Co-creating a decarbonised goods flow

Good examples and inspiration from across global transport and logistics in the IKEA supply chain
**At its core – sustainability is all about people!**

We are proud to present the sixth edition of the Good Examples Catalogue by IKEA Supply Chain Operations. In the catalogue there are many good examples across our transport and logistics supply chain showcasing actions that reduce greenhouse gas emissions.

We sat down with Doris and Elisabeth to hear their thoughts around the journey we are on in IKEA Supply Chain Operations (SCO) that involves zero emission transports, and renewable energy.

**Hej Elisabeth! What is the role of IKEA Supply Chain Operations?**

We are a global organisation in IKEA Supply, making sure that our customers can buy the IKEA products they desire and love. Together with our partners, we develop and deliver transport and logistic solutions that are simple, affordable, and sustainable.

We do 1.7 million shipments a year, which produces almost 1 million tonnes of CO2e emissions (in FY23). We are part of the everyday working lives of tens of thousands of drivers, seafarers and logistics workers that handle our goods. The transport and logistics industry affects the lives of millions of people every day. Our impact on people and the planet gives us a strong sense of purpose and the opportunity to influence the changes that we want to see.

**What are your thoughts on our achievements in SCO, compared to the very first catalogue in 2018?**

We are well on our way; we have learned a lot, and we still have a long way to go. Our decarbonise approach, to reduce, replace and rethink, is working.

**“Sustainability is truly about people!”**

Elisabeth Munck af Rosenschöld, Sustainability Manager, IKEA Supply Chain Operations

Since 2017 we have reduced the average emission from every transport that we do by 25%. To me this is the result of the dedicated efforts of my colleagues, our partners, and stakeholders across the supply chain to reach the climate targets. The key is that the decarbonising agenda is now an integrated part of how we operate. It is a clear and actionable agenda that people have taken ownership and leadership of.

While a science-based approach and facts are essential, sustainability is truly about people. To find better ways of doing things, be more efficient, innovate, to scale and deploy, it is all about people. People coming together, in new collaborations and building on each other to create better solutions.

Hej Doris, you often say that sustainability is just another dimension of the business. What do you mean by that?

Well, the climate crisis affects every aspect of our personal lives. It also affects every single aspect of modern business. To make real progress, sustainability must be integrated into every function of a company. When we approach sustainability, it is just another dimension of how we do business. We embed sustainability into our everyday working processes, so it becomes actionable. We continue the decarb journey, with urgency, focus and perseverance.

**“When we approach sustainability, it is just another dimension of how we do business. We embed sustainability into our everyday working processes.”**

Doris Martetschläger, Supply Chain Operations Manager

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Our sustainability destination

In IKEA Supply Chain Operations, we are striving towards a clean and fair IKEA goods flow that serves people and protects the environment. Our ambition is to use zero-emission transport and 100% renewable energy across our operations for all the supply of IKEA products between suppliers and retailers.

We also want to create a better everyday work life for people moving and handling goods in the IKEA supply chain, and to contribute to a positive experience for people and communities connected to our goods flow.

The climate footprint in IKEA Supply Chain Operations in FY23*

Absolute emissions, million tonnes CO₂e

<table>
<thead>
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<th>Year</th>
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Relative emissions, grams CO₂e per tonne-kilometre

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<tr>
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<td></td>
<td>23.23</td>
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<td>-19.8% vs FY17</td>
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*The climate footprint of the goods flow managed by IKEA Supply Chain Operations, from the suppliers to warehouses and stores. Relative emissions measure the average reduction in emissions on each transport (excluding warehousing). We follow financial years in our reporting from 1 September of the year to 31 August of the following year. Know more about our climate footprint and collective efforts across the IKEA value chain from the IKEA Sustainability and Climate Reports FY23.
Our decarbonise direction

All IKEA products go through a journey – from a supplier to a distribution centre or an IKEA store – before they reach the homes of millions of people who love our products.

This journey has an impact on people and our planet. This gives us a big responsibility, a strong sense of purpose, and the opportunity to do great things.

Our decarbonise agenda guides us on our journey. The agenda is based on three pillars: Reduce, Replace and Rethink, where we focus our activities and initiatives to have the most impact.

Because of the urgency of the climate challenges, we focus on both the short and long term actions with the same sense of urgency.

We take action by engaging with others, leading by example, collaborating to develop solutions, advocating for policy changes and inspiring further action together.

