



Our people

Creating a people movement	48	Creating a great co-worker experience	54
Recruitment and competence development	49	Improving health, well-being and occupational safety	55
Going all in on equality	52		

Creating a people movement

At the heart of our business are the 166,200 people in our organisation. Nothing would be possible without the committed and talented co-workers across IKEA Retail, Ingka Centres and Ingka Investments.

We want our customers to meet engaged, competent and service-minded co-workers who understand life at home, help make their dreams a reality and solve their needs and problems.

We are purpose-led and want to attract people who share our vision and values. We aim to provide a workplace where people can be themselves, and where everyone has the conditions and competence to perform successfully and to grow as professionals and individuals.

With our people strategy, we'll take our business into a new era by developing new capabilities, mindsets and ways of working, while staying grounded in our culture and values. Our strategy has three central pillars:

» **People choose Ingka for what we stand for.** We are a values-driven company, committed to attracting, recruiting and retaining talent and to driving equality across the organisation and, together with our partners, in society at large.

» **Engaged Ingka people with customers at heart.** We provide a great co-worker experience by

creating a meaningful workplace that enables our people to grow and develop, empowering them to create the best customer experience possible.

» **A modern, lean and agile Ingka fit for growth.** To build for performance, we challenge ourselves to be more innovative. We organise with simplicity and clarity to ensure faster decision-making, and we invest in technology to add value to both business and people.

The world is changing fast, and the retail sector is being disrupted by new business models and ever-changing consumer behaviours. This creates risks and opportunities for our business and our approach to people management, including: growing competition for talent; changing competence requirements; and the impact of automation and digitalisation on the retail sector. Our people strategy helps us to find solutions to these challenges and to benefit from new opportunities by enabling us to attract and retain the right people, develop the right competences and maintain co-worker engagement and resilience to change.

166,200
co-workers

50/50
Gender-balance in
management positions

81%
of co-workers believe
Ingka Group is a great
place to work



Recruitment and competence development

The way we recruit and develop our co-workers is important to achieving our business and people goals. We aim to recruit based on our values and to continuously innovate in how we attract talent.

We are increasing our focus on competence development, so we can grow more of our talent from within, providing opportunities for co-workers to develop their skills and capabilities while achieving our business objectives.

Recruiting with our values

During FY19, we recruited 32,571 new co-workers. We select co-workers who share our values, since this helps to strengthen and sustain our culture and uniqueness as we transform our business. We've developed a digital toolbox of resources to support our recruiters in values-based recruitment. This includes asking potential co-workers about their strengths and motivations, so we can identify those who share our values and are best suited to thrive in our culture – rather than having a narrow focus on qualifications and experience. Once on the job, every co-worker is recognised for how they live our values as part of our job chats and through feedback.

"We've taken a proactive approach to competence development so that we can deliver and upskilling our co-workers, so they're ready to take on the jobs of the future."

Pernille Hagild, Leadership & Competence Development Manager, Ingka Group

We're focusing on increasing the number of co-workers with digital skills. To support this, we've launched a global social media recruitment campaign to raise our profile with people who may not have previously considered Ingka Group as a potential employer. This campaign emphasises our focus on culture and purpose in order to differentiate our business and attract applicants who share our vision to side with the many people. ▶▶▶

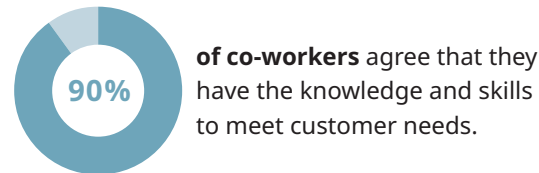
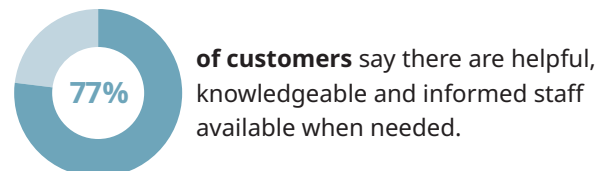
Building skills and capabilities

To transform our business, we're adopting a more proactive approach to competence development. This means ensuring co-workers across Ingka Group have the right skills and abilities combined with the knowledge, motivation and capability to meet changing customer needs and to encourage more sustainable living.

