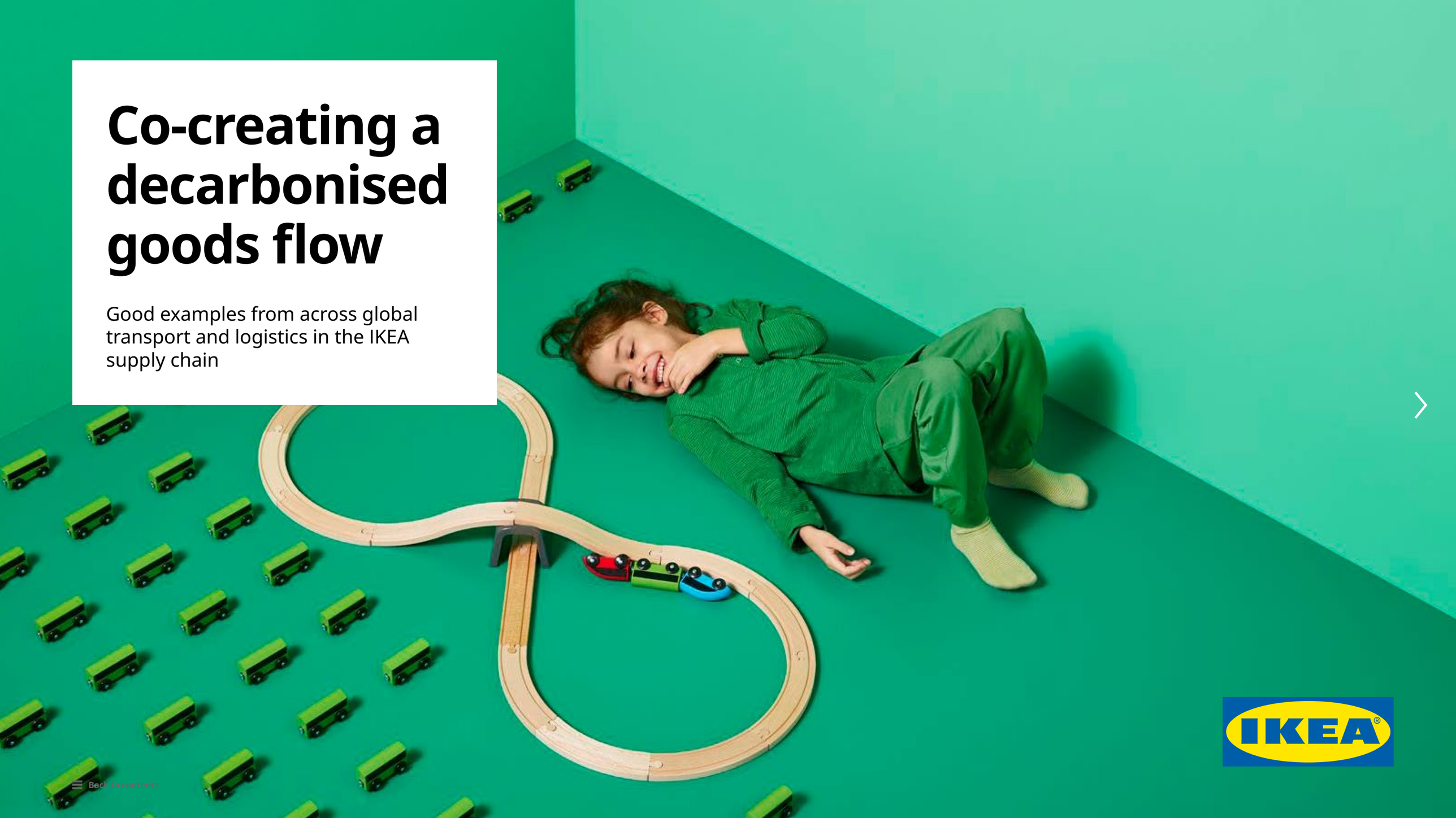
Co-creating a decarbonised goods flow

Good examples from across global transport and logistics in the IKEA supply chain



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Momentum is building

In this seventh edition of the Decarb Catalogue, the theme is ‘Momentum is building’. Here we highlight good examples, and inspiring initiatives across our global transport and logistics supply chain, aimed at reducing greenhouse gas emissions. We asked Elisabeth Munck af Rosenschöld, Sustainability Manager and Lucie Jensen, Supply Operations Manager for their perspectives on our decarb journey in IKEA Supply Chain Operations (SCO).

A minor change to a number was made September 4th 2025 on page 22. The change does not affect the overall result.

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Elisabeth, what are your thoughts on the decarb agenda in SCO and where we are today?
We set the decarb agenda back in 2017 and our aim is to create a zero-emission transport and logistics flow of IKEA home-furnishing goods. Our agenda is guiding us towards our climate goals. And even in times of increasing complexities in the world, we stick to the direction and our persistence is showing positive results.

The climate crisis is affecting us all. The year 2024 was the warmest year on record, with global temperatures clearly exceeding 1.5°C above pre-industrial levels for the first time. We experienced a large number of extreme weather events across the globe, such as flooding, extreme heat, drought and wildfires. These effects of climate change are having a measurable impact on people and planet, as well as on our business. We know the climate crisis cannot be put on hold and, with determination, we continue our efforts to reduce emissions.



“We know the climate crisis cannot be put on hold and, with determination, we continue our efforts to reduce emissions.”

Elisabeth Munck af Rosenschöld,
Sustainability Manager

At the same time, we focus on capturing opportunities. Because it is not only about reducing the climate footprint. It is also about creating a transport and logistics system that is better than what we have today – to create a zero-emission goods flow, bring cleaner air, create new jobs, attract young people into the industry, improve efficiencies to cut costs, work better together in an end-to-end supply chain perspective.

