

Terms of Engagement

Introduction

These *Terms* have been developed in relation to the forest investments of Ingka Group. We are committed to manage these investments based on our culture and values, in a responsible manner and in a healthy, safe, efficient and sustainable way. Our aim is to deliver high quality operations while setting good examples on responsible forest management and considering the best interest of people, in particular people's working conditions, planet and environment, both locally and globally.

These *Terms* include mandatory requirements to be complied with by the *Contractors* of an *Ingka Group Forest Company*.

Legal compliance and Ingka Requirements

The provisions of these *Terms* should be considered as a minimum set of requirements and are not intended to supersede national legislation or other accepted standards stipulating higher requirements applicable to our operations. More stringent applicable requirements should have priority over the provisions on these *Terms*.

Should any provisions of these *Terms* contradict national laws, the laws shall always be complied with and prevail. In such cases, the *Contractor* shall immediately inform the relevant *Ingka Group Forest Company*.

Confidentiality

The successful implementation of the *Terms* depends on the co-operation, mutual trust and respect between the *Contractor* and Ingka. All oral and written information received from the *Contractor* are to be treated confidentially by Ingka, its employees and any third party organizations appointed by Ingka.

The Terms cover the following topics:

1. Business Ethics
2. Employment
3. Health & Safety
4. Alcohol and drugs
5. Environment
6. Social
7. Timber legality

This is the General Section of the *Terms*. For certain countries or regions, there may be separate sections with specific or adapted requirements.

Words or expressions *in Italic* are explained / defined at the end of this document (Appendix 1).

1. Business Ethics

1. All *Contractor's* co-workers and any party that performs services or works for or on behalf of the *Contractor* and is involved in the business with the *Employer* have been informed about the *Employer's* and *Employer's* Group position on corruption and its prevention, attached in Appendix 2.

2. Employment

1. A *legal form of employment* is available for each *Worker* before they start work which specifies terms of employment in a way understood by the *Worker*.
2. All relevant contracts must be recorded in the relevant authorities' database.
3. The *Contractor* must not use *Forced labor*, *Prison labor* or otherwise imposed or involuntary labor.
4. *Contractor's Workers*:
 - a) have the legal right to perform work on *Contractor's* behalf;
 - b) have the freedom to terminate employment at any time according to the agreed notice period, without penalty or salary deductions;
 - c) have the freedom to leave the *Working area* when their work shift ends;
 - d) personal documents or other belongings are not withheld;
 - e) have not been charged, directly or indirectly, any fees or commission related to the recruitment and/or employment process;
 - f) have no significant delays in salary payment or other compensations offered;
 - g) have not been given wage advances or loans with the consequence of indebting the *Worker* and binding him or her to employment.

3. Health and Safety

1. The *Contractor* should ensure that all *Workers*, as well as sub-contractors and their workers and self-employed persons, are:
 - a) sufficiently educated and trained in the tasks they are assigned to and such trainings are renewed as required, as well as hold the relevant skills certificates;
 - b) informed about all identified risks for safety and health in their respective activity;
 - c) suitably instructed in the hazards connected with their work and environment, as well as trained in the precautions necessary to avoid *Accidents* and injuries to health;
 - d) made aware of the relevant laws, regulations, requirements, codes of practice, instructions and advice relating to prevention of *Accidents* and diseases;
 - e) informed of their individual and collective responsibility for safety and health;
 - f) sufficiently instructed in the use and protective effects of and the care of personal protective equipment.