Reduce
Reduce is about increasing efficiencies in everything we do. We work together with our carriers to reduce fuel consumption, increase equipment utilisation and optimise our transport network.

In land transport we reduce the number of shipments, save costs and lower emissions using bigger equipment, less fuel, more efficient trucks and improving filling rates.

In our logistics units we use less electricity with, for example, more efficient lighting, heating and cooling.

Replace
Replace is about replacing fossil fuels. We are switching to intermodal solutions, increasing the use of more sustainable fuels and technologies.

To make it happen, we collaborate with like-minded partners to scale up the development of infrastructure, technologies and renewable energy sources.

Rethink
Rethink is about integrating innovations and new types of collaborations into our value chain.

We are continuously rethinking our ways of working: from the energy consumption in our operations, the technologies we use, the energy sources, as well as how we move our products through the supply chain.

This requires us to be open to new ideas, think outside the box, and collaborate with others to drive innovation.
Steady progress towards our 2030 milestone

We are working with a diversified portfolio of initiatives to Reduce, Replace and Rethink.

We have achieved a lot together. However, we need to do even more to reach our goals. We must accelerate and gear up for the journey ahead of us. Collaboration is key!

We are excited to share good examples and inspiration from the IKEA transport and logistics supply chain. Let these good examples instil confidence and inspire us to accelerate our common climate journey!

This world map shows approximate geographical locations of good examples from across the IKEA supply chain. It intends to illustrate the estimated CO₂e reduction and scale of the activities described in this catalogue.
Making sustainability sustainable

We know that tackling the climate crisis and addressing the impact of transportation is difficult. We know it’s complex. We know it’s challenging. And we know that we are under extreme time pressure. So what to do?

“Collaboration with concrete results,” says Ivelina Georgieva, Sustainability Leader, IKEA Supply Chain Operations. Looking at ocean shipping, “to achieve decarbonisation goals, collaboration across the maritime value chain is essential, and companies need concrete paths to create a competitive market for zero-emission shipping services.”

One of those paths is ZEMBA, the Zero Emission Maritime Buyers Alliance. This is a first-of-its-kind buyer’s group of cargo owners for zero emission shipping, where nearly 30 global companies have come together to demand zero emission ocean shipping through a competitive procurement process – a tender. IKEA took a big step by joining the alliance last year as the first corporate member.

“ZEMBA is a good example of how sustainability can become sustainable,” Ivelina continues. “By making zero emission part of ordinary processes and treating it as a cost like any other cost, it becomes doable and a natural part of the business.”

Even though IKEA is a big global shipper, we cannot alone drive a fast and permanent change towards zero emissions. We need to come together with others and be part of the solution.

“I believe in the power of the many to transform an industry. By aggregating our volume with other shippers in ZEMBA, we raise our collective voice to show that yes, there is a demand for zero emission shipping and yes, let’s scale it up fast, together,” Ivelina concludes.

ZEMBA launched a Request for Proposal in September 2023 for 200,000 TEUs (twenty-foot equivalent units) per year for as long as 3 years. The winner will be announced in spring 2024, with service expected to begin in 2025 or 2026.

“By nature, I am a curious person. The best part of working with sustainability is the diversity of activities and opportunities to constantly learn new things. But most important to me is to be a change maker, to empower people to embed sustainability into everything we do.”

Ivelina Georgieva, Sustainability Leader
It's also about clean air

Clean air is part of a healthy and more sustainable life and cannot be taken for granted. We are committed to actively reduce air pollutants from our operations. IKEA is one of the first companies to disclose an air pollutant emissions inventory across the entire value chain.

Air pollution and greenhouse gas emissions often come from the same sources so there is a strong synergy between the actions needed to reduce emissions.

Movements that will contribute:

• Using only zero-emission heavy-duty vehicles by calendar year 2040 at the latest.
• Purchasing only zero-emission ocean shipping by calendar year 2040.
• Our target to only have 100% renewable electricity in our logistics units by 2025.

For last year’s air pollutant inventory please see the IKEA Climate Report FY23 where transportation and logistics are included.

Moving towards zero-emission ocean shipping

Emissions from ocean shipping of our IKEA products is an important focus for us to reach set targets. Today ocean shipping accounts for 39% of the total transport carbon footprint which is less than 2% of the total climate footprint of the IKEA value chain.