Lucie, you lead the execution of 1.7 million shipments of IKEA products worldwide each year. How does your team contribute to reducing greenhouse gas emissions?
The way we execute the goods flow contributes significantly to reducing our climate footprint. Our team impacts emissions with everything we do, every day: with every service provider conversation, every booking we do, and every adjustment we make.

In choosing the modes of transport we strive to put as much as we can on intermodal solutions, using rail, barge and short sea. Switching to rail cuts the emission by at least half, compared to a diesel truck. But there are more benefits. With intermodal connections, we get fewer trucks on the roads – last year we avoided 373,000 truck trips. Thereby, we reduce road congestion and air pollution.
We also create shorter pre- and on-carriage routes, which are easier to electrify and that can offer more attractive working conditions for drivers.

In IKEA SCO, we have three common business goals and we work to optimise all of them: Sustainability, Affordability and Availability. By fully integrating the three goals, we can navigate the business in a better way, mitigate risks and capture opportunities in the industry.



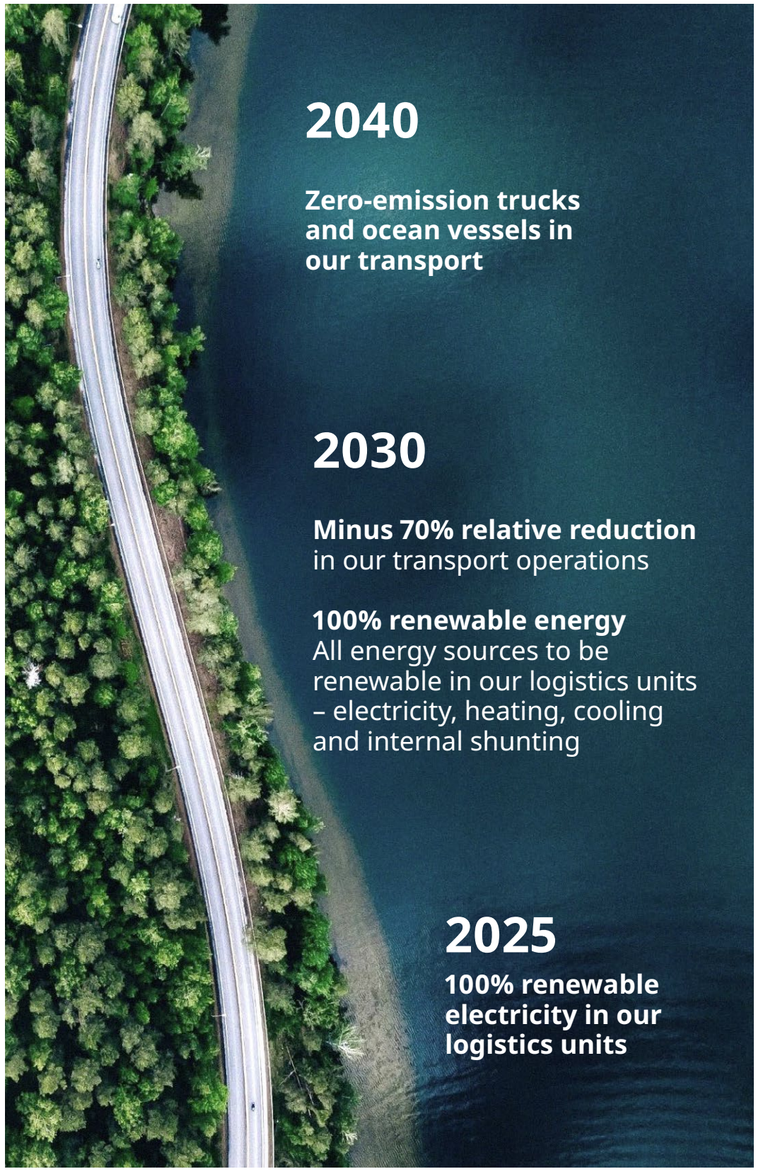
“Our team impacts emissions with everything we do, every day: with every service provider conversation, every booking we do, and every adjustment we make.”

Lucie Jensen,
Supply Operations Manager

The theme of this year’s catalogue is ‘Momentum is building’. Elisabeth, why is that?
Because we see that low and zero emission solutions are being deployed in all of our markets. The solutions may be slightly different in different parts of the world. Still, more and more options are available, discussions are maturing, and collaborations are forming. It is happening now: the momentum is building across the globe.

With the Decarb catalogue we want to share some positive examples of the actions taking place in our global transport and logistics supply chain. It is about showcasing the work done on the frontline, how we, together with our service providers and other stakeholders, bring positive results. It’s people who make it happen!

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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 FY24*

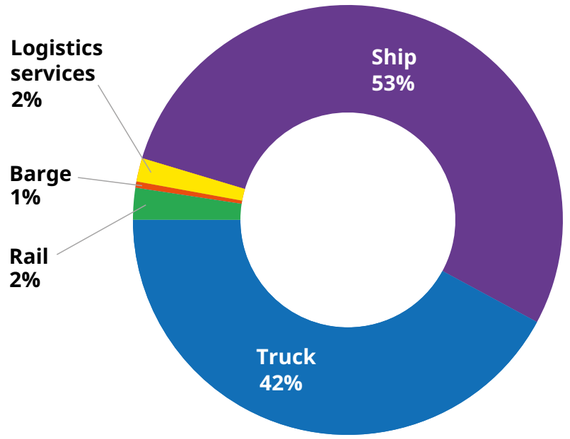
Absolute emissions, million tonnes CO_2e

FY17 1,458		Baseline year
FY23 1,055	-27.6% vs FY17	
FY24 1,027	-29.6% vs FY17	

Relative emissions, grams CO_2e per tonne-kilometre

FY17 25,31		Baseline year
FY23 19,84	-21.6% vs FY17	
FY24 17,65	-30.3% vs FY17	

SCO Emission per Mode (FY24)



*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 FY24.
In FY24, we recalculated our emission baseline and previous years to be in accordance with the latest edition of the Global Logistic Emission Council (GLEC) framework, which was published in September 2023.
The annual CO_2e emission savings presented in the Catalogue are calculated based on the FY24 transport volume, and the new solutions are compared to the existing setups.