- g) wear the personal protective equipment at all times when in the *Working area*.
2. Only the persons assigned to carry out the relevant works are present in the *Working area*.
 3. Safety information and/or warning signs are clearly visibly in *Working area* areas, where heavy *Machinery* is used.
 4. Well-maintained *First-aid kits* should be readily available at the *Working area* and should be protected against contamination by moisture and debris. These kits should be clearly marked and contain nothing other than first-aid equipment.
 5. The *First-aid kits* shall contain equipment which is appropriate and sufficient based upon the size of the team, the extent of the activities performed as well as the potential risk of injury.
 6. All *Machinery* and other equipment used in operations are safe to use and equipped with the necessary safety devices in order to prevent injuries.
 7. *Contractor* will inform the relevant *Ingka Group Forest Company* as soon as possible, but no later than 48 hours, about any *Accident, Incidents*, illegal logging, poaching, fire, pollution, illegal storage of waste, damages of the forest or infrastructure occurred on the property owned or managed by an *Ingka Group Forest Company*.
 8. *Accommodation* offered by the *Contractor* to the *Workers*:
 - a) complies with all applicable laws, regulations and codes of practice
 - b) offers adequate and safe conditions;
 - c) is ventilated and/or heated, as appropriate.

4. Environment

1. *Contractors* shall comply at all times and fully with the environmental terms and conditions stated/issued by the relevant authorities and/or the *Employer*.
2. *Contractors* follow environmental procedures provided by the law and/or by the *Employer* to avoid water and soil pollution and a proper management of *hazardous* and non-hazardous products/substances and waste.
3. The use of Chemicals in the *Ingka Group Forest Company's Working areas*, other than those included in the work specifications or any similar documentation, is done only with written approval of *Ingka Group Forest Company*.
4. All chemical containers are properly labelled with appropriate and easy to understand explanations, to ensure that *Workers* are aware of the contents of the containers and the associated risks.
5. Legal and/or *Employer's* procedures and regulations relating to the construction and operation of forwarding roads must be respected to limit soil erosion.
6. The collecting paths are being designed with a maximum care to ensure that soil compaction and erosion are minimized.

7. The *Contractor* shall use only marked or agreed collecting paths.
8. When the transportation of logs or the process for collecting thereof causes the erosion of soil or deteriorates the roads or access way to such an extent that it would require rebuilding works, any such transportation and collecting operations shall be stopped, if no other order from *Employer*.
9. After harvesting operations are completed, the skidder roads shall be brought to the initial status. To this end, the *Contractor* shall take any requisite anti-erosion prevention measures.
10. Techniques and equipment that minimize impacts to vegetation, soil, and water are used whenever feasible.
11. *Contractor* shall not skid or transport any timber through *Perennial watercourses*.
12. *Contractor* shall not store any logs, branches and harvesting debris in water.
13. The contamination of water and soil with fuel, oil or other substances is forbidden.

5. Alcohol and drugs

1. All *Workers* have been actively communicated/informed that any work under the influence of alcohol, illegal drugs or any similar substance which poses a danger to their safety within the *Working area* is strictly prohibited.

6. Social

1. The *Contractor* shall obtain the relevant use rights (including access and storing rights) from the owners or administrators of the neighboring lands used or accessed in order to execute the contract with the *Ingka Group Forest Company*, if not done by *Employer*.
2. Restrictions (tonnage and time of use) for access roads are respected.
3. Any conflict or potential conflict shall be reported immediately via phone and followed up in writing to the relevant *Ingka Group Forest Company* within maximum 48 hours.

7. Timber legality

1. The *Contractor* shall not carry out illegal logging or other unauthorized or illegal activities (such as, without limitation, poaching) in the *Working area*.
2. If required, *Clients* have a due diligence system in place to avoid use of illegally harvested timber.

Appendix 1. Definitions

Accident – any occurrence that leads to any kind of injury.

Chemicals – means chemical substances and products including but not limited to: pesticides, lacquer, solvents, paints, dyes, hardeners, stains, waxes, acids, salts, additives, gases.

Client – buyer of timber and/or harvesting rights from INGKA Group Forest Companies. For the purpose of these Terms clients include any of their contractors that they employ execute the contract.

Contractor - Client and/or Supplier.

First – aid kit - kit with tools and medicines for first aid intervention.

Forced labor - work or service that a person is compelled to carry out under any threat of punishment or confiscation of personal belongings, and for which work the person has not offered to participate voluntarily.