During FY19, we started the work of identifying the core competences we need to deliver on our business goals today and in the future. Based on this, we're developing our learning offer and strengthening our succession planning and recruitment processes to ensure we have people with the right competences.

By strengthening our approach to competence development, we'll improve the co-worker experience too, providing more opportunities for people to grow and develop their skills and know-how with us.

We're particularly focused on building our capabilities of digital literacy and in areas such as digitalisation and services, through programmes like our Coding Bootcamp, see page 51.



Source: IKEA Customer Satisfaction Survey; I Share co-worker survey, FY19

Front days – keeping us connected

We define success by our ability to create a better everyday life for the many people. We need everyone at Ingka Group to lead by example in keeping our customers at heart.

That's why we value and offer "Front Days" – a programme that lets our office-based co-workers experience working with colleagues in IKEA stores, Customer Support Centres and Distribution Centres. It's recommended that new co-workers start off their time at Ingka Group with a week in one of these units and then two days every year thereafter. We encourage all office-based co-workers to participate, including our CEO and senior leaders, around 16,000 people in total.

Front Days provide all of us with insights into our customers' dreams, needs and frustrations and with first-hand experience of our business operations. We all benefit from the opportunity to spend time with each other and to learn from each other's perspectives and feedback.

"When I had the opportunity to work in the Textiles, Logistics and Recovery departments, I gained a lot of new insights. I was so impressed with the unity and togetherness among co-workers and their commitment to serving our customers."

Sylvia Przytulska, Learning Development Leader, Ingka Group



Think beyond. Dare to try. Keep on growing.

When we take a bit of time out of our normal routine to learn, reflect on our goals and share ideas, it can benefit us both personally and professionally.

That's the idea behind Talent Focus Week, our annual Group-wide event open to all co-workers. Our FY19 event, in which 80,000 colleagues took part, encouraged everyone at Ingka Group to think beyond the norm and to try something new.

At IKEA Retail South Korea, Talent Focus Week brought together 1,138 co-workers through 38 professional development workshops, quizzes, events and talks. Sessions included "10 ideas in 15 minutes," where co-workers shared work goals and challenges with colleagues from different teams and functions, generating new ideas and approaches. Other sessions explored topics such as developing a growth mindset, managing change at work and challenging yourself to try new things.

Co-workers shared their knowledge and experiences with each other as presenters, facilitators and workshop participants. Feedback showed that these personal reflections were particularly inspiring for colleagues.

"We're so focused on our daily to-do list that it's hard to find the time to reflect and think about where we're headed. Talent Focus Week motivates us all to learn new things, appreciate what we've achieved and plan how to move forward," says Minha Lee, Talent Sourcing & Employee Value Proposition Leader, IKEA Retail South Korea.



Gracy Kantzabedian, Coding Bootcamp graduate

Reskilling for a digital future

Every day, we each run millions of lines of code as we use our computers, phones and tablets. But how many of us can actually write our own code? At our 10-week Coding Bootcamp, Ingka Group colleagues from around the world are learning to do just that.

Gracy Kantzabedian is a Coding Bootcamp graduate, one of 21 co-workers of nine nationalities to complete the course during FY19. Previously a customer service leader in our IKEA Burbank store in the USA, Gracy was attracted to work at IKEA by our values. "It's not so often you find a brand with strong values that actually sticks to them – it's what brought me to join and what motivates me to stay," she explains.

Gracy had long been interested in technology. She built her own computer at the age of 12 and had taught herself the basics of coding. After joining IKEA Retail US, she soon had the chance to develop these skills. "When a colleague suggested I apply for a programme to train as a digital architect, I jumped at the chance," says Gracy. "And a year later, I applied to join the Ingka Group Coding Bootcamp to further build up my digital skills."

Coding Bootcamp is an intensive, full-time 10-week course. Participants attend lectures but spend most of the time on practical

exercises and tasks, learning to apply their knowledge and culminating in building their own apps. For the FY19 graduates, the final projects included: a furniture exchange app; an app that calculates whether the contents of your shopping cart will fit in your car; and a digital buddy for furniture assembly.