There is a need to work towards zero emission ocean shipping. That is why we have signed the Cargo Owners for Zero Emission Vessels (coZEV) ambition statement where we intend to only ship our goods on zero emission vessels latest by 2040. In 2023, we joined the Zero Emission Maritime Buyers’ Alliance (ZEMBA). Through ZEMBA we want to be part of influencing the ocean shipping industry towards faster deployment of zero emission shipping solutions.

Because many of the most health-damaging air pollutants and greenhouse gases often come from the same source, there is a strong synergy between the actions needed to reduce emissions. With our goal of achieving zero emission ocean shipping, we want to address both the climate challenge and the air pollution at ports.

Our short-term focus is to curb emissions here and now, for which we rely on energy efficiency measures and biofuels. Between FY17 and FY23 there was a reduction in relative emissions by 22%. This was primarily due to improved vessel efficiency within the industry and the use of biofuels. By using biofuels in ocean shipping, we reduced 25,500 tonnes of CO2e in FY23, a reduction of 6,100 tonnes more compared to the previous fiscal year.

Securing seafarers’ rights in the IKEA supply chain

Working towards more sustainable ocean shipping also includes seafarers’ rights and wellbeing. In 2023 we further developed ocean carrier requirements to try to ensure decent work for seafarers on vessels in the IKEA value chain. The requirements were created in collaboration with our ocean transport service providers and other external stakeholders and follow the Maritime Labour Convention and other applicable maritime conventions. We added topics related to mental health and wellbeing onboard vessels, preconditions for female seafarers to enable an increased gender diversity and conditions around working hours and shore leave.

These new requirements will update IWAY, the IKEA Supplier Code of Conduct, and we plan to introduce to our ocean transport service providers and business partners

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Ports – key players in enabling zero emissions

Ports are important hubs in our supply chain. They bridge our land and ocean transportation, and they are key enablers of zero emissions solutions for both. So how is IKEA Supply Chain Operations cooperating with ports today?

One of the key objectives of the Ports function at IKEA Supply Chain Operations is to work closely with port stakeholders. Together we gain a better understanding of how carbon emissions can be reduced over the whole journey of our goods from suppliers to warehouses and stores. To boost our knowledge, we joined IAPH, the International Association of Ports and Harbors, as the first cargo owner.

“IAPH is an important platform to bring port stakeholders together to discuss sustainability topics, digitalisation, and to build a resilient supply chain,” says Stefan Krattiger, Project Leader Ports, IKEA Supply Chain Operations. “Joining IAPH is a step in the right direction towards increased transparency and visibility across ocean, land and ports. This is key in identifying opportunities for future development and to influence positive sustainability movements.”

IKEA Supply Chain Operations is also organising Port Webinars twice per year. We bring together, as cargo owners, ports, terminals, industry experts and service providers to voice our respective agendas, share experiences and the latest industry news, and to trigger increased collaboration.

“A key learning from the webinars is that every port is unique but that our goals of reducing emissions, lowering costs and increasing availability are very similar,” Stefan adds. “Ideally all ports would operate on 100% renewable energy and provide infrastructure that can enable zero emission transportation. For this to happen a total system perspective is needed to be able to act fast.”

Going forward, we want to learn more about the realities of ports and participate in discussions on how to decarbonise the transport industry together. We want more collaboration across the total value chain, end-to-end, to reduce emissions.

"Being involved and learning more about sustainability from both colleagues and partners has only triggered my interest and curiosity even more. I have gone from awareness of the sustainability areas to understanding more about the implications and how it all fits together.”

Stefan Krattiger, Business Development Leader, IKEA Supply Chain Operations
IKEA products jump on the train from Poland to Portugal

This project is yet another example of how we, in IKEA Supply Chain Operations, together with our partners, continue to switch from long haul trucking of IKEA home furnishing products to rail and short-sea. And by doing so, keep less trucks on the roads and generate less CO2e and air pollutants.

In close collaboration with our land transport partner, we developed a rail set-up all the way from Poland to the port in Netherlands, where, in the same terminal, we reload directly onto a short-sea vessel to Portugal.

“When we achieve great business results by considering the bigger picture of lower costs, and significantly reducing the CO2e emissions, I feel really proud of our work and what we do in IKEA Supply Chain Operations. With this new transport solution, we reduced CO2e emissions by 1084 tonnes,” says Mikolaj, Business Developer in Warsaw.