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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. This journey has an impact on people and our planet. This gives us a big responsibility, a strong sense of purpose.

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 that involves 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.

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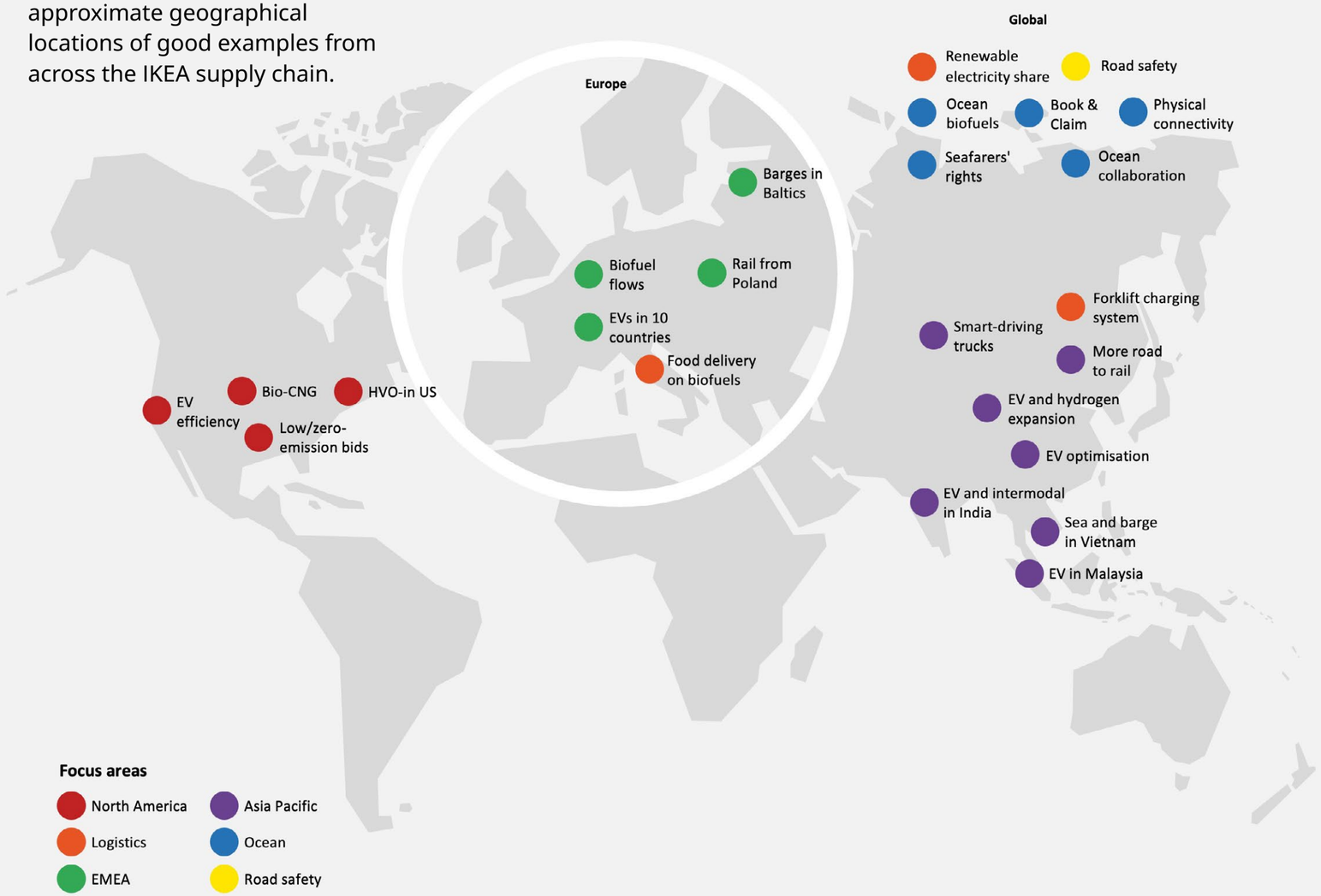
Steady progress towards our 2030 milestone

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

We have achieved a lot. 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.