"It was a tough 10 weeks but an amazing experience. I gained so much knowledge and learned how to apply it. I now have a new role as a software engineer based in Sweden."

Coding Bootcamps is just one of the ways we're building our digital capabilities; reskilling our co-workers to develop the apps, websites and digital functionality we need to transform our business and help our customers shop in the way that suits them best.



Going all in on equality

At Ingka Group, we embrace diversity and want to create a workplace where everyone has equal opportunities, feels included and thrives.

Our commitment to equality, diversity and inclusion is the right thing to do and is also essential to the success of our business. It enables us to expand our talent pool, to serve a diverse customer base and to contribute to positive change in society. Our co-workers value our commitment too – in fact, feedback from co-workers shows it's one of the top reasons people choose to work at Ingka Group.

In every country, we have an Equality, Diversity & Inclusion (ED&I) Leader who co-creates plans and initiatives together with the global ED&I team. Their responsibility is to ensure that these initiatives have local relevance, are implemented and followed through and ultimately reach all co-workers.

Our processes in areas such as recruitment, succession planning and rewards support a diverse and inclusive work environment. New training programmes help our recruiters spot and address unconscious bias, so we can be confident that we're selecting diverse candidates who are the most qualified for the job.

Our inclusion index monitors co-worker views on whether we're succeeding in creating an inclusive workplace. It's based on questions from our co-worker survey, I Share, and the score for FY19 was 80%. Our goal is 85%.

- » **78% of co-workers** feel included at Ingka Group.
- » **82% of co-workers** feel they can be themselves at Ingka Group.

Equality is a fundamental human right, and we know that gender balanced teams are more productive and effective. We achieved our previous goal of gender balance across all leadership positions ahead of schedule. However, there is further work to be done to achieve gender balance for each location (unit, store and

country level), function and for group- and country-level boards and committees, including our most senior leadership roles. We're analysing each of these units individually with a stretching commitment to achieve gender balance by 2022. We will be particularly focused on functions that traditionally tend to be more male or female dominated.

We're joining up with others to promote equality. This includes signing the Women's Empowerment Principles, see page 53, and joining Business for Inclusive Growth, a business coalition launched at the G7 summit aiming to tackle inequality and promote diversity in workplaces and supply chains. We're also working with the World Economic Forum's Global Future Council on the New Equality and Inclusion Agenda, which aims to set a new global agenda for equality and inclusion.

Each of our countries in the European Union has signed their country's national Diversity Charter, committing to promote equal opportunities in the workplace and in society.

Gender balance – % of women	FY18	FY19
Supervisory Board	37.5%	37.5%
Group Management	30.0%	30.0%
All leaders (management positions)	49.4%	49.7%
All co-workers	55.2%	54.6%

Note to chart: We define gender balance as equal representation. In practice, this can vary year on year, and we consider a range of 45–55% to be gender balanced. For boards/committees with a small number of members, the range may be 40–60%.

Our goal: achieve gender balance in the leadership of all functions, locations, boards and committees by 2022

Towards gender-equal pay

We're one of a small number of global companies to have been accepted as a member of The Equal Pay International Coalition (EPIC), alongside national governments, trade unions, multilateral and non-governmental organisations. EPIC is an initiative led by the International Labour Organization (ILO), UN Women and the Organisation for Economic Co-operation and Development, which aims to make equal pay a reality across all countries and sectors by 2030.

Our membership is one way we demonstrate our commitment to equal pay to current and potential co-workers and help to raise the profile of this issue.

It's only fair that everyone receives equal pay

for work of equal value regardless of gender. To secure this, during a 2018 EPIC event, we pledged to roll out a framework for gender-equal pay in all Ingka Group countries by 1 January 2019. We also pledged to identify and perform concrete actions within 18 months. We're on track with our commitments. In FY19, we rolled out our common approach and conducted our first assessment, analysing data for over 150,000 co-workers. In the majority of the countries in which we operate, we have pay for identical groups (same pay band, same job title) on the weighted average within a margin of +/-3%. Besides quantifying the pay gaps, we focus on analysing the reasons for the gaps and performing concrete actions where necessary.

