



In response to the report: "Small Steps–Big Challenges" Update on (tackling) exploitation of girls and young women in the garment industry, FNV Mondiaal & ICN Paper - March 2014

First we like to thank **Business & Human Rights Resource Centre** for the opportunity to respond to the report concerning lack of transparency about bonded labor in the garment supply chain in South India.

1: Why has IKEA not responded to the questions sent to IKEA NL?

Unfortunately, we have not been able to identify where the questionnaire was originally sent, but if we had, we would definitely have responded to these very important questions. We therefore sincerely apologize for not responding to the questionnaire and would welcome the opportunity to do so.

2: Does IKEA supply readymade garments from India?

No we do not source readymade garments from India. Our suppliers in India provide home furnishing products, which is a different type of supply chain compared to the readymade garment industry.

IKEA purchasing strategy is built on long term relationships and we work directly with our suppliers. Currently we have 3 textile suppliers in Tamil Nadu. We have to date worked with these supplier for ~20 years, 9 years and 3 years.

3: Are IKEA aware of the employment schemes named "Sumangali"?

During 2009 -2010, we became aware of the Sumangali scheme in the south Indian spinning mills. After extensive internal and external investigations, we were able to conclude that the scheme is not present in the IKEA supply chain.

All IKEA suppliers must comply with the IKEA code of conduct (IWAY), which bans any form of forced and bonded labour, including Sumangali schemes. We continuously monitor our supply chain (additionally using 3rd party audit services when needed) and have this topic high on the agenda, especially when starting to work with new suppliers. All new suppliers are audited by 3rd party to secure that no Sumangali schemes are present. If we found that the Sumangali scheme was present during the Requests for Quotation (RFQ) process for establishing new suppliers, we did not take those suppliers on and removed them from our process.

Our supplier base in Tamil Nadu is small (currently 3 suppliers) and we have extended our investigation with 3rd party audits related to the Sumangali scheme to our sub-suppliers. We have not found any Sumangali scheme at the sub suppliers, but if this were to become an issue, we would work quickly to address it.

We are also part of Brands Group which is dealing with this issue on multi-stake holder level with SIMA (South Indian Mills Association) and unions in Tamil Nadu, India.



Our more sustainable cotton project is also helping us to have visibility in the supply chain, as we work with cotton farmers to produce cotton in a way that uses less chemicals and water whilst increasing their earnings. Currently more than 50% of the cotton consumed by our 3 suppliers comes from more sustainable sources (Better Cotton Initiative and Towards Better cotton projects).

4: How does IKEA secure that no forms of forced and bounded labor are present in the supply chain?

IKEA does not accept forced and bounded labor and we work actively to prevent it. We work closely with suppliers to ensure that all our products are produced under good working and environmental conditions. All of our suppliers must meet our IWAY code of conduct, which states that there should be:

- No child labour
- No forced or bonded labour
- No discrimination
- Freedom of association
- At least minimum wages and overtime compensation
- A safe and healthy work environment, preventing pollution to air, ground and water and work to reduce energy consumption

We regularly conduct un-announced and announced audits against IWAY, either through our 80 trained auditors or via third parties.

We believe that both development and compliance programs must exist to improve working conditions globally. We also work with development & training programs with our suppliers to build capacities and continuously improve.

We publicly report on labour standards in our supply chain in our annual sustainability report. To read more, please visit:

http://www.ikea.com/ms/en_GB/pdf/yearly_summary/sustainability_report_2013_final.pdf

To view the IWAY code of conduct, please visit: http://www.ikea.com/ms/sv_SE/pdf/reports-downloads/ikea-code-of-conduct-the-iway-standard.pdf

For any comments or questions please feel free to contact us:

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Our vision is to create a better everyday life for the many people. We are committed to having a positive influence on people's lives across our value chain; supporting positive economic, social and environmental development, promoting equality and placing respect for human rights at the centre of what we do.