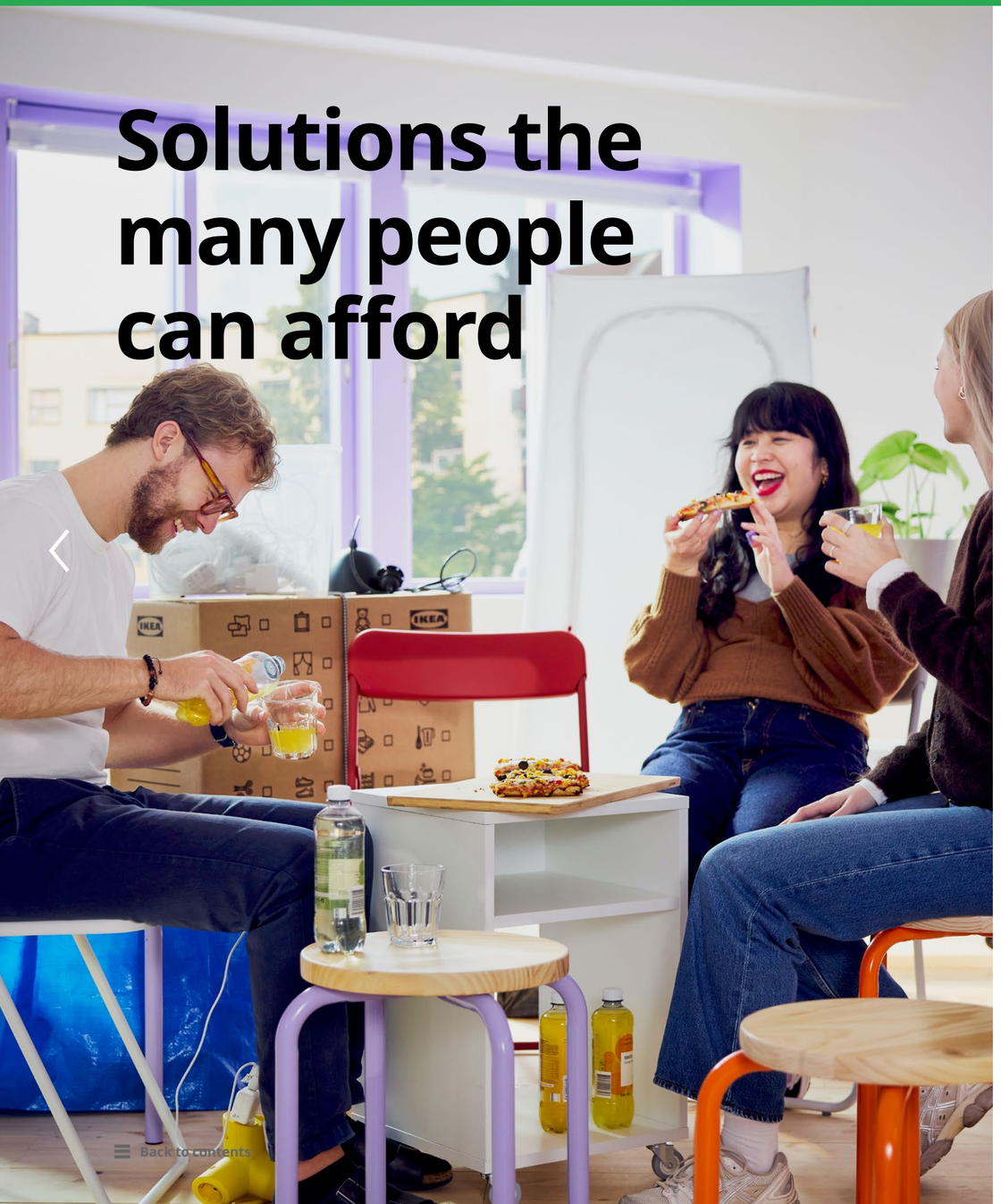


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Customers expect it. Co-workers want it. Our planet needs it.

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Solutions the many people can afford

Collaboration is in the IKEA DNA. We encourage both co-workers and partners to think differently and to challenge how we do things, to come up with new ideas and innovative solutions to reach common goals.

This is the reality for our teams working to reduce greenhouse gas emissions from our goods flow. We aim to reduce our climate footprint by an average of 70% on every transport by 2030, compared to the baseline year 2017. Our challenge today is to optimise sustainability, cost, and availability – and not one at the expense of the others. “Does sustainability always come with extra costs? That’s exactly what we are trying to avoid. The IKEA approach is to find more sustainable solutions without automatically increasing the costs,” says David Dege, Business Development Manager in Dortmund.



“Does sustainability always come with extra costs? That’s exactly what we are trying to avoid.”

David Dege,
Business Development Manager

Close collaboration

“We work very closely with our service providers and have continuous dialogues to find better ways of doing things and develop new solutions together.

The solutions are always in the details: how we can combine certain transport flows or find solutions that are more efficient for the service providers’ network – the more efficient it is for them, the more cost benefits they can give us.” »

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We have already come a long way. Almost 100% of trucks used for domestic flows in Germany, Netherlands, Austria, and Belgium now run on renewable fuel in the form of HVO and bio-LNG as well as electricity. HVO has become more available in the last couple of years but still comes at a higher price compared to diesel.

Doing more with less

“Reducing the transport cost when service providers use more expensive biofuels like HVO is often a challenge. We work closely with them to find ways to increase the trailer volume capacity. With that, we can transport more goods in one trailer,” David says. He continues: “Even though the bigger trailers are more expensive today, we will save money in the end, as we put fewer trucks on the roads. It also means less emissions, both relative and absolute.”

This development will also support the IKEA long term direction of becoming more affordable for the many. David explains:

“When the price for emissions increases in the years to come, our cost is expected to be stable because we have already invested in solutions with less emissions. With bigger trailers, alternative fuels and electric trucks we have already met and exceeded our FY30 emissions target in Belgium, Netherlands, Austria and in our biggest market Germany,” David concludes.

“We have not yet reached zero emissions, so the journey continues, but we have come a long way.”



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DID YOU KNOW?

Biofuels – not perfect but much better than fossil fuels

We consider biofuels – such as HVO and bio-LNG – shorter-term options to replace diesel and other fossil fuels in our transportation, especially for areas currently difficult to electrify. We are aware they are not a zero emissions solution and still contribute to air pollution.

However, if sourced sustainably and if their whole life cycle is assessed, including land use change, biofuels help reduce GHG emissions. At the same time, we continue the shift to electric vehicles (EV) for transporting IKEA products across all our markets. Our aim is to use only zero-emission trucks and vessels by 2040.

HVO (Hydrotreated Vegetable Oil) is produced from vegetable oils, animal fats or waste cooking oils. It's interchangeable with diesel and by that it can bring up to 90% CO_2e saving, depending on the sustainability of the feedstock.

Bio-LNG is a liquefied biogas made from organic household and industrial waste, manure, sewage sludge, etc. It's interchangeable with fossil-based LNG (liquid natural gas) and it brings 69% CO_2e reduction compared to diesel (according to GLEC 3.0).