Our goal is to achieve gender-equal pay for work of equal value by the end of 2021. However, securing gender-equal pay is not a one-time fix. We'll continue to apply our holistic and cyclical approach beyond 2021.

Achieving gender-equal pay entails the following:

- » **Each identical group** (same pay band, same job title) with a difference in pay will be investigated and have clear explanations for the differences.
- » **Each gap found** in the identical group that cannot be explained by performance, competence or legal requirements will have a concrete action plan to address the gap.

A rainbow bag for LGBT+ inclusion

We value our co-workers and customers, whatever their sexual orientation or gender identity. We want to speak up for LGBT+ rights and stand against discrimination.

► **That's why every 17 May, we celebrate IDAHOT**, the International Day Against Homophobia, Transphobia and Biphobia, through events in our stores and offices.

This year, at the suggestion of one of our co-workers, we made our support even more visible with the launch of the rainbow-coloured KVANTING carrier bags. These limited-edition versions of the IKEA blue bag were sold in 21 countries with some of the profits given to LGBT+ organisations, including the Human Rights Campaign Foundation.

We co-created and endorsed the UN Standards of Conduct for Business on tackling discrimination against LGBT+ people. These outline how companies should respect, support and promote

the rights of LGBT+ co-workers, customers, communities and other stakeholders.

See www.unfe.org



Women's Empowerment Principles

When it comes to equality, we aim high. We want to be transparent about our progress and to encourage other businesses to act.

► **That's why we've signed the Women's Empowerment Principles** developed by UN Women and the UN Global Compact (UNGC). The Principles commit us to:

- » **Establish** high-level corporate leadership for gender equality.
- » **Treat** all women and men fairly at work – respect and support human rights and non-discrimination.
- » **Ensure** the health, safety and well-being of all women and men workers.
- » **Promote** education, training and professional development for women.
- » **Implement** enterprise development, supply chain and marketing practices that empower women.
- » **Promote** equality through community initiatives and advocacy.
- » **Measure** and publicly report on progress to achieve gender equality.

"Signing the Women's Empowerment Principles helps us to keep equality top of mind, to hold ourselves accountable and to be transparent about our progress or challenges. Even when we're doing a good job today, we must not lose focus or we could go backwards. Having the Principles as our guide helps us to continue improve."

Sari Brody, Global Equality, Diversity & Inclusion Manager, Ingka Group

Creating a great co-worker experience

We want to create a great working experience for everyone at Ingka Group – rewarding their efforts, treating them fairly and responding to their feedback.

This helps us to attract and retain the talent we need and provides the right conditions for our co-workers to do a great job for customers. When our people feel engaged and empowered, they thrive – and so does our business. We're proud that 81% of co-workers believe Ingka Group is a great place to work. This is well above the 72.4% average score for the benchmark group of companies and makes progress towards our goal of 85% by FY21. Our co-worker turnover rate was 25.3% in FY19, which includes both voluntary and involuntary turnover.

Listening to our co-workers

We want to know how our co-workers feel about their jobs, their teams and Ingka Group as an employer. Regular surveys supplement direct conversations and help us to identify areas for improvement. In FY19 we launched our new co-worker survey "I Share," to make it easier for co-workers to share feedback and enable our managers to respond more quickly. Co-workers can now share their views at least once a year via a 10-minute survey.

When our people feel engaged and empowered, they thrive – and so does our business. We're proud that 81% of co-workers believe Ingka Group is a great place to work.

Around 73,000 co-workers completed the survey during FY19. The results show that we perform strongly in areas such as Engagement and Leadership and that 80% of co-workers feel inspired by the IKEA vision. Our co-workers are also proud of their collaboration with colleagues.

Survey responses are also helping us to understand and respond to co-worker views on our transformation.

Rewarding performance and competence

Our compelling and competitive rewards, opportunities for professional and individual growth, inclusive working environment and strong culture, all help us attract, motivate and retain a talented workforce. We want to make sure that our total offer adequately rewards performance and competence, so co-workers know that their efforts are recognised and that results matter. During FY20, we'll be exploring how to better communicate our total rewards offer to co-workers across Ingka Group.

