

Modern slavery statement

2024–2025
IKEA Pty Ltd



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Foreword

The IKEA vision is to create a better everyday life for the many people. This vision is not only for every customer, but for every co-worker in our business, and every employee in our value chain. We hold ourselves to the same high standards we expect of our suppliers and partners, and this commitment underpins our determination to ensure modern slavery has no place in our business.

At IKEA, we believe that creating a fairer and more equal society is both a responsibility and an opportunity. Our sustainability strategy includes a clear commitment to respect human rights and embed this into all aspects of our operations. This means:

- Providing and supporting decent and meaningful work across the IKEA value chain
- Being an inclusive business
- Promoting equality

Everyone has the right to safe, fair, and meaningful work. Yet, across global supply chains, many workers

still face unacceptable risks and conditions. This is why we continue to strengthen our approach to identifying and addressing modern slavery risks.

Our focus is on building a culture of understanding and action across the business through strong frameworks and processes. This means equipping our co-workers and stakeholders with the knowledge to identify risks, take responsibility, and act decisively. Through targeted training, stronger governance, and collaboration with suppliers, we are embedding human rights into everyday practice not as a compliance exercise, but as a shared value with everyone who works inside or outside IKEA.

We also continue to lead through initiatives like our Refugee Workforce Inclusion program, creating meaningful employment for vulnerable communities and reducing exploitation risks. Modern slavery is complex and evolving. We remain committed to learning, partnering, and using our scale and influence to drive positive change, within our business and beyond.

This statement is given by IKEA Pty Limited ACN 006 270 757 (IKEA Australia), pursuant to section 13 of the Modern Slavery Act 2018 (Cth) (**Modern Slavery Act**) and covers the activities of IKEA Australia and the entities it owned and controlled for the financial year 1 September 2024 to 31 August 2025 (**Reporting Period**). This statement has been approved by the Board of IKEA Australia in its capacity as principal governing body on 19 February 2026.



Mirja Viinanen, CEO
and Chief Sustainability
Officer, IKEA Australia
19 February 2026

A handwritten signature in black ink, appearing to read 'Mirja', written over the pink abstract shape.

This statement was prepared to meet the mandatory reporting criteria set out under the Modern Slavery Act. The table below identifies where each criterion is addressed within this statement.

Page	Headline	Modern Slavery Act Mandatory Criteria
1	Foreword	Identify the reporting entity
3	1. Our structure, operations, and supply chain	Describe the structure, operations, and supply chain of the reporting entity
10	2. Retail Supply Chain	
11	2.1. Identifying our modern slavery risks	Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity, and any entities that the reporting entity owns or controls
13	2.2. Actions taken to assess and address our modern slavery risks	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes
15	2.3. Measuring the effectiveness of our actions	Describe how the reporting entity assesses the effectiveness of such actions
19	3. Business operation supply chain	
20	3.1. Identifying our modern slavery risks	Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity, and any entities that the reporting entity owns or controls
23	3.2. Actions taken to assess and address our modern slavery risks	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes
28	3.3. Measuring the effectiveness of our actions	Describe how the reporting entity assesses the effectiveness of such actions
30	Consultation	Describe the process of consultation with any entities that the reporting entity owns or controls
31	Other Information – Broader contributions and planned future actions for IKEA Australia	Any other information that the reporting entity considers relevant
33	6. Approval	Signature of the statement by a responsible member

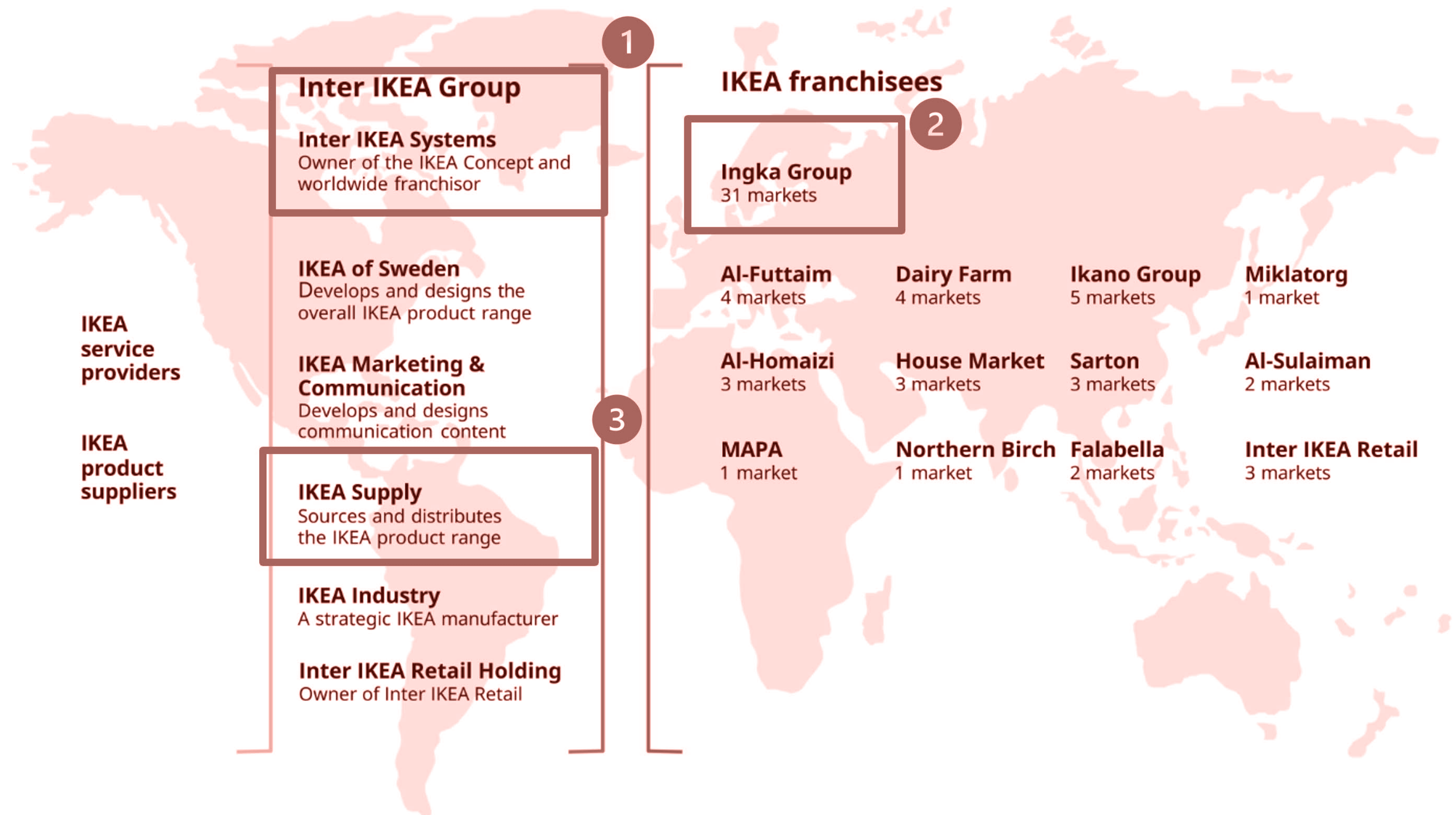
1 Our structure, operations, and supply chain

Structure

IKEA is a franchise business. It means that many groups of companies work together under one IKEA brand. Inter IKEA Group and Ingka Group (see illustration below) have the same founder, as well as a common history and heritage, but are two groups of companies with different management and different owners.