Bio-CNG is a compressed biogas made from organic household and industrial waste, manure, sewage sludge, etc. It's interchangeable with fossil-based CNG (compressed natural gas) and it brings 73% CO_2e reduction compared to diesel (according to GLEC 3.0).

40,000

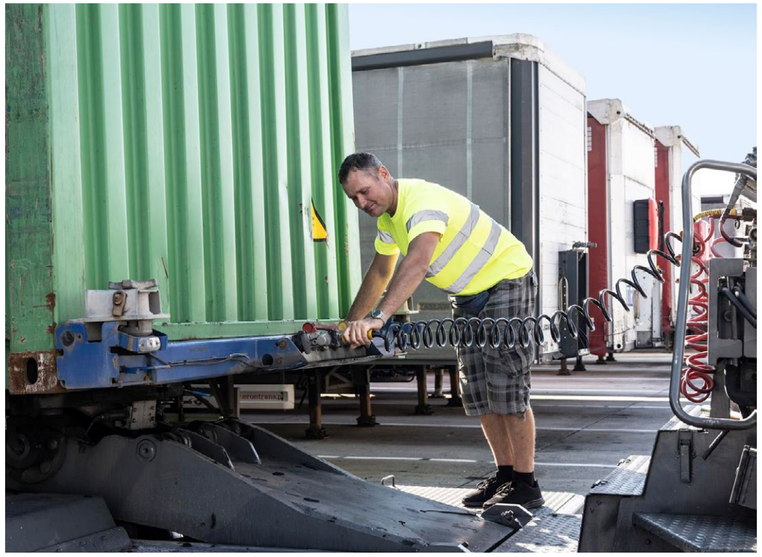
The approximate number of adult trees it takes to absorb 1,000 tonnes CO_2e over a year.

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More trucks on biofuels in Europe...

Almost 80% of our domestic flows inside Germany, Netherlands, Austria, and Belgium moved on biofuels in FY24. Globally, it's 7.6% of our road transportation, a 20% increase from 6.3% in FY23.

By moving from diesel to HVO, truckflows from warehouses to stores in Germany, Austria, the Netherlands and Belgium can save 15,500 tonnes of CO_2e yearly. Our team in Dortmund secured cost neutrality despite the slightly higher cost of biofuel by using bigger trailers to transport more goods with each truck.



Our team in Milan started to use bio-LNG and HVO for food transportation on routes in Italy and Austria, taking advantage of the availability of these fuels in the region. By this, we decreased emissions by 85% compared to the diesel setup, saving 550 tonnes of CO_2e in FY24. Our team in Älmhult worked with our service provider to switch 135 routes in Lithuania from diesel to bio-LNG trucks, saving 3,500 tonnes of CO_2e per year.

IKEA SCO contributors



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Sebastiaan Jongen
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Service Provider Operations Developer



Mel Wang
Sustainability Developer



Jan Lundqvist
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Omar Darwish
Business Developer



...and more countries using EV trucks

In FY24, we doubled the number of European countries where electric (EV) trucks are in operation to a total of 10 countries.

While the main part of the journey from Sweden to Norway is done by rail, the final road-based leg was moved from HVO to EV trucks in FY24. In addition, the first leg from the warehouse in Älmhult to the local train terminal is done with HVO trucks, so the whole trip can be compared to a 'green corridor'.

As a result of our work with a service provider in Poland, 95% of shorter routes – from suppliers to the rail terminal »

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– were operated by EV trucks. The carrier has invested in charging infrastructure on their own premises and also an emergency movable charger to eliminate the risk of stranded trucks.

The implemented solution can save 160 tonnes of CO_2e emissions per year, and this figure could potentially double once EV trucks run exclusively on renewable electricity. Taking a step in this direction, the carrier has also invested in a 2-megawatt photovoltaic farm.

In Sweden, we took it even further with our service providers, moving from a fleet of HVO trucks to all EV trucks – going from a good to a better solution. The CO_2e saving may be small, but it's a big step in the right direction.