Our variable pay programmes benefit all our co-workers worldwide, recognising their commitment and contribution to the business. Our annual One IKEA Bonus programme rewards co-workers for achieving our business goals – more than 120,000 co-workers received a bonus for FY19. The loyalty programme, "Tack!" ("thank you" in Swedish), has shared EUR 612 million since FY14. It now operates on a three-year cycle.

IKEA employment standards (IES)

IKEA is a diverse and values-driven brand with a vision to create a better everyday life for the many people. This means that we care as much about our co-workers, customers and suppliers as we do about the development of our business.

The IES provide the framework for the relationship between Ingka Group and our co-workers. They outline our way of working and include principles that inspire and support us in engaging with our many co-workers.

The standards set the minimum requirements we apply to the employment relationship for all co-workers, regarding contracts, scheduling, working hours, equality of treatment and open communication. The IES continue to form part of the base of our employment offer with our co-workers, and we'll learn and update as necessary with changing shifts in both our workforce and business.

Building strong social relations

Our co-workers are our most valuable asset, and we're committed to providing a great place to work for all of them, which we achieve through a spirit of collaboration.

Social Relations within Ingka Group is defined as our values-based collective collaboration and dialogue between our leaders, co-workers, co-worker representatives and all other internal and external stakeholders.

Ingka Group is committed to respect and realise the principle of freedom of association, and we recognise the right to collective bargaining, in compliance with local legislation.



Supporting co-workers through change

We're transforming our business to create a modern, lean and agile Ingka Group that's fit for growth.

► **This means changing how we lead and work**, building new capabilities and reorganising many parts of our business. Throughout our transformation, we'll stay close to our co-workers, offering the right support and listening to their feedback.

Through our transformation, many new jobs have been created, while other jobs have been changed, moved or made redundant, mainly in our global functions and offices in 30 countries. To support our co-workers, we're providing training, support and guidance in the process. We want all co-workers to understand why we're making these changes and to feel they've been listened to and treated with respect.

To support our co-workers, we're providing training, support and guidance in the process.

Where redundancies are necessary, our approach includes providing one-to-one meetings with line managers, offering coaching and support to find a new role and ensuring that affected co-workers have the opportunity to be interviewed for a new role at Ingka Group. They can also choose to join our talent pool to be kept informed of new vacancies after they've left the company.



Improving health, well-being and occupational safety

We want to provide a safe and healthy work environment for everyone at Ingka Group. We're strengthening our processes for safety management and plan to launch a health and well-being framework for our co-workers in FY20.

We want to help our co-workers to improve their health, to boost their performance and well-being, to feel connected with their colleagues and to enable them to manage a healthy work-life balance.

Currently each Ingka Group country offers many local health and well-being programmes, as well as training and initiatives to encourage healthy living. To ensure we're providing a consistent co-worker experience and meeting co-worker needs in every location, we'll launch our global Health and Well-being Framework in FY20.

The Framework takes a holistic approach, encompassing mental and physical health and other areas that contribute to wellbeing. We've appointed a Health and Wellbeing Leader in every country to help us identify and address local priorities.

By increasing our focus in this area, we aim not only to improve co-worker health and well-being but also to support engagement and job satisfaction. It will help us to manage the impact of trends such as technological advances and an ageing workforce. We'll track progress using our engagement survey.

Managing safety risks

Risk areas for co-worker safety at Ingka Group include logistics and food areas, often when co-workers are handling material or using hand tools.

We updated our Group Safety and Security Rule in FY19 to provide new guidance on how each location should evaluate and mitigate safety risks and prevent accidents. We're supporting Inter IKEA Group in developing a new web based learning solution that's available for all co-workers.

We're also continuously improving our incident reporting system to make it easier to input, use and share our data both at Ingka Group and country level. While health and safety issues are managed locally, these changes will improve consistency between different parts of the business.

Our accident frequency rate (severe accidents per million worked hours) was 11.6 in FY19. We're not able to compare performance with previous years due to the changes we made to our data reporting system this year.