“Together with our land transport partner we found a new, unconventional, and innovative transport set-up by rethinking how we set up our supply chains. Hopefully, it can be an inspiration for others to continue to look for innovative, sustainable solutions,” says Mikolaj.

Back on Track in Lithuania

The corridor between Lithuania and Germany is an important one for the transport of IKEA products, linking a major sending country to a large market. We began regular rail service for the first time, reducing CO2e emissions by 157 tonnes for the last three months of FY23, and lowering costs by 33.5%.

Through the encouragement of our service provider, the railway operator invested in equipment and infrastructure and established a more reliable service. The improvements made the corridor successful for the transportation of our home furnishing goods and we see more potential for other rail routes from Lithuania.

“Together with our land transport partner we found a new, unconventional, and innovative transport set-up by rethinking how we set up our supply chains.”

Mikolaj Korczak, Business Developer
Internal

Electric trucks hit the road in Germany

Leveraging strong, long-term relationships with our partners, we successfully deployed electric vehicles in Germany for the first time, moving containers from the container terminal in Braunschweig to the warehouse in Salzgitter. In the first two months of operation during FY23, we reduced 19 tonnes of emissions. Even though the purchase price of EVs is more expensive than diesel trucks, we were able to execute this EV shift in a cost neutral way.

We changed the way we operate to keep the trucks running on the road rather than waiting to load and unload at the warehouse. Our service provider modified the delivery schedule to make it possible. The trucks are charged at the depot of our service provider who has shared their intention to install solar panels on the roof of their garage to increase the share of green electricity which currently stands at 60%.

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Decarbonising
distribution in Dubai

Our distribution centre (DC) in Dubai is almost the
size of 20 football fields conveniently located inside
a freezone in the south of the city, surrounded by
empty desert land. The DC was set up to supply
goods to our customers in the Middle East, the
first in the region.

We asked Vedran Matijevic, Distribution Unit
Manager, about the many good sustainability
eamples. How come all of this has happened? Do
you think there is a common denominator? “Each
person, each team, taking small steps every day,
makes positive environmental and social impact,”
says Vedran. “Committed teams, working within
their field of expertise, can challenge existing ways
of doing things, and improve for the better.”

In one of our first sustainability retrofits starting in
2020, we addressed heat and humidity from the
Dubai summer. Turning to a traditional method of
cooling air naturally, we lowered the indoor air
temperature by 8 to 10 degrees Celsius. With the
addition of louvers on each of the dock doors and
with high-volume, low speed cooling fans, there is
a gentle breeze through the warehouse.

Having our roof as a resource, we also looked at
generating our own energy with solar panels.

In 2021 we installed 7,616 panels on our roof with a
capacity of 3 MW. In 2023, we generated enough
electricity to power our warehouse operations,
including all our material handling equipment. There is
enough power left over so in the future we will be able
to charge the EVs we are already operating.

With the fast-paced development in the transport
infrastructure in the UAE, we now see potential to bring
intermodal rail solutions to the region, as we have
done extensively in Europe.

On a sweet note, we extracted more than 35 kilos of
honey from our onsite beehives that are being looked
after by bee experts. We even harvested dates from the
palm trees that we grow within our premises.

Mohammad Ali Cayongcat
Safety, Security &
Sustainability Leader

“Each person, each team, taking small steps every day, make positive environmental and social impact. Committed teams, working within their field of expertise, can challenge existing ways of doing things, and improve for the better.”

Vedran Matijevic, Distribution Unit Manager
Partnerships powering EVs in India

To deploy and scale decarbonising solutions, partnerships and collaborations are essential. A good example is the state of EV trucks in India. Small EVs are gaining a foothold but at the beginning of 2023, heavy-duty EV trucks, necessary to transport IKEA products, were not on the market.

We are engaged in the work of speeding up the introduction of these trucks, coming together with service providers, EV truck OEMs, a charging solution provider, and NGOs in India.

By the end of 2023 we organised a successful EV pilot, with heavy-duty trucks running between our distribution centre in Pune and our store in Mumbai. Our aim is to co-create a robust EV truck microsystem in India.

Aboard in India

Intermodal solutions for transportation of domestic goods in India is an extremely small market but vital for the decarbonisation of transportation in India. On our first domestic intermodal rail connection, running between Mumbai and Hyderabad, we reduced emissions by 66% per shipment.