IKEA SCO contributors



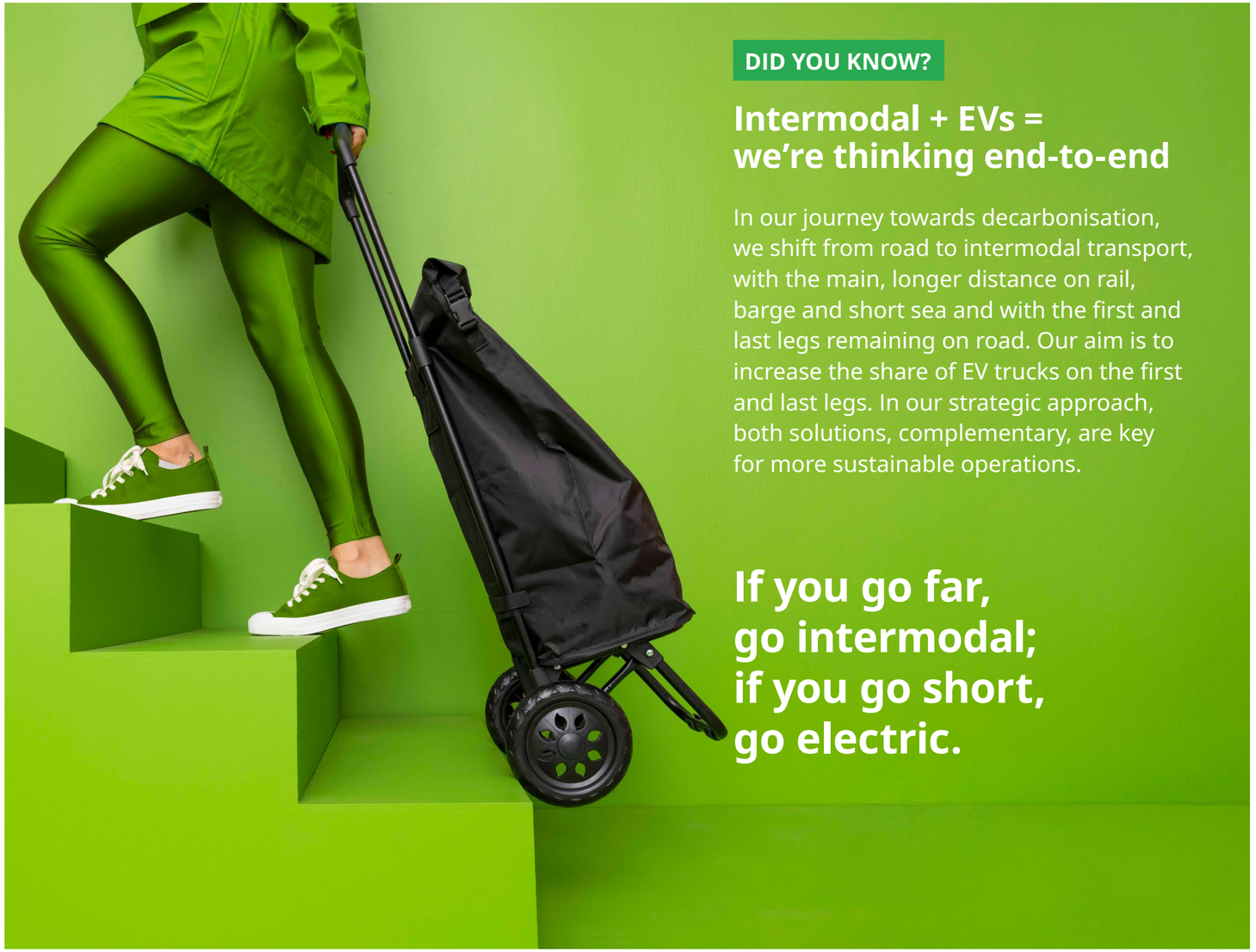
Jan Lundqvist
Business Developer



Jurgita Mortensen
Business Development Manager



Piotr Szafraniec
Business Developer



DID YOU KNOW?

Intermodal + EVs = we're thinking end-to-end

In our journey towards decarbonisation, we shift from road to intermodal transport, with the main, longer distance on rail, barge and short sea and with the first and last legs remaining on road. Our aim is to increase the share of EV trucks on the first and last legs. In our strategic approach, both solutions, complementary, are key for more sustainable operations.

If you go far, go intermodal; if you go short, go electric.

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Jumping on the train in Europe

On average, a train with a diesel locomotive cuts greenhouse gas emissions in half compared to a diesel truck transporting the same weight of goods. If the locomotive is powered by renewable energy, the emissions go to zero.

Globally, we have an over 50% share of intermodal solutions for the tonne-kilometers on land, and in Europe we've achieved a 56% share. In addition to addressing the immediate climate challenges, rail has the benefit of improving work-life balance for drivers by enabling shorter driving distances and reducing both road congestion and air pollution.



But it is not all about trains. In 2024, we launched the first inland waterway transport in the Baltics – moving our flows from a diesel train to a barge. This can save five tonnes of CO_2e yearly.

IKEA SCO contributors



Vladimir Bykov
Business Developer



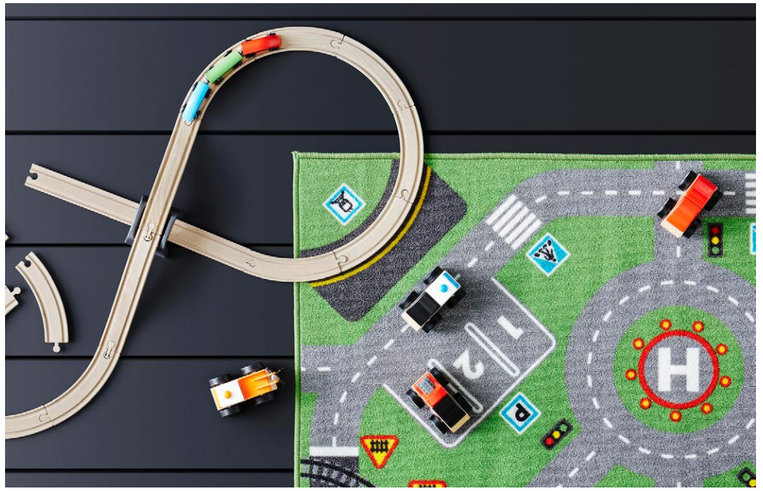
Jurgita Mortensen
Business Development Manager

From Poland with love – big savings

Poland is the second largest manufacturing hub for IKEA furniture. This makes it one of the biggest sending countries in IKEA transportation. Over the past year we shifted from diesel trucks to rail on routes to the port from Poland to Sweden.

By doing so, we cut 1,000 tonnes of CO_2e emissions and eliminated 2,000 truck trips, not to mention the return trips that might have ended up with empty miles.

The same setup was applied to flows from Poland to the UK. This reduced CO_2e emissions by 33% in FY24, accounting for 363 tonnes. It also improved the transport lead time by shortening it by 10 days.



We have also established our first intermodal setup from Poland to southern Germany and Switzerland. Switching from diesel truck to rail reduced CO_2e emissions by a full 60%, accounting for 363 tonnes in FY24.

IKEA SCO contributors



Piotr Szafraniec
Business Developer



Mikolaj Korczak
Business Developer



Adam Dmochowski
Service Provider Operations Developer

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We’re learning and solving for the future.

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Setting sail towards cleaner shipping



Cutting emissions from ocean shipping is key to reaching the IKEA decarb targets. In our ocean cargo business, we have achieved a 14% reduction in our absolute emissions and a 20% reduction in our relative emissions since FY17. This has been accomplished despite a 7.7% increase in the ocean transport volume during the same period.