Inter IKEA System B.V. (IISBV) is the owner of the IKEA concept (box 1 in the illustration), and the worldwide IKEA franchisor. IISBV and all its subsidiaries including IKEA of Sweden AB, IKEA Marketing & Communications AB, IKEA Supply AG (ISAG), IKEA Industry and Inter IKEA Retail Holding are collectively referred to as the “Inter IKEA Group”.

IISBV has entered into franchise agreements with twelve companies worldwide. One of the franchisees is the Ingka Group (box 2 in the illustration) which includes INGKA Holding



Through the franchise agreement with Inter IKEA Systems B.V., the Ingka Group currently operates in 31 countries with IKEA stores, warehouses, global digital solutions, and online stores.

By entering into a franchise agreement with the Ingka Group, Inter IKEA Systems B.V. licenses the IKEA brand, IKEA's product portfolio, concepts and business methods. As an Ingka Group franchisee, IKEA Australia purchases the franchise range through the franchisor's own supplier, IKEA Supply AG (box 3 in the illustration). IKEA Supply AG is the only supplier of the home furnishing products sold in the stores throughout Australia.

IKEA Australia is a company incorporated in Australia and is part of the Ingka Group (box 2 in the illustration). The registered office is located in the State of New South Wales. References in this statement to "we", "us", "our" or "IKEA Australia" are references to IKEA Pty Limited ACN 006 270 757 and the entities we own or control

The ultimate parent entity of IKEA Australia is Ingka Holding B.V., a company incorporated in the Netherlands. Throughout this document, Ingka Holdings B.V is referred to as "Ingka Group".

IKEA Australia has several subsidiaries. IKEA Distribution Services Australia Pty Ltd, ACN 001 264 179 (IKEA Distribution) is a wholly owned subsidiary of IKEA Australia and is responsible for the distribution of IKEA products to various IKEA units within Australia. Other subsidiaries of IKEA Australia are IKEA Trading Pty Ltd, Ashpark Pty Ltd, Cebas Pty Ltd and Sabec Pty Ltd. These subsidiaries did not have any material activities in the Reporting Period.

As of 31 August 2025, IKEA Australia employed 3884 co-workers and IKEA Distribution employed 276 co-workers.

Operations

As of 31 August 2025, IKEA Australia operates 10 full sized stores, 2 Plan and Order Points, 1 Distribution Centre, 1 Customer Distribution Centre, 1 Remote Customer Meeting Point (customer service and sales) and 1 Service Office (corporate support) in Australia.

IKEA Australia's operational activities include the provision and distribution of retail products including furniture, furnishing accessories and food products. Within Australia, the retail products are stored in warehouses and in our retail stores. Part of our operations include the distribution of home furnishings from warehouses to our stores. Customers can receive goods directly from our warehouses or from our retail stores.

IKEA Australia supply chain

The IKEA Australia supply chain is comprised of two separate supply chains. One for sourcing the products that we sell (the retail supply chain) and the other for the goods and services that are essential for our business operations (the business operation supply chain).

During the Reporting Period, IKEA Australia continued the transitioning of the food supply chain over to Inter IKEA Group. While the responsibility for the supply of food is in the process of being transitioned to Inter IKEA Group as part of the retail supply chain, IKEA Australia currently maintains responsibility for some local food procurement. IKEA Australia has implemented risk mitigation steps, including incorporating IWAY into contracts and conducting risk assessments before contracts are signed. IKEA Australia will continue this process, working closely with Inter IKEA Group to ensure seamless implementation of risk mitigation strategies leading up to the transfer of responsibility.

Retail supply chain (Inter IKEA Group)

The IKEA home furnishing and retail food products (retail products) are supplied to IKEA Australia by the Inter IKEA Group. In this statement, information has been provided by Inter IKEA Group about its supply chains, modern slavery risks and actions. IKEA Australia also purchases some food products from other suppliers as described in the business operation supply chain section. The Inter IKEA Group imports the retail products, stores the products (other than the food products) in distribution warehouses and arranges for them to be delivered to the IKEA Australia stores and Customer Distribution Centres.

Our direct relationship for purchasing almost all retail products is predominantly with Inter IKEA Group. Inter IKEA Group in turn have their own extended supply chains. During the Reporting Period, Inter IKEA Group partnered with more than 1,500 direct suppliers in more than 50 markets, including home furnishings, food suppliers, transport service providers and suppliers of components for home furnishing

products. There are millions of workers who, through suppliers, source, make and transport products and components, provide food for restaurants, and supply essential services to IKEA companies.

IKEA retail products are predominantly sourced and produced in Europe, Asia-Pacific, Africa and the Americas. IKEA Industry AB is a strategic manufacturer of some of the IKEA retail products. Material sourced by suppliers includes wood, natural fibres, textiles, plastics, food and agriculture, metals, and electronics.

From product development and material sourcing to production, transportation and product end-of-life, Inter IKEA Group is involved every step of the way. All products sold from IKEA Australia are designed and developed in accordance with strict global requirements that Inter IKEA Group puts on both the product and the suppliers. Inter IKEA Group believes in building long-term relationships with their suppliers and places a strong emphasis on supplier development. The average length of collaboration between Inter IKEA Group and their home furnishing suppliers is currently 11 years.

Business operation supply chain

To conduct our retail operations, IKEA Australia works with Ingka Group suppliers and local suppliers to procure the following goods and services directly. These goods and services are predominantly sourced from other businesses based in Australia:

- **Information and communications technology (ICT):** This includes computer hardware and software, cloud services, virtual data room services, virtual document exchange services, printers, audio/visual equipment and services, desk phones and mobile phones.
- **Warehousing and distribution services:** This includes freight hardware and driver logistics to transport and unload stock between stores, and customer delivery from stores or Customer Distribution Centres.
- **Retail services:** This includes retail showroom fit outs, back-office furniture and fit outs, stationery and branded items, knowledge subscription services, document management services, courier, and postal services, as well as printer maintenance services and document printing services.
- **Facilities management:** This includes the services that support our retail operations including leasing, office maintenance, technical maintenance, utilities, cleaning, and security.
- **Professional services:** This includes taxation, insurance, external legal counsel, consulting, professional and personal development, temporary staff, recruitment, and welfare training programs.
- **Marketing:** This includes marketing agencies and public relations agencies.
- **Mobility and travel:** This includes vehicle and airplane travel bookings and accommodation bookings.
- **Hospitality and catering:** This includes in-store restaurant and beverage services, as well as external catering events.
- **Digital Platform Providers:** This includes digital platform providers such as freelance, on demand short term employment connection supplier and services providers via online platforms and apps.
- **Energy and Waste:** This includes energy supply, renewable energy certificates, and waste management services.
- **Local Food:** This includes all fresh food products sold in our restaurants (currently in transition to Inter IKEA Group as part of the retail supply chain).