To do this, we engaged government and rail authorities, piloting another route for three months. We started regular operations in September and until the end of 2023 we reduced emissions by 27 tonnes.

 Going Zero-Emission in Dubai

Used cooking oil first powered some of our Dubai transports starting in 2019. By 2022, through close collaboration with our service provider, we ran all our trucks on used cooking oil, and we didn't stop there. In the same year, we added a single electric truck to learn how the vehicle would perform over the routes and terrain. We found the conditions ideally suited for EV transport, making return trips from the Jebel Ali port to our warehouse with the aim to potentially expand the route to local stores in Dubai.

Starting in August 2023, we began operating 7 EV trucks, running 24 hours a day, 6 days a week. Today, we run with 4 rotations of drivers, each 6 hours, and recharge each truck 6 times a day. Not only have we achieved zero tailpipe emissions, but with such efficient truck utilisation, we have a reduced the cost compared to using diesel trucks.

Catching the sunshine in China

With 4,877 solar panels generating a 2.5 MW capacity, our new distribution centre in China is generating a lot of renewable electricity.

We not only power the warehouse operation, but also 20 charging stations for co-worker cars, and up to eight electric trucks at the same time. That's helpful when 60% of all transports to and from our distribution centre are EVs. Inside, the sun streams in through skylights, and daylight sensors and LEDs reduce energy use.

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Quality and sustainability go hand in hand

Did you know that every IKEA product with quality deviations leads to increased carbon emissions? Connecting the dots between quality and sustainability is precisely what the Quality team set out to explore.

In IKEA Supply Chain Operations, we strive for quality at every touchpoint in the value chain by protecting and handling our IKEA products with care and prevent any faulty products from reaching our customers.

“Every cubic meter that is damaged and remains undetected is transported, handled or stored for nothing. This leads to a waste in warehousing capacity, and with it a waste of energy consumption in forklift handling, in heating, and of unnecessary CO2 emissions during transportation,” says Heinz Frauchiger, Quality Manager, IKEA Supply Chain Operations. “Our approach in Quality is to detect, stop, and report as early as possible and continuously improve any quality deviations end-to-end.”

So far IKEA has mainly looked at the cost of poor-quality products from a monetary perspective (today called IKEA Quality Measurement). The Quality team is now running the project Carbon Footprint of Poor Quality.

The outcome of this project will be a dashboard that measures the impact on carbon emissions of reducing scrap and damages due to handling - a prerequisite for making the right decisions.

“Heinz Frauchiger, Quality Manager, IKEA Supply Chain Operations

“Every step towards zero emissions counts and you’re really a hero if you can save a product from being scrapped. Avoiding waste is a mindset that we don’t need to look for, it’s already there and deeply engrained in us.”

Li Li, Business Analyst in the project. “I am excited to be part of the team that now also leads the measuring of carbon footprint of poor quality products and contributes to making data available.”

“Every step towards zero emissions counts and you’re really a hero if you can save a product from being scrapped,” Heinz adds. “Avoiding waste is a mindset that we don’t need to look for, it’s already there and deeply engrained in us. Or as Ingvar, the founder of IKEA, would say: ‘Waste of resources is a mortal sin at IKEA.’”

Li Li
Business Analyst, Deviation Management

Hristo Nikolov Shonov
Quality Process Specialist

Stefan Twiefel
Quality Process Development Manager

Marco Corbo
Business Navigator
When Bigger is Better in the UK

In May 2023, following 11 years of trials, the UK government decided that semi-trailers up to 2.05m longer than standard are safe to be used on British roads. This makes it possible to reduce emissions, congestion and increase road safety without significant technological and infrastructure development.

The month after, together with our knowledgeable and proactive service provider we started to run equipment tests on-site to ensure that bigger semi-trailers would operate well at our units.

In addition, the service provider had organised several trainings for our co-workers on how to steer the new type of equipment. Bigger semi-trailers were gradually implemented on selected routes with the last route from the first phase of the project implemented in September 2023.

Taking advantage of the extra space in the semi-trailers we reduced the number of shipments by an average of 23% on selected routes, cut emissions by 202 tonnes, and lowered costs for transport and handling at our units. More routes from the project are in the pipeline.

