigns different IKEA companies to develop the product range, supply products and deliver communication solutions. Today, 12 different groups of companies have the right to own and operate IKEA sales channels under franchise agreements with Inter IKEA Systems B.V.

About Inter IKEA Group

Inter IKEA Group includes Inter IKEA Systems B.V., IKEA of Sweden AB, IKEA Supply AG and IKEA Industry AB related businesses. Inter IKEA Holding B.V. is the holding company for the Inter IKEA Group.