"Last year we progressed across a wide array of initiatives and collaborations," says Christophe Leclercq, Category Manager Ocean.

He continues: "Thanks to the engagement and achievements by the team, we are taking significant steps towards our 2030 decarb goals, while keeping cost-effectiveness in mind. Ultimately, we are here for our customers with thinner wallets who expect us to be sustainable. We are at our best when we can meet their expectations on both aspects."



"Ultimately, we are here for our customers with thinner wallets who expect us to be sustainable."

Christophe Leclercq,
Category Manager Ocean

Collaborating step-by-step

While zero-emission ocean transportation is our end goal, we've prioritised biofuels as a crucial shorter-term solution. We have substantially increased our deployment of biofuels in ocean shipping. Between FY23 and FY24 this has almost doubled the reduction in CO_2e emissions, from 25,000 to 49,000 tonnes.

We are also working to secure physical connectivity of our ocean cargo. This means that we want to move our home-furnishing goods on vessels that use low-emission or »

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zero-emission fuels. “In 2024, our efforts with physical connectivity for our cargo with biofuel vessels was realised for the first time through collaborations with two Asian service providers,” says Varun Vats, Sustainability Developer.

“We’ve been able to ship 90 twenty-foot equivalent containers on vessels running on biofuels. It’s a small number but it’s a good start.” For more on physical connectivity, see the Book & Claim story.

Ports - critical hubs
As crucial hubs between land and ocean transportation, ports play a key role in the transition towards end-to-end zero-emission transport from suppliers to warehouses and IKEA stores.

Recently, we conducted a survey with nine significant ports in our network to understand their decarb objectives and focus for the next five years. Varun sees new opportunities: “This has given us more clarity on how we can make meaningful progress with stakeholder collaborations in areas such as bunkering of low- or zero-emissions fuels, use of renewable electricity, intermodal connectivity and community collaboration. Together with some ports we are also exploring the possibilities of transporting our products on emission-free green corridors.”

Navigating towards zero-emission
Looking forward, our zero-emission ocean shipping goal is clear. Solutions are here but scalability and availability remain key challenges.

“It takes increased collaboration end-to-end to make it happen, and we will do our part. As a major transport buyer, we have both the responsibility and the opportunity to influence the decarbonisation of the ocean transport industry,” Christophe concludes.

IKEA SCO contributors



Christophe Leclercq
Category Manager
Ocean



Varun Vats
Sustainability
Developer

“It takes increased collaboration end-to-end to make it happen, and we will do our part.”



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DID YOU KNOW?

Absolute and relative emissions in transport

Absolute emissions is the total amount of greenhouse gases emitted into the atmosphere over a certain period of time, in terms of kg CO_2e.

Relative emissions refer to the average emissions from every transport in terms of kg CO_2e per tonne-kilometre of transported goods. In other words, this is the climate footprint of transporting one tonne of our products for one kilometer.

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Curbing emission here and now

Emissions from ocean shipping of IKEA home-furnishing products are an important focus to reach our targets. Today ocean shipping accounts for 53% of the total climate footprint from our product transport and logistics services, and around 2.5% of the total climate footprint of the IKEA supply chain.

Our short-term focus is to curb emissions here and now, for which we rely on energy efficiency measures and biofuels. In FY24, we avoided 49,164 tonnes of CO_2e emissions in ocean shipping by using biofuels. This is nearly double the amount of avoided CO_2e emissions compared to the previous year.

IKEA SCO contributors



Marc Kaiser
Business Developer



Steven Wei
Business Developer



Jack Mao
Business Developer



Emmanouil Peristeropoulos
Category Sourcing Specialist



Luca Molinari
Category Analyst



Varun Vats
Sustainability Developer

An interim solution – Book & Claim in shipping

We want the home-furnishing goods we ship over the oceans to be on vessels using zero-emission fuels. This requires that there are zero-emission fuels on the market and that they are available at ports.

However, today, these fuels are not available at scale, nor on the vessels transporting our goods. There is a need to deploy and scale these new fuels and create the infrastructure, so they eventually become available where needed. Here the book-and-claim system is an important piece of the puzzle to accelerate this transition in the ocean shipping industry.

This system allows cargo owners to support low and zero-emission shipping, even if the fuels are not available on the specific vessel their goods travel on. By paying for the cleaner fuels to be used on another vessel in the shipping network, cargo owners, by supporting the demand for these fuels, help accelerate the availability of clean fuel across the industry.

We view the book-and-claim system as a temporary solution, bridging the gap until zero-emission fuels become widely accessible for global shipping. Whenever the book-and-claim system is used in our transportation, we exclude it from our net-zero goals scope because the ships carrying IKEA cargo do not physically use the underlying zero-emission or low-emission fuels. »



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At the same time, we are step-by-step working towards physical connectivity – to have our goods on ships using the fuels. In 2024 we achieved a greenhouse gas reduction with physical connectivity in ocean shipping of 64 tonnes. It's a small amount but these emissions can be accounted for to reduce our Scope 3 emissions. We are continuously working towards greater physical connectivity.

Securing seafarers' rights

Seafarers play an essential role in ensuring that goods reach our customers. We're committed to protecting seafarers' labour rights at sea, improving working conditions and wellbeing. In FY24, we introduced additional requirements in IWAY, the IKEA supplier code of conduct, on vessel staffing levels, rest hours and to ensure the pre-conditions for women seafarers to work safely on board.

In April 2024, we entered a three-year partnership with the Mission to Seafarers, a leading international seafarer welfare charity, to further enhance our internal competence. The partnership centres around a training programme called 'All you need to know about Seafarers'. It's designed to help us protect seafarers' rights and wellbeing.



Alliance for zero-emission ocean shipping

To further drive the transition towards zero emission ocean shipping, we have signed the Cargo Owners for Zero Emission Vessels (coZEV) ambition statement, intending to ship IKEA goods only on zero-emission vessels by 2040 latest.