The IWAY Standard and IWAY System

The IWAY Standard is the IKEA supplier code of conduct and includes requirements for suppliers, common rules as to ways of working for all IKEA organisations working with IWAY in their supply chains and is built around 10 environmental and social principles. Topics covered include, among others, children’s rights, business ethics, fundamental labour rights, health, and safety at work, working and living conditions, environmental aspects, resource optimisation and animal welfare.



Improve environmental impacts

Secure decent and meaningful work for workers



Respect children’s rights

Improve welfare for animals



- 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. Worker’s 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

With its roots in the IKEA culture and values, and the United Nations Sustainable Development Goals, IWAY principles and requirements are founded on internationally recognised standards and principles (such as the United Nations Guiding Principles on Business and Human Rights, the Ten Principles of the United Nations Global Compact, the International Labour Organisation Centenary Declaration for the Future of Work and the International Labour Organization Labour Standards), as well as regional and national laws and regulations.

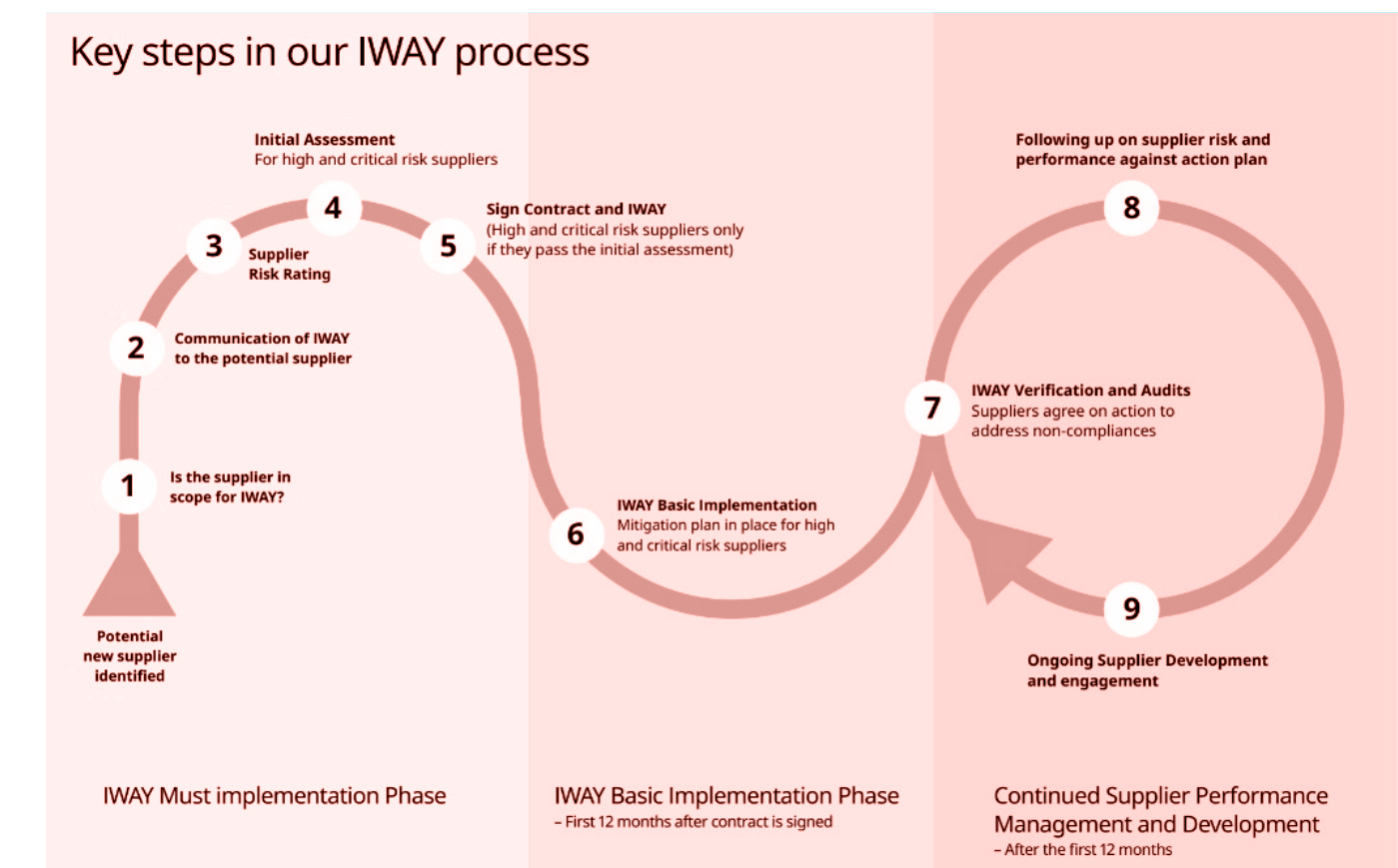
The IWAY Standard consists of the IWAY General Section, applicable to all direct suppliers and service providers, and additional IWAY Sections, which are applicable (or not) depending on the set-up at the supplier and/or the material used. Sections include specific requirements for Accommodation, Animal Welfare, Agriculture, Digital Platform Work, Forest Materials, Land Transport and Ocean Transport. All directly contracted business relationships, and in some cases subsequent tiers or the entire supply chain, are in the scope of IWAY. To mitigate or prevent

potential negative impacts from occurring through our suppliers, we set requirements in IWAY and proactively verify compliance as well as support suppliers with implementation. We recognise the need to strengthen our approach to provide remedy to affected stakeholders beyond our direct business partners, when relevant.

The IWAY Standard is included in the purchasing agreements with all of Inter IKEA's direct suppliers and service providers. By securing compliance with IWAY, the IKEA organisations can manage and address sustainability risks within their supply chains by:

- Requiring all its direct suppliers to comply with the IWAY Standard.
- Requesting direct suppliers to communicate the IWAY requirements (IWAY Must and IWAY Basic) to their own suppliers. In addition, critical sub-suppliers of direct suppliers must confirm that the mandatory IWAY requirements (IWAY Must and IWAY Basic) are adhered to.

- Audits, both announced and unannounced, are conducted by IKEA auditors and independent third-party auditors to verify compliance against the IWAY Standard and applicable sections; and
- Implementing measures to support continuous improvement, and, where necessary, phasing out or discontinuing a supplier that does not fulfil the IWAY requirements within the agreed time frames.