Hazardous waste - waste that could cause harm to public health and/or the environment, as identified by local legislation.

INGKA Group Forest Company - the company owning forest portfolios of INGKA Group in the relevant country or involved in the management thereof.

Incident (near miss) - is a situation in the workplace that could easily have resulted in injury or damage to people and/or the environment.

Legal form of employment - a contract or other form (including daily workers registry) used in labor law to attribute rights and responsibilities and govern the relationship between the employer-employee.

Machinery – tractors, skidders, trucks, chainsaw and other mechanical equipment used for carrying out *forest activities*.

Perennial watercourses – watercourses that are flowing at least 90% of the year under normal climatic conditions.

Prison labour –work involving prison workers.

Terms – Terms of Engagement or ToE.

Supplier – a person or entity providing services under a given specification and at a predetermined cost under the terms of a contract for services, but not under a contract of employment. For the purpose of these Terms suppliers include sub-suppliers.

Young worker - Young workers are persons under 18 years of age, but above the minimum working age, who are engaged in work.

Worker - any person engaged in forestry activities.

Working area – any area/site where forestry activities are carried out within the scope of Contractor’s engagement.

Appendix 2 – Ingka Group Business Ethics

Dear business partner!

We would like to ask your attention for the guiding principles regarding business ethics we require our business partners to follow. They are also applicable to any party that performs services for or on behalf of the business partner. It is mandatory for everyone who has a contract with a company in the group of companies ultimately owned by Ingka Holding B.V. (the Ingka Group).

At the Ingka Group we are guided and inspired by our vision "to create a better everyday life for the many people", our business idea and our values. Together they describe and promote a long-term view on doing good business, help create a high degree of trust and build solid and sustainable relationships.

We put high expectations on ourselves to perform our business in an honest, open and ethical way. These expectations are also shared by our customers, business partners and society in general. Bribery and corruption are contradictory to the objective of doing good business. They damage the confidence our co-workers, suppliers, customers and other stakeholders have in the Ingka Group and in the IKEA Brand. Furthermore, bribery and corruption undermine the rule of law, distort markets, and deny the many people their rightful share of resources.

Therefore, we do not accept bribery and corruption in any form. We define 'bribery' as the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours, etc.). By "corruption" we mean the abuse of entrusted power for private gain. Examples include bribery, extortion, embezzlement and favouritism, either in the public or private domain.

The standpoints we would like your attention for are:

- The Ingka Group has a zero tolerance towards bribery and corruption in any form;
- The Ingka Group does not allow any form of facilitation payments;
- No one, co-worker or business partner, acting on behalf of the Ingka Group or with whom the Ingka Group has a relation (including suppliers, vendors and contractors) may directly or indirectly, offer, promise, give, accept or solicit bribes and corrupt payments of any kind or anything that could be perceived as such;
- The Ingka Group co-workers do not offer or accept gifts and hospitality. However, it is recognised that the rare acceptance or offer of token gifts may be a legitimate contribution to building or maintaining good business relationships when done in a transparent way;
- Conflicts of interest must be avoided and (potential) conflicts of interest need to be reported and acted on transparently. A conflict of interest occurs when an individual's private interest in any way interferes – or even appears to interfere – with the interests of the Ingka Group;
- The Ingka Group does not engage or enter into business directly or indirectly with sanctioned parties;

- The Ingka Group refrains from transactions, which directly or indirectly, involve money laundering.

You are requested to inform all your co-workers and any party that performs services for or on behalf of your company involved in the business with the Ingka Group, about the content of this message to ensure their compliance with these principles. If your company has a code or policy on business ethics which is related to the content of this document, you are welcome to share this with us.

Throughout the course of our future relationship, we urge you as our business partner to inform the Ingka Group, locally or centrally, of any attempt or request from any Ingka Group co-workers to get or offer inappropriate benefits.

Trust and honesty are cornerstones of our culture, however we reserve the right to enquire or investigate in case of suspicion of corruption.

Thank you very much and looking forward to working with you!