Making the rounds like in the old days

Sometimes old ways are better. In Hungary and Bulgaria, until recently, our food transports serviced a single store with each trip from our warehouse – one truck, one store. Then, working with our service provider and retail partner we agreed to consolidate loads where possible and work with a more flexible schedule to deliver to all our stores in each country on the same trip.

Starting in January 2023 with these ‘milk runs’, we became more efficient. Even though we were limited in how many pallets could be loaded in a truck because we do not stack pallets of food, we still reduced the number of shipments by over 20%, lowered our emissions by 8% or 2.1 tonnes, and did so at a reduced cost.

Our effort will continue since we see good potential in the coming months with the introduction of the new MWPP (multi-way picking platform) that will permit us to optimise the loads with stackable pallets.

Reduce and replace in the Balkans

In December 2023 we started to use larger equipment on transports between Italy and Bosnia, Serbia and Croatia, shifting from T90 to T95 and T100 trailers. These bigger trailers are reducing our transports by as much as one truck per six shipments. In the first few weeks of use, we reduced CO2e emissions by 39 tonnes or 13%, while also reducing costs by 10%.

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Taking the pulse on autonomous driving

We have had a successful period of transporting IKEA products between the IKEA distribution centre in Baytown and the IKEA Store in Frisco by using the technology for autonomous heavy-duty trucks, a stretch of 476 km.

From August to November 2022, we ran a pilot together with a leader in the development of autonomous driving technology. We can now show that the results we achieved still hold up.

After over a year, the truck has been running every day making 445 deliveries covering around 424,000 km. During this period, the system was engaged 90% of the time, contributing to 98.1% on-time delivery, less than 1% rescheduled trips, 0 cancellations, 0 safety incidents and 0 avoidance of accidents.

Last but not least, the autonomous technology shows an increase in highway fuel efficiency of around 11% and an emission reduction of 3,546 kgs or 2.8%. Promising.

Doubling Up in Canada

Two is better than one. Partnering with several of our transport service providers, we trialed dual trailer moves from our new distribution centre in the Montreal area to the IKEA customer distribution centres in Toronto, a distance of approximately 540 km one-way.

The service providers hooked up two trailers to one truck at the Montreal facility, drove to their staging areas in the Toronto area, unhooked, and delivered single trailers to the IKEA customer distribution centres. Throughout the course of the 2-month trial, we worked closely with the teams responsible for dispatching at the Beauharnois distribution centre, at our Retail partners, and at the service providers.

Thanks to this teamwork, the dual trailer solution was seamless from sender to receiver. The large and coordinated effort showed that depending on the weight of the load and location of the uncoupling facility, using 2 trailers instead of 1 trailer from Montreal to Toronto has the potential to reduce total emissions per load by up to 40%. We aim to implement dual trailers as a permanent solution on this corridor.

Introducing EV trucks in Canada

In FY23, we moved from a pilot phase to a regular transport set-up of IKEA products in Canada on heavy-duty EVs.

In Montreal, Canada, two EV trucks are used exclusively for IKEA deliveries from the ports and intermodal terminals to the IKEA Distribution Centre.

From March to August 2023, we reduced emissions by 4.8 tonnes.
Failure, failure, failure, success – championing female drivers in India

Reaching ambitious sustainability targets is supported by people with a mindset of going above and beyond. Here is an example from Yogesh Sumrao, Business Developer, Category Land in South Asia. He and his team are not only working on piloting EVs and intermodal solutions in India, but they also have their eyes on developing fair and equal opportunities for drivers.

India’s shortage of truck drivers has reached a critical point, with up to 28% inactive commercial vehicles due to a lack of drivers. The driver shortage is expected to grow by 50% in next 3-4 years. There is a need to attract new drivers to the transportation industry in India. Yogesh, and his team set out to empower and enable women to become truck drivers. The journey wasn’t without challenges.

First, we brought the transport service provider on board and next we set out to find candidates. Despite advertising job opportunities and connecting with NGOs, our service provider was unable to find female drivers.

But rather than giving up, the service provider and IKEA Supply Chain Operations partnered with a truck manufacturer to recruit female drivers trained to drive buses.

After weeks of searching, they found six women who already possessed a heavy commercial vehicle license. Five of them wanted to try driving trucks instead of buses and went through a training course sponsored by the service provider, followed by safety and other required trainings. Finally, in May 2023, we started our first-ever female truck driver operations at the distribution centre in Pune.