You can read the IWAY Standard [here](#).

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Retail supply chain (Inter IKEA Group)

Inter IKEA Group's sustainability due diligence system is designed to identify and address actual and potential negative impacts on people, society, and the environment in the supply chain. Inter IKEA Group is committed to the responsibility to conduct sustainability due diligence to ensure that operations, products, strategic and day-to-day decision making, and business relationships respect the environment and the human rights of both individuals and communities.

Identifying modern slavery risks

During the Reporting Period, through external monitoring and engagement with credible external sources, Inter IKEA Group identified the following risks of potential adverse impacts associated with the retail supply chain in relation to people or the environment.

Forced labour risks

During the Reporting Period, Inter IKEA Group identified forced labour risks and recruitment risks for vulnerable groups of workers for all supply chains, including new complex corridors of migration arising (such as migrant workers from countries of South East Asia and South Asia to East Asia, migrant workers from countries of Asia to Central, Southern and Northern Europe), where the risks of exploitation of migrant workers are identified risks of exploitation broadly relate to both:

- a) the recruitment phase, where migrant workers are at risk of being charged extensive recruitment fees that lead to forced and bonded labour; and
- b) the employment phase, where workers are at risk of being exploited by not being offered minimum working and social conditions, going against the fundamental labour rights as defined by the International Labour Organisation.

Cotton sector

Inter IKEA Group identified the risk of forced labour in the cotton sector, including in Pakistan, China, India, and Brazil. With cotton as a key raw material used in IKEA products, minimising this risk has long been prioritised for IKEA supply chains.

Inorganic materials

Inter IKEA Group identified the risk of poor working conditions within the supply chain for extraction and mining of inorganic materials, particularly on

small-scale miners. IKEA remains a relatively small consumer of inorganic materials. However, these materials are critical in applications such as furniture, appliances, lighting, tableware, and cookware. They are also integral to products designed for healthier and more sustainable living, such as air purifiers and rechargeable batteries.

Responsible recruitment

Inter IKEA Group identified risks in upholding the IKEA Code of Conduct (IWAY), especially in regions with many migrant workers and weaker local regulations. IKEA has a responsibility to protect these vulnerable individuals within the value chain. Advancing human rights and fair working conditions through responsible recruitment practices is a supply priority.

Geopolitical and country-specific risks

When the war began in Ukraine, Inter IKEA Group paused operations in Ukraine to prioritise the safety and security of co-workers and partners across

the value chain. Since then, Inter IKEA Group have continuously monitored the situation both from a humanitarian and a business perspective and have remained in close dialogue with partners in Ukraine, with the long term goal to restart operations as soon as necessary evaluations and reviews are feasible. The safety and security of individuals remain our utmost priority, alongside our unwavering commitment to human rights and enhanced human rights due diligence. These principles are intrinsically linked with our business responsibilities under international humanitarian law, particularly during times of armed conflict. At the same time, Inter IKEA Group are committed to long-term partnerships and recognise the needs of partners in Ukraine to move toward normalised operations, where possible.

Transportation risks

Inter IKEA Group have identified there are human rights risks within the seafaring industry which relate to recruitment fees, the wellbeing of seafarers on-board, access to shore leave and working hours.

The smuggling of people across European transport networks (such as into European countries) is an identified risk within the retail supply chain. Based on monitoring systems, since 2022 external agencies noted the possibility of a continued risk for both criminal people smuggling as well as refugees moving illicitly across countries in Europe via transport companies, putting the safety of those people at risk.



Actions taken to assess and address our modern slavery risks

Inter IKEA Group is committed to taking action to assess and address the modern slavery risks that were identified within the retail supply chain.

Forced labour risk prevention

Inter IKEA Group is a founding member of the Leadership Group for Responsible Recruitment (LGRR), and continue to support the Employer Pays Principle, which states no worker should pay for a job, and the employer should bear the costs of recruitment. IKEA Supply AG launched their first global partnership in 2024 with the International Organization for Migration (IOM) to promote the rights and wellbeing of migrant workers employed across the IKEA supply chain.

During the reporting period, Inter IKEA Group continues to work with multi-stakeholders including businesses, governments, NGOs and business partners to strengthen the protection of migrant

workers and create systemic changes on responsible recruitment.

In September 2024, IKEA (Supply Chain Operations), IKEA Al-Futtaim (the franchisee operating IKEA stores in the UAE, Qatar, Egypt and Oman), IOM (International Organization for Migration) & Swedish Business Council collaborated to drive the ethical recruitment agenda and advance human rights and fair working conditions for migrant workers in Dubai, UAE.

In February 2025, IOM, IKEA & ETI Sweden brought together 20+ stakeholders, including private companies in Sweden for a consultation on how we can improve recruitment and employment practices of seasonal migrant workers from Southeast Asia. Furthermore, 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.

Under the global partnership between Inter IKEA Group and International Organization for Migration (IOM), we continued our training efforts on human rights and labour rights. In FY25, IOM & IKEA provided training to IKEA Sustainability team members on “Risks to migrant workers and inclusion of migrant workers in activities”. The training was held in all seven IKEA Supply Areas where 106 co-workers from the Sustainability teams attended the trainings. Furthermore, the prevention of Forced Labour is part of standard IWAY trainings which are done internally as well as externally for suppliers.

Over the course of 2024 and 2025, IKEA engaged with business partners and their value chains to identify and learn about the challenges impacting different sectors and their workers. This effort included a continued focus on proactively assessing

human rights risks, particularly those involving the responsible recruitment of migrant workers, and addressing these issues both within our direct business partners and further down our supply chain.

Cotton sector

During the Reporting Period, IKEA Supply AG continued to use physical segregation of the cotton for its supply chains and end-to-end traceability to ensure cotton in the supply chain did not come from regions with high risk of forced labour. IKEA Supply AG and their implementation partners know where the materials come from so that compliance can be verified with internal and external requirements, including those connected to forced labour.

Inorganic Material Sector

During the Reporting Period, Inter IKEA Group continued mapping supply chains back to their sources for inorganic and secondary raw materials. Through these efforts, they are gradually identifying

the main players in upstream sourcing and deepening the understanding of the supply chain's impact on direct suppliers.

Inter IKEA continued the partnership with the international non-profit Pact, on improving working conditions for small-scale miners. This collaboration aims to build knowledge about the sustainability impacts of mining, identify and mitigate risks of negative impacts on people and planet. Inter IKEA remains a member of the Responsible Minerals Initiative (RMI) which is an industry stakeholder group to promote social and economic development in mineral production and sourcing. Inter IKEA support the creation of a multi-stakeholder coalition aiming to develop responsible sourcing frameworks for sand and silicates and continue to explore how to identify and handle environmental and social risks within waste supply chains. They engage with several stakeholders to learn and develop hands-on solutions to address risks on the ground and identify the principles and processes to secure good practice.

