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Contribution from Ingka Group / IKEA
Ingka Holding B.V. and its controlled entities

Answer to the public consultation on the White Paper on Artificial Intelligence – A European Approach

Since 2018, Ingka Group, the strategic partner in the IKEA franchise system, has embarked on a journey to transform our company into a retailer fit for the 21st century. We are becoming data-driven, using digital tools such as Artificial Intelligence (AI) to meet customers wherever and whenever they choose, with the range and services they want, always at prices they can afford.

The recent COVID-19 outbreak is speeding up our digital transformation that is still guided by our vision: **to create a better everyday life for the many people**. We want to create a new IKEA fit for the future, integrate sustainability into everything we do and achieve true inclusivity based on equality.

Artificial Intelligence is the cornerstone to achieving this vision. AI enables responsible retailers of all sizes to tailor their services to customers' needs and improve internal efficiency. We are developing a Data Ethics Principles, stemming from our company culture and values, that will put people first, and put transparency and accountability at the core of our personalised relationships with our customers. These Principles will guide our company going forward, empowering people – whether our customers, visitors or employees – to understand why, how and when we use data. Developing a European human-centric approach to AI that supports innovation and digital skills will secure a level-playing field to the benefit of consumers.

The coronavirus crisis has emphasised the need for a fair and ethical European AI ecosystem. Artificial Intelligence can help us to improve our services, but also to innovate and find new opportunities that will support employment and speed up recovery. Nevertheless, responses to the crisis can bias competition and open the door to more intrusive practices. We need to stay true to our European values and create a framework that will put people first, and balance business interests to benefit people and planet.

We welcome the commitment of the European Commission to the digital transformation of the European economy. Artificial Intelligence and Data will play a key role in securing Europe's digital sovereignty and achieving the green transition. We have the following recommendations to secure a future-proof European framework for Artificial Intelligence. The future EU rules for AI should:

- **Highlight the benefits of Artificial Intelligence**.
- **Be agile and outcome-driven**.
- **Promote a balanced risk-based approach**.
- **Clarify how existing legislation** (e.g. on privacy and product liability) **apply to AI**.

About Ingka Group
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A future-proof European framework should highlight the benefits of Artificial Intelligence.

Having a positive stance towards AI technologies is a prerequisite to unlock Europe's tech sovereignty. Artificial Intelligence is still at its infancy and has the potential to better the lives of European citizens, optimise public service management and boost businesses' competitiveness. AI technologies in retail can improve consumer experience and increase the efficiency of resource allocation, only to name a few. The future EU framework should highlight the benefits of AI and provide risk management mechanisms where needed.

Putting innovation at the core of the future EU framework will trigger positive appreciations of Artificial Intelligence. Agile innovation-focused policies will ease the uptake of value-driven AI development and make the European Union an attractive market for AI investment to the benefit of society. Flexible rules supporting innovation will also secure EU consumers easier access to upcoming AI-powered services developed within and outside the European Union.

Businesses can assist the European Union in creating a positive attitude towards AI technologies that will contribute to post-COVID economic recovery. Most retail journeys start through digital channels where Artificial Intelligence already offers consumers more personalised digital shopping experiences, better products and innovative services such as voice shopping. AI technologies can also improve work experiences. Building trust on how AI is used is paramount for retailers to earn consumer trust and retain talent. These efforts can support the European Union in raising awareness on the benefits of Artificial Intelligence.

Businesses have a role to play in achieving a human-centric approach to AI that relies on ethical data use. Strong internal policies should be put in place to (i) empower people to understand why, how and when we use AI, (ii) set accountability mechanisms for data and its usage, including the resulting decisions and outcomes, and (iii) design, develop and deploy technology based on ethical standpoints.

Additional actions are needed to achieve general data literacy across the EU and secure AI training in all education programmes. Digital education will be paramount to train the AI experts of tomorrow and support the competitiveness of the European economy. It will be equally important to include ethics and fundamental rights in AI training curricula. Achieving minimum digital literacy will also improve consumers' awareness and empower them to understand when and how we use AI technologies.

A future-proof European framework should achieve agile and outcome-drive rules for AI.