To ensure the success of the programme and to create good preconditions for the female drivers, the service provider and IKEA Supply Chain Operations created separate rest areas, washrooms, and fixed working hours to support work-life balance for the women. The service provider pays fair wages equal to that of similarly experienced male drivers of heavy commercial trucks.

“I am most proud of being able to open new career possibilities for women. Our commitment to gender equality has led us to break new ground and promote diversity in the workplace.”

Yogesh Sumrao, Business Developer

“Being fair and equal in the IKEA value chain is important,” says Yogesh. “In this case it took a lot of effort to include women in an already challenging profession, but we made it thanks to collaboration and co-creation with our transport service provider, the female drivers, and many internal stakeholders.”

“I am most proud of being able to open up new career possibilities for women,” Yogesh continues. “Our commitment to gender equality has led us to break new ground and promote diversity in the workplace.” This is a first step, to be followed by many more.

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Carbon Cutting in North America

In FY23 we worked with our land transportation service providers to move us closer to our climate ambitions. The outcome of the process is that we are moving more from truck to rail and increasing the use of alternative fuels. Switching from a diesel truck to diesel rail in North America reduces emissions by an average of 55%.

We moved to rail from suppliers in Mexico to our distribution centres and stores in the US and Canada, and from East Coast locations in Maryland and Virginia to distribution centres and stores across the US.

In the US Northeast between Connecticut and Virginia, we began using compressed biogas which is from captured methane from landfills. Compared to diesel, biogas reduces truck emissions by 77%.

So far between September 2023 and January 2024 compared to the same time period during the previous year, these newly implemented solutions have reduced emissions by 25%.

Charting a more sustainable course for food logistics in Europe

In 2023 we procured warehousing and transportation for the IKEA food products. Early in our procurement activity we explored the potential of alternative fuels and multimodal solutions from Sweden to Italy.

We received multiple good scenarios to choose from and went with the option that reduced our emissions by 200 tonnes, a 46% decrease compared to FY22. It also reduced the cost by 16%. The new set-up combines both rail and truck. We achieved both more sustainable and cost-effective results through advanced planning and a clear shared agenda in close collaboration with our service providers.
Striving to get it right from the beginning

Mid-Receiver Units is the part of IKEA Supply Chain Operations responsible for sourcing warehousing from external service providers in our regional markets. Part of their agenda is to work with the service providers to understand and co-create sustainable warehousing solutions.

“To integrate sustainability into our business, it’s essential that it is part of the tendering process from the very beginning”, says Lisa Pan, Business Development Manager, East Asia.

When we send out the first request for information, we ask the service providers for their sustainability agenda, and we clearly communicate our environmental, social requirements and targets.

Later, during the request for quotation, we ask the service providers about the sustainability standards of their warehouse. In the questionnaire there is a scoring system which makes it easy to understand and use. This reinforces the importance of sustainability in the procurement process.

“Not everyone will win the tender, but we try to inspire all the service providers. This is our ambition, to influence the industry and market,” says Lisa.

When we have a winner of the tender, and once we are up and running with the service provider, we continue to focus on their sustainability development in the yearly development plans.

Lisa relates how we did this with one service provider: “After signing the contract with the service provider, we invited them, together with the landlord and a supplier of PV panels, to share ideas about generating onsite renewable electricity. This resulted in the landlord installing PV panels and supporting the sustainability agenda.”

“This was a great case of collaboration, and it motivates us to continue to bring partners together to develop sustainable solutions”, shares Lisa.

“Not everyone will win the tender, but we try to inspire all the service providers. This is our ambition, to influence the industry and market,” says Lisa.
Shared demand feeds innovation in food transport

When it comes to sustainable solutions, we can’t do it all by ourselves. In South China, a service provider brought us a new decarbonising solution: an EV with the ability to provide zero emission transport and to power the energy intensive cooling system for food for short distance deliveries between cities. Trucks charge at our distribution centre and successfully make the less than 60 km trip to our store.

Our cost has not increased, which was possible because the truck is well-utilised between several other shippers. Using EVs saved 1160 kg of CO2 emissions, a reduction of around 54% covering 94 shipments in 3 months.

Optimising food deliveries in Asia-Pacific

In 2023 we focused on improved efficiency with our food deliveries in China and Japan based on adjusting our delivery frequency. Together with our retail partners, we successfully reduced deliveries to 2 to 3 times per week for the majority of the China stores, instead of daily deliveries. In Japan, for a city store, we changed to one delivery instead of multiple ones.