Responsible recruitment

During the Reporting Period, IKEA Supply AG organized supplier code of conduct training including the topic of responsible recruitment for IKEA teams and business partners in Malaysia. This training aims at strengthening their capacity to ensure responsible recruitment and employment of workers in their value chain.

Based on observations, IKEA business partners and service providers are highly motivated and are proactively adopting measures to ensure responsible recruitment within their facilities. Addressing the risks early on is essential not only for preventing potential issues but also for protecting the rights of workers.

Geopolitical and country-specific risk prevention

All delivering suppliers and sub-contractors are annually evaluated according to a special working instruction applicable to our partners in High Risk and Conflict affected areas. This evaluation includes the

Must and Basic IWAY requirements and those aspects of IWAY that are tailored to the conflict situation. We also secure that our operations are aligned with International Humanitarian Law as well as to ensure that the rights of the workers are respected.

Since starting up operations again in 2023, several more suppliers and sub-contractors have restarted their deliveries and Inter IKEA have obtained a better risk picture and are more skilled at managing these risks.

Transportation risk prevention

During the Reporting Period, building on the partnership with Mission to Seafarers Inter IKEA have fully rolled out the training “All you need to know about Seafarers” to the business teams working with Ocean carriers, Sustainability Specialists will support the carriers with IWAY implementation as well as Inter IKEA Supply Chain Operation’s management. The dialogue with service providers around the requirements in the IWAY Ocean section has reached

a more mature stage as these requirements are starting to become part of the contracts during 2025.

Awareness about the risks faced by seafarers has increased at all levels of Inter IKEA and has made the dialogue around these risks an integrated part of the business. Through service providers they have gained a better picture of the risks, how to mitigate them as well as the gaps that are still faced.

In relation to people smuggling risks, during the reporting period, Inter IKEA continue the implementation of more robust education for drivers and driver safety handbooks for our transport service providers. There has also been an implementation of increased reporting requirements which require, in addition to reporting smuggling cases to the appropriate authorities, each case to be analysed internally to identify and improve upon identified weaknesses. There is also a current review of mechanisms for sealing transports to ensure tracking of trucks and opening of loads.

Inter IKEA Group have increased and will continue to work toward raising awareness amongst co-workers and service providers across the supply chain on how to respond to smuggling if people are discovered, and the subsequent steps to take to maximise safety, health, and security.

Measuring the effectiveness of our actions

While IWAY has a focus on supporting suppliers with their continuous development journey, compliance with mandatory IWAY requirements remains the foundation of partnerships with suppliers.

During the Reporting Period more than 724 verification activities were performed by IKEA Supply AG and by third parties. These activities included gap assessments for new suppliers and full or focused verification activities for existing suppliers. Inter IKEA closely monitor IWAY Must KPIs which include forced labour risks, whenever any non-conformity with requirements to prevent forced

labour occurs, it is immediately reflected in IWAY Must KPIs. Inter IKEA are in the process of implementing other performance indicators which will support working more efficiently with forced labour risks (e.g. measuring specific exposure to business impact). These performance indicators will be implemented in 2026.

Based on a comprehensive internal review conducted in 2021, Inter IKEA Group is working to strengthen the systematic approach to identifying, prioritising and mitigating salient human rights risks at an Inter IKEA Group level in alignment with the UNGPs and OECD guidelines. Inter IKEA Group recognise the gaps and are working with human rights due diligence experts to strengthen the methodology and approach.

Compliance with IWAY is mandatory for all suppliers and service providers that work with Inter IKEA Group, and any non-compliance is taken very seriously. If deviations from applicable IWAY requirements are discovered, they work together with suppliers to rectify these and thus help improve standards. If

repeated or serious violations connected to IWAY are discovered at a supplier, IKEA can terminate the business relationship.

In case a non-conformity is identified, the supplier is required to correct the non-conformity within an agreed timeframe, address its root cause and prevent the repetition of the non-conformities. The supplier may request support from IKEA with the implementation of the corrective measures. Examples of support activities may include training, peer learning, and capacity-building projects.

During the reporting period, Inter IKEA Group have identified 40 cases of non-conformity with IWAY "Must" requirements at suppliers. 41% of non-conformities were related to lack of transparency and unreliability of attendance records for working hours. Another significant contributor to the non-conformities was related to lack of accident insurance (21%) and not paying minimum legal wage (21%). Non-compliance with business ethics requirements accounts for 11% of all cases. The remaining 6%

were caused by Forced and Bonded Labour non-conformities (4%) and severe occupational health and safety hazards (2%).

Suppliers are expected to correct the identified non-conformities. It means that suppliers need to reimburse workers in case of incorrectly calculating their wage or not paying minimum wage. In case of missing accident insurance, it needs to be arranged immediately when non-conformity is identified. Consequently, IKEA terminated cooperation with 1 supplier and started process of termination with another 4 suppliers (with expected termination by end of 2025).

Inter IKEA Group have identified 5 Indirect suppliers with cases of IWAY Must non-conformities. There were in total 12 non-conformities in relation to IWAY Must requirements. None of the suppliers complied with requirements related to transparent and reliable records for working hours. There were 3 non-conformities related to not paying minimum wage and 3 non-conformities related to not securing

accident insurance. There was also one case of forced and bonded labour during which employees were asked to pay 50 000 INR as a deposit which was returned after 12 months of employment. After the finding was identified, the practice was eliminated by the supplier and confirmed by workers. All cases of IWAY Must non-conformities occurred in India and corrective actions have been implemented by all 5 suppliers.

Prohibition of child labour

During the reporting period there were no non-compliance case related to child labour

Prohibition of forced labour and all forms of slavery

Securing compliance with IWAY requirements on the responsible recruitment of migrant workers is an important area that IKEA co-workers are working on in all the markets where we operate. IKEA suppliers are required to address non-compliance and put action plans in place based on the identified

root cause. Additionally, we work with external stakeholders, such as the International Organisation for Migration, to rectify cases of non-compliance with requirements on responsible recruitment.

During the Reporting Period, Inter IKEA Group identified 2 cases of non-conformity to the IWAY requirements on the responsible recruitment of migrant workers and prevention of forced labour. The first case occurred in United Arab Emirates during which it was identified that workers were required to pay back some recruitment fees unless they remained in their employment for 12-18 months. The deviation is still open, and it is being discussed with the supplier how resolve it. The second case occurred in Serbia because a work agency representative kept passports of migrant workers locked in a safe to which only a security worker has access. Workers were unable to gain access to the safe without assistance from the security worker or an agency representative. The practice was immediately terminated during the verification activity; the passports were returned to the workers and a personal safe was installed in the room of each worker.