The future EU rules for AI should rely on a more precise definition of 'Artificial Intelligence'. AI can be understood as a specific type of algorithms, a set of models implemented in computers that learn from data and interactions with their environment to

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make decisions and inferences. It excludes traditional statistical models and human-defined logic flows. A specific and targeted definition of Artificial Intelligence will foster trust among society, and secure the legal certainty needed for businesses to innovate in the European Union.

EU rules should focus on achieving desirable outcomes rather than regulating tools, as it is already the case for other technologies (e.g. software updates). Artificial Intelligence is first and foremost a tool used to analyse data and environment. Developers should have the freedom to innovate while always respecting human rights and promoting dignity, diversity and inclusivity, unlocking value for people. Introducing new obligations such as 'non-discrimination by design' would secure positive outcomes in an innovation-friendly manner.

Regulatory sandboxes would provide the flexibility businesses need to explore the potential of emerging Artificial Intelligence applications. Current European and national legislative frameworks, notably competition and privacy rules, limit data reuse for AI training purposes. Securing flexible rules will allow businesses to build a secure environment for algorithm training and emerging AI applications testing. Governments could rely on these environments to experiment innovative regulatory approaches and mitigate risks as they materialise, empowering businesses to innovate, become climate-positive and contribute positively to society.

Safeguarding a homogeneous regulatory framework across Member States for Artificial Intelligence, notably with regards to liability, should be a priority. Homogeneous frameworks will make the EU attractive for a value-driven approach to AI innovation, support business competitiveness, and achieve the necessary scale for AI to have a positive impact on society and boost post-COVID recovery. On the other hand, diverging implementation of future EU rules would threaten the extensive investment required to develop competitive and ethical AI capabilities.

- **A future-proof European framework should promote a balanced risk-based approach.**

Whether Artificial Intelligence is deemed 'high risk' should be equally based on the type of AI application being used (i.e., likelihood and magnitude of adverse outcomes) **and on sectoral use.** Applications only aiming at improving business processes do not have the same implications for people and society than AI-fuelled autonomous driving solutions for instance. A balanced application-and-sector-based approach would enable businesses to pay particular attention to potentially vulnerable people (those traditionally at risk of exclusion), secure proportional requirements across sectors and support innovation.

'High-risk' applications should be assessed based on their intended use, i.e., on whether they will be used for (i) internal business processes, (ii) consumer-facing use, (iii) decision tools, and (iv) physical use that presents safety risks including harm to human body.

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EU rules for remote biometric identification systems should balance privacy concerns with opportunities for consumer experience improvement. The General Data Protection Regulation (GDPR) has already created a clear framework for remote biometric identification systems in which biometric data processing should be a last resort option. Retailers would welcome the opportunity to explore innovative biometric-based services for our customers and visitors, such as to cashier-less check-out processes.

A voluntary labelling system for 'no-high-risk' AI applications would likely overflow consumers with information and refrain them from using AI technologies by putting forwards the notion of risks rather than benefits. Such a scheme would also increase administrative burdens for developers and reduce the attractiveness of the European Union for AI innovation and development.

- **A future-proof European framework should clarify how existing rules apply to Artificial Intelligence.**

Guidance on how to apply existing rules to AI applications would ease the uptake of Artificial Intelligence. Current EU legislation, such as the Product Liability Directive, offers a comprehensive framework securing adequate remedies against most risks AI can pose. However, clear guidelines and, where needed, adjustments to current rules will be required to mitigate risks associated to emerging AI applications (e.g., how to apply GDPR purpose limitation to support data reuse for AI training). Updated technical documentation obligations would ease compliance and liability assessments, especially with regards to AI applications that are subject to a 'black-box effect'.

Future approaches on AI should secure effective coordination at national level to prevent the fragmentation of the European Single Market. Developing competitive and ethical AI capabilities requires extensive investments that diverging rules across Member States would threaten. Homogeneous frameworks will greatly contribute to the EU's attractiveness for AI development and support a value-driven approach to AI innovation boosting post-COVID recovery.

Artificial Intelligence is driving the ability of the European economy to grow, compete and become greener tomorrow. Agile innovation-focused human-centric rules for AI will help us innovate and develop new services that will provide consumers with more and better choices. **We stand ready to support building a responsible AI-powered economy ensuring a future for Europe that is fair and equal for all, climate neutral, and digital.**

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