The impact was significant cost savings along with emissions reductions. In China we cut emissions by 34.7% and 49 tonnes in a year, and in Japan by 27% and 2.8 tonnes in 5 months.

Cool news from Australia

Refrigeration is essential in the storage and transport of IKEA food products. But the refrigerants used in these systems can contribute to climate change and depleting the ozone layer.

 Leakage of some refrigerants can have a climate impact hundreds to thousands of times that of CO2. So, for the first time in the Asia-Pacific Region, together with one of our cold chain service providers, we began storing our goods in a warehouse utilising ammonia gas as a refrigerant.

 The use of ammonia is not presently considered to have a global warming or ozone impact and it is more energy efficient. It must be handled with care in an appropriately designed system. Our service provider has invested in this new ammonia system and is providing training in the safe use of the system. That’s cool!

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Sustainability through the people and culture lens

This catalogue has a focus on the people behind the sustainable solutions over the past year. So let’s hear the perspectives from Herbert Detter, People & Culture Manager, IKEA Supply Chain Operations.

You work a lot with recruitment. How important would you say sustainability is for job candidates?

People are more conscious about choosing to work for companies that are transparent, responsible and represent their own values. We hear this during interviews and it’s also important to us. We recruit according to our IKEA values and one of them is “Caring for people and planet”.

How does the interest in sustainability among candidates come across?

We notice it in people’s desire and motivation to contribute to something meaningful. Also, with their curiosity in the type of questions they ask, for example, how we source material, what the working conditions for drivers are, how we are looking to become more sustainable within transport and logistics, and what possibilities there are to develop within sustainability. We have a strong sustainability agenda with many proof points, which candidates appreciate.

How do you rate the need to develop sustainability competence in the business?

I rate it highly. Having sustainability competence is a competitive advantage and keeps us relevant. New and evolving skills for tomorrow's jobs are in demand and we need to continue to develop our capabilities to learn and relearn to secure the growth of business and people. Sustainability is one of those areas.

It’s important that we bring it to people who don’t normally work with sustainability and need to take this on in their normal business. Because with increased competence, every one of us can contribute to lowering emissions and identify more sustainable ways to operate, whether big or small improvements. All steps count towards zero.

What do you offer in terms of developing opportunities and what can I do if I want to grow in this field?

A great place to work where people can be themselves, which I believe is a prerequisite for learning. In our latest internal co-worker survey, 87% of our colleagues in IKEA Supply Chain Operations said exactly this; that they can be themselves. It’s a very high figure indicating that you don’t have to be afraid of not knowing enough about a certain topic, e.g. sustainability. Our culture and values give the confidence to be brave and allow for mistakes when trying new things. This is the kind of culture we must continue to nurture to move different areas of our business.

We have just started a new activity within one of our focus areas called “Boost leadership in data & technology and sustainability” with the purpose of building sustainability competence every day. So, it’s not about having a one-day training in sustainability and ticking it off as a done deal. Instead, it’s about capturing the most important things about sustainability that everyone must know, how we lead with sustainability, and how we help our colleagues to take it on and lead themselves in the process.

The sustainability team has also developed material to tailor-make learning based on needs across various areas, such as road safety, drivers’ working conditions and decarbonising transport and logistics. So there are various possibilities to develop yourself and the business.

Beyond that, learning from experienced colleagues and everyday business situations is often the best, so I ask everyone to stay curious about people and curious about the topic as part of leading ourselves, whether we are managers or co-workers.

“According to our internal survey, 80% of co-workers say that they actively contribute to IKEA taking care of people and planet and 87% say that they can be themselves at work.”

Herbert Detter, People & Culture Manager, IKEA Supply Chain Operations
Let’s connect and make it happen!

We are optimistic about the future. On our journey most things still remain to be done and they are urgent. And we believe they are doable.

However, we cannot achieve our goals alone. Nor do we have all the answers. We invite our partners to join us on the journey to reduce, replace and rethink. To continue to work closely, find better ways and explore new pathways. Together we can create positive change and build a more sustainable future.

Find out how we'll reach our sustainability destination in Our view on decarbonising transport.

Have a good story to share? We would love to hear it. Contact us at: SCOGoodExamples@Inter.IKEA.com

We published this catalogue in March 2024.