IKEA supplier support

Inter IKEA Group teams located in different regions around the world play an important role in supporting suppliers to implement the IWAY requirements. They are in regular contact with suppliers, provide training on specific topics, facilitate peer learning and provide capacity-building projects, by, for example, helping to develop and execute performance improvement plans. In providing this support, there are regular updates on the status of mitigation activities, which helps ensure vigilance as to whether the measures suppliers are taking are effective in assessing and addressing modern slavery risks.

Supplier management governance forums

Continuous updates concerning IWAY-related risks, including with respect to modern slavery and supplier IWAY performance are shared in supplier management governance forums attended by the relevant IKEA management teams.

IWAY system review and evaluation

To assess the performance of IWAY, regular oversight and evaluation activities are performed, led by a function in the Inter IKEA Group that is fully independent from the development, implementation, and verification of IWAY of all IWAY system users including franchisees.

Through this process, there is evaluation to assess if IWAY is delivering on the expected sustainability impacts as defined, namely:

- Improved environmental impacts.
- Decent and meaningful work.
- Respect for children's rights; and
- Improved welfare for animals.

There is regular assessment of the IWAY system and whether it is consistently applied across the IKEA franchise system. There are consistent reviews, revisions and updates for IWAY, to help ensure it remains effective in reflecting global changes

and assessing modern slavery risks. By analysing internal and external inputs and trends, results of oversight and evaluation activities and comments and feedback from suppliers, organisations and external stakeholders, IWAY's success and effectiveness is diligently monitored, so the system can continue to improve and evolve.



3

Business operation supply chain

During the reporting period, our business operations and supply chain were affected by a global system transition. This transition impacted all source to pay processes, including supplier databases. As a result, the data source used to identify suppliers engaged during the reporting period has been compromised by overlapping information from both the legacy and new systems. Work is currently underway to rectify these data inconsistencies. In the interim, a high level approximation of the supplier base is provided below.

- Approximately 132 suppliers had an annual spend greater than 100,000 EURO. Out of the total (132), 49 suppliers were deemed out of scope and not subjected to IWAY. Of the remaining 83 suppliers, 87% were under contract.
- 125 out of 132 suppliers were based in Australia, while the remaining were based in Denmark, France, Germany, New Zealand, Slovakia and Sweden. All suppliers are contracted on a mid to long term basis.
- We determine supplier in scope status using a two step approach. First, suppliers with an annual spend greater than 100,000 EURO are considered and with all suppliers, we apply a risk based assessment informed by factors such as the supplier's sector and the nature of our business relationship.

Identifying our modern slavery risks

Ingka Group aims to focus on the most salient human rights impacts – those at risk of the most severe negative impacts. A range of potential human rights risks have been identified within the business operation supply chain, including:

- Modern slavery and forced labour.
- Low wages.
- Undocumented cash wages.
- Excessive hours.
- Unsafe working conditions; and
- Threats to freedom of association rights.

Assessing the human rights impacts of the business operations is an ongoing process and there is continual learning and development of the approach.

The starting point for a risk assessment is the

enterprise risk management process, which is a process run both yearly and on an ad hoc or as-needed basis. It is based on a pre-defined ‘risk universe’, where human rights risks are one element.

The purpose of a risk universe is to support the above-mentioned risk assessment processes, especially when identifying and reporting on risks. It assists in categorising risks, to identify where the biggest, or emerging risks are. The risk universe is submitted annually to various internal key departments in the form of workshops with the business referents, to check its relevance to the activities of IKEA Australia as well as to identify risk owners and actions.

Based on the country-specific risk analysis and the input from global processes, an annual compliance plan is created, which includes the timeline for the individual activities that need to be planned and carried out by each part of the company during the year. There are regular compliance activities that take place each year, but there may also be additional issues that need to be reviewed on an ad hoc basis.

Ingka Group also works with the IWAY Standard for its business operations supply chain refer to “*The IWAY Standard and IWAY System*” above. All suppliers are risk rated on the parameters such as country risk indices, category/industry risks, individual supplier characteristics and individual supplier history and are given an individual risk score from low-medium-high-critical. Depending on the rating, different IWAY implementation and verification activities are defined for the coming year for each supplier.

During the tender process for selecting new suppliers, an IWAY Initial Assessment for potential new suppliers (that have been rated high or critical risk) is carried out to check they comply with mandatory requirements (‘IWAY Must’ criteria). Once work starts with a supplier, a full IWAY review is carried out within 12 months of the first service or product delivery. There is continued monitoring of the risk level of suppliers on an ongoing basis and further IWAY reviews occur based on risk and performance, along with spot checks on medium and low risk suppliers to test and calibrate the risk rating system.

During the reporting period, modern slavery risks primarily involve the engagement of unskilled and migrant workers and subcontracting related to the following services:

- Deliveries.
- Assembly services.
- Integrated facilities management (cleaning, trolleys, technical maintenance, general maintenance).
- Security service suppliers; and
- Temporary labour hire.

Following reassessment during the Reporting Period, we consider the previously identified key risk areas: engagement of unskilled and migrant workers, sub-contracting, and workplace conditions, to remain relevant and reflective of the modern slavery risks in IKEA Australia's operations and supply chain

Engagement of unskilled and migrant workers

Within the IKEA Australia business operation supply chain, the key risk area for modern slavery is the engagement of unskilled and/or migrant workers. We support the employment of this class of workers; however also recognise that they can be more vulnerable to modern slavery risks than workers from other backgrounds.

Sub-contracting

Sub-contracting creates various risks for IKEA Australia. Such risks are exacerbated by the lack of transparency as to when and to what extent sub-contractors are engaged. IKEA Australia is continuing to map its business operations and supply chain, which is constantly evolving, and assessing the relevant modern slavery risks through the IWAY review process. This involves (amongst other actions) reviewing working hours, workplace conditions and protective equipment.

Workplace conditions

The risk of inadequate workplace conditions is generally low as most contractors work on IKEA premises or in office environments. However, this risk is slightly higher for IKEA transport service providers due to the variability and reduced control over external environments introducing more uncertainty and potential for non-compliance with IKEA workplace standards.

Our co-workers

Modern slavery risks may arise in the recruitment and engagement of co-workers, acknowledging that workers engaged on visas may be more vulnerable to exploitation. IKEA Australia's recruitment processes adhere to the required employment laws and regulations, and we have policies in place to mitigate human rights risks in our business.

IKEA Australia follows the IKEA Responsible Wage Practices Framework and Assessment Methodology

which 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. Further, all IKEA Australia policies and practices including recruitment, meet or exceed the requirements set by the Australian government including but not limited to minimum wage, working hours, leave entitlements, overtime, rest breaks and superannuation.



Actions taken to assess and address our modern slavery risks

Ingka Group are committed to mitigating risk for suppliers, especially those risks that have been identified as high or critical risk. One of the key ways to mitigate risk for high- and critical-risk suppliers is by conducting audits to assess compliance with IWAY. We also aim to mitigate risk through supplier training and by integrating IWAY into discussions with suppliers.

Ingka Group actions

During the reporting period, the following measures were taken to address modern slavery risks for Ingka Group suppliers.

Ingka Group determine if suppliers are in scope for the IWAY process through a risk-based approach determined by sector and business relationship. All suppliers in scope are required to sign the IWAY Compliance Commitment. All in scope suppliers are risk rated and those identified as high and critical risk

must meet additional requirements. The risk rating is based on internal and external data and factors such as the supplier's industry and location and the characteristics of the business they run.

IWAY Initial Assessment

IWAY Initial Assessments are carried out for potential new suppliers with a risk level of critical or high. These potential new suppliers must be able to confirm that they comply with the 'IWAY Must' mandatory requirements. IKEA will not proceed to work with any suppliers that fail to meet these standards.

IWAY Implementation

If a supplier is identified as high or critical risk, an appropriate mitigation plan is put in place with compliance monitoring measures. This plan may include supplier training, gap analysis and verification activities such as IWAY audits.

The risk level of suppliers we work with is monitored on an ongoing basis and IKEA may carry out further IWAY reviews based on risk and performance.

During the Reporting Period, Ingka Group updated the IWAY Standard Operating Procedure and strengthened IWAY performance follow-up processes. Improvements include a new dashboard to monitor and follow up on key performance indicators across all countries where Ingka Group operates, and a new process to facilitate the escalation of issues.

Enhanced support for suppliers in implementing IWAY expectations, with a focus on those operating in higher-risk sectors. For example, Ingka we have introduced IWAY consultants on construction sites in India. We have also strengthened our focus on IWAY implementation during supplier meetings to help us identify and address challenges.

IWAY verification

During the Reporting Period, Ingka Group Conducted IWAY reviews of 223 out of approximately 6,000 existing Ingka Group suppliers, focusing on those classified as high or critical risk (FY24: 190). The most commonly identified non-compliances included those

relating to reliable systems for recording working hours, minimum wages and proof of accident insurance. The highest rates of non-compliances were found among suppliers providing services such as last mile deliveries, facility services and construction, and we have enhanced support for suppliers in these areas. Most IWAY reviews were conducted by Ingka Group internal audit teams, but external audits were also commissioned to provide an independent perspective.

Suppliers are expected to agree on an action plan to address major non-compliances within 14 days of the audit. If suppliers do not meet this deadline action is then taken which can include exiting the supplier relationship as a last resort.

Key findings from the reviews undertaken were:

During the reporting period, Ingka Group Found instances where suppliers did not fully comply with IWAY Must criteria in 33.2% of the 223 reviews and followed up to ensure suppliers addressed these. By

the end of FY25, 94.6% of the 223 suppliers reviewed had either passed their reviews or closed non-compliances with IWAY Musts within the allocated timeframe. Where suppliers failed to address non-compliance with IWAY Musts, Action plans are implemented with business consequences up to and including ending our relationship with them.

Ingka Group Identified no cases of child labour through IWAY reviews of existing suppliers but found two instances of non-compliances with IWAY Musts related to bonded labour, both in the EU. One case involved a sub-contractor in the transport industry, and the second case involved a call centre service provider. In both cases, clauses in the workers' contracts included financial penalties if they chose to leave the company in certain circumstances. These clauses have since been removed from workers' contracts and we have followed up to confirm the non-compliances have been resolved.

IKEA Australia actions

During the reporting period, the majority of suppliers to IKEA Australia were considered to be low or medium IWAY risk. For those considered high or critical risk, we undertook a range of activities as part of our risk mitigation efforts. This included self-assessments, IWAY reviews and active discussions regarding sub-contractor management including responsible recruitment practices connected to IWAY. However, non-contracted suppliers deemed out of scope are not bound by the IWAY obligations.

Building on progress from the previous reporting period, the Third-Party Compliance (TPC) Specialist is now fully embedded into the role and is actively conducting supplier reviews and monitoring IWAY compliance and awareness across the organisation. This continued focus has strengthened our responsible sourcing practices and enhanced our ability to identify, assess, and respond to modern slavery risks within our supply chain.

During the reporting period, IKEA Australia conducted one initial assessment and five full IWAY reviews across suppliers in industries including security services, transport, printing/graphics, and postal services. These reviews were designed to evaluate supplier alignment with the IWAY Standard, which underpins our commitment to ethical sourcing, human rights, and environmental responsibility.

No “Must” non-conformities were identified in FY25. This reflects positive progress in supplier engagement and implementation of core IWAY requirements compared with previous years. However, a number of Basic-level non-conformities and recommendation-level findings were identified, highlighting areas where improvements are still needed.

Key themes identified

- Management accountability and monitoring: Some suppliers were found to have gaps in management monitoring and internal audit routines, underscoring the need for stronger

accountability and continuous compliance monitoring at the leadership level.

- Working conditions and labour practices: Non-conformities related to working hours, rest times, as well as the provision of uniforms were identified. These findings highlight the importance of ensuring that worker protections and entitlements are consistently applied.
- Worker health, safety, and environment: Several suppliers required improvements in their occupational health and safety practices. This included the safe handling of chemicals, ensuring adequate training and personal protective equipment, and the assessment of workplace health and safety risks (G6.3).
- Subcontractor and systems management: Findings under G1.6 (implementation of IWAY at subcontractor levels) and related requirements indicated the need for clearer processes to extend compliance obligations across the supply chain, beyond direct suppliers.
- Worker voice and engagement: Recommendations were made around enhancing

grievance mechanisms and worker dialogue structures, ensuring that employees are fully informed of their rights and have effective channels to raise issues without fear of retaliation.



Remediation and progress

All suppliers have either addressed their non-conformities or are actively implementing corrective actions. The absence of “Must” non-compliances demonstrates that IWAY compliance is achievable with consistent effort and partnership. These findings reaffirm the value of ongoing engagement, capacity-building, and collaboration with suppliers to ensure that human rights and sustainability expectations are embedded in everyday practice.

We remain committed to strengthening our efforts to combat modern slavery by deepening internal stakeholder engagement and expanding training across the business. Recognising the critical role stakeholders, particularly those connected to our suppliers, play in maintaining an ethical and exploitation-free supply chain. We have successfully

delivered targeted training initiatives. These sessions equip stakeholders with a comprehensive understanding of third-party risks relating to IWAY standards, and promote a culture of vigilance, accountability, and ethical responsibility at all levels of the organisation.

In line with the IKEA Equality, Diversity and Inclusion agenda and our company values, our Refugee Workforce Inclusion (RWI) program creates meaningful employment for people from refugee and asylum seeker backgrounds. We work with refugee employment specialist Community Corporate to ensure that people from these vulnerable communities can secure work with IKEA and receive the support they need to learn and thrive. These co-workers are hired into permanent, ongoing roles with full entitlements as any other co-worker would have, removing the risk of exploitation.

Zero tolerance towards bribery and corruption in any form is demonstrated through the internal control framework. Various controls related to ABC (Anti-Bribery & Corruption) are reviewed on a periodic basis. Reviews have shown pre-employment screening controls are operating effectively, and significant progress has been made with monitoring ABC training completion rates. Whilst progress has been made, further work is required to ensure adequate expense monitoring.

In our 2024 Modern Slavery Statement, we identified a number of actions that would be taken during the 2025 Reporting Period. We describe below how we delivered against those actions:

Action

Comment

Training

The implementation of business owner training for IWAY with content framed for specific awareness of modern slavery

Completed

Relevant business teams have been engaged to support the implementation of responsible sourcing practices. To strengthen awareness and capability, business owners have been encouraged to complete training modules focused on implementation support and risk identification

Audits

Conduct IWAY reviews on at least four suppliers

Completed

IWAY Reviews were conducted for 5 medium/high risk suppliers

Communication

Implementation of a co-worker engagement strategy to increase engagement on the topics of human rights and modern slavery

Completed

Communication on internal channels were published on the topic

Development

Pilot a formal, dedicated reporting mechanism with select suppliers

Cancelled

The Australian pilot was cancelled as part of a global review of projects which consolidated efforts to be in alignment with global legislative requirements. IKEA Australia remains closely engaged with Group functions to ensure alignment on escalation processes related to supplier incidents involving modern slavery

Development

Continuous improvement and review of the IWAY governance structure, training and awareness and ongoing leadership engagement

Completed

Presentation to Management Team on IWAY and importance to the business, and aligned on the global approach to reposition IWAY

Measuring the effectiveness of our actions

Ingka Group

We regularly monitor, follow up and review IWAY performance in our supply chain. We do this by tracking performance, trends and deviations both on country, global and industry level. The aggregated findings are published each tertial as well as yearly with all relevant internal stakeholders. These stakeholders are then accountable for taking the findings back to their organisations for a deeper analysis and, if needed, putting corrective actions in place. This includes developing new KPIs or changing ways of working to address the aggregated identified deviations on a systematic level and thereby making our actions more effective in the future.

The above work is led by the Global IWAY Forum, supported by the IWAY Calibration Group. In addition, the IWAY Calibrations Group plays a crucial role throughout the year in assessing how we implement

and verify on IWAY, aligning ways of working across Ingka Group and ensuring expectations are met.

Ingka Group grievance mechanisms

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, or with their line manager, local Business Risk and Compliance manager or People & Culture representative.

We also operate a confidential whistle-blowing hot-line, Trust line, for reporting serious work-related misconduct and breaches of the law in a work-related context. The Trust line platform is provided by an independent third party.

Co-workers learn about Trust line through our Code of Conduct training and via our intranet site and posters in our workplaces. We take every case of potential unethical behaviour and policy breaches

seriously. We investigate and respond quickly and carefully, to ensure confidentiality, consistency and accountability.

Concerns reported via Trust line are evaluated by Trust line managers within Ingka Group, and where an investigation is required, this is carried out by a designated manager within our People & Culture or Business Risk & Compliance functions. Through the supplier code of conduct, IWAY, we request that suppliers put grievance mechanisms in place to enable workers in our supply chain to raise complaints or concerns without fear of retaliation.

How Ingka Group remediates negative human rights impacts

We take seriously our responsibility to remediate any negative human rights impacts on people, society and the environment that we cause or contribute to. Our approach to remediation, including which impacts we prioritise for remediation, depends on how we are connected to the impact and its nature

and severity. If cases arise within our supply chain that are indirectly connected to us, we work with the supplier to support access to remediation, external experts or independent partners where necessary.

IKEA Australia understands that modern slavery cannot be eliminated by its actions in isolation. We take every opportunity to learn from corporate peers, NGOs, customers, and co-workers. We work as closely as possible with government and other human rights stakeholders to improve our contribution to the collective ambition to eradicate modern slavery practices globally and assess how our actions compare with those of our peers.

IKEA Australia has established a Modern Slavery Working Group that meets on a quarterly basis to continuously assess the management of modern

slavery risks, the actions implemented to address the risks and report to senior management. Through the Modern Slavery Working Group, we have been able to take tangible action in closing identified gaps within our management of supply chain risks.

We also welcome opportunities to improve through the raising of complaints and concerns. Our raising a concern policy supports our co-workers with training about receiving and managing such a complaint. This training was included in our Anti-Bribery and Corruption learning modules during the Reporting Period.

4 Consultation

The modern slavery working group has been consulting with relevant business units and controlled entities of IKEA Australia, Ingka Group and Inter IKEA Group while preparing this statement. Further, IKEA Australia undertook regular consultation and shared learnings internally with representatives from Procurement, Risk, Legal and Sustainability teams across IKEA Australia including IKEA Distribution.

IKEA Australia has an incident management reporting system which supports the identification of risks and the monitoring of our approach to modern slavery.

This annual statement has been prepared by IKEA leaders and co-workers responsible for assisting in addressing human rights risks in our operations and supply chains. In addition, a draft of this statement was provided to the Board of IKEA Australia with an opportunity to provide comment.

5 Broader contributions and planned future actions for IKEA Australia

IKEA Australia will continue to engage with its co-workers and partners and look for new methods to improve ways of working and eliminate the risks of modern slavery in its operations and supply chain.

IKEA Australia 2026 actions

IKEA Australia has identified several actions it aims to take during 2026 to continue to identify and mitigate modern slavery risks in our supply chain, including:

Training

IWAY workshops focused on the construction and real estate sectors will be conducted in collaboration with other countries to enhance understanding of the specific risks associated with these industries and to strengthen alignment with key business functions.

Risk management

Group functions have come together to align and enhance our Third-Party Risk Management across the organisation. This collaborative initiative aims to embed a consistent and integrated approach within the business, focusing on key risk areas including Health & Safety, Anti-Bribery & Corruption, Cyber Security, Data Privacy, and Business Continuity. While IWAY will serve as a cornerstone of this framework, additional layers will be introduced to address modern slavery risks—both directly and through broader systemic measures.

Digitisation

The SAP Ariba Risk Module will be implemented, requiring suppliers to complete risk questionnaires that will form the foundation of their overall risk score. This data capture will enable targeted focus on high-risk suppliers, enhancing risk management and mitigation efforts.

Reporting

Develop IWAY reporting and analysis to allow deep dives into certain industries and risk areas.

Audits

Ensure all required IWAY initial assessments (IA's) and IWAY reviews are conducted considering risk levels.

6 Approval

This statement is signed by Mirja Viinanen in their role as a director of IKEA Australia on 19 February 2026.

A handwritten signature in black ink, appearing to read 'Mirja Viinanen', written in a cursive style.

Signature of Mirja Viinanen

Date: 19 February 2026