In 2023, we joined the Zero Emission Maritime Buyers´ Alliance (ZEMBA). Through ZEMBA we want to be part of influencing the ocean shipping industry to move faster towards zero-emission shipping solutions. Today, there are more than 40 members, demonstrating an increased demand in the industry to decarbonise.

In April 2024, ZEMBA announced the winner of the first-ever Request for Proposal for zero-emission ocean shipping. The winning proposal was for an exclusively waste-based biogas service with biomethane that is estimated to reduce emissions by over 90% on a lifecycle basis, starting from 2025. Being a part of this first-ever tender is aligned with the IKEA aim to catalyse, with partners, the transformation to decarbonised ocean shipping.

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Sustainable solutions the many people can afford



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Seeing momentum in North America



Our journey towards decarbonisation in North America has seen notable progress in the past year. Our goal is to always cater to cost-conscious IKEA customers who expect us to deliver our products wherever and whenever they like, while also minimising our environmental impact.

Driving alternative fuels and EV expansion
Together with our service providers, we have successfully integrated EV trucks and replaced diesel fuel with HVO in regions such as in the US West Coast and the Northeast. Our tender processes always prioritise bids for alternative fuels when both operationally and cost-effective.



“We persist in driving decarb solutions together with our service providers and show the demand for decarbonised transport.”

Peter Bergman,
Business Development Manager

“For the first time, we are using HVO for transporting our home-furnishing products in the Northeast corridor, from the IKEA Distribution Centres in New Jersey and Maryland to the stores in Massachusetts, Connecticut, and New Jersey,” says Peter Bergman, Business Development Manager.

“This is a significant joint achievement by the team and our carrier, enabling us to reduce greenhouse gas emissions by up to 75%, or by more than 391 tonnes CO_2e annually.”

Open for new technology
Another significant milestone last year was testing hydrogen fuel cell technology for the first time in the US. We compared the performance of hydrogen technology and EV trucks on a regional route that has generally high and consistent volume, and consequently high emissions. »

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The test was a collaboration with one of our service providers from the ports of Los Angeles and Long Beach to the IKEA Distribution Centre in Southern California, a distance of over 160 km. Peter underlines the importance:

“We need to stay updated on developments and continuously learn as hydrogen technology is piloted and scaled, and as hydrogen fuel becomes more available in regions outside of California.”

Collaboration is key going forward

One of the challenges with transporting goods using EV trucks and hydrogen powered trucks is that they can carry less cargo due to weight restrictions for vehicles on road in North America, compared to diesel trucks.



”Our efforts focus on optimising fill rates and capturing efficiencies to reduce the number of trucks needed. It’s about managing costs and boosting decarbonisation at the same time.”

Erik Schweier,
Business Developer

“We work with service providers to address the challenges and also the opportunities of transitioning to hydrogen and EVs,” says Erik Schweier, Business Developer. He continues:

“Our efforts focus on optimising fill rates and capturing efficiencies to reduce the number of trucks needed. It’s about managing costs and boosting decarbonisation at the same time.”

Radically cutting emissions requires working closely with service providers who actively seek solutions such as HVO and want to align with the long-term IKEA goals. “Joint efforts have expanded in the network, with more service providers investing in renewable technologies,” Clarisse Reiter, Business Developer, explains.

“Together, we continue to promote these decarb solutions in North America, proving both that they are cost-effective and have sustainability benefits.”

“While not all solutions are available immediately, we are committed to finding, co-creating, and implementing them,” Peter Bergman adds. “We persist in driving decarb solutions together with our service providers and show the demand for decarbonised transport.”

IKEA SCO contributors



Pete Bergman
Business Development Manager



Erik Schweier
Business Developer



Clarisse Reiter
Business Developer



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No time to waste with EVs

Electrification of transport is not just about replacing a diesel truck with an EV truck. So, we are learning together with service providers to find ways to utilise EV trucks more efficiently. This is also to support the lessening of initial higher costs.

We asked our service providers: What would make it easier to use EVs in a more efficient way? They told us they want to eliminate waiting times to keep trucks on the road rather than standing still. So, with our stakeholders we got to work to make it happen for deliveries from our warehouse in Los Angeles to four Los Angeles stores.

One way to eliminate waiting times for electric trucks is to have the drivers drop their cargo at our stores instead of waiting while the trailer is unloaded. In collaboration with the co-workers in the stores and the service providers, we made sure that any deliveries made with electric trucks could leave their loaded trailers and get back on the road. In addition, we made special arrangements with the service providers so they can move one another's trailers out of the loading area for the next delivery. Together, we enabled a more efficient and faster turnaround at the stores for the EV trucks.

With this solution, one service provider already delivering with EVs from the Ports of Los Angeles and Long Beach to our LA warehouse was now able to add an extra leg to the LA stores. This is the first time we used electric trucks in North America to deliver to stores. With close collaboration, we are finding better ways of working.

IKEA SCO contributors



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Clarisse Reiter
Business Developer



Daniel McGlynn
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Operations Developer



Sheila Hook
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Going only low and zero

Moving away from fossil fuels is a key part of our sustainability strategy. In 2024 we increased our use of bids exclusively for low and zero-emission transport, with the aim of collaborating with service providers who have adopted such solutions.

In the Chicago area, we are replacing diesel trucks with bio-CNG. In the Northeast, we are moving diesel routes to HVO and also adding more routes on bio-CNG. These changes, on an annual basis, enable 5,800 shipments to be delivered with biofuels instead of diesel.

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Better together

In solution mode for long-haul
Here's something we haven't solved, but we're working on it! How do we decarbonise long-haul trucking in the US? Long-haul is where a significant amount of freight travels for the whole of the US; it's the source of most of our US transport emissions. Solving for the long distances is complex because it must be done affordably, reliably, and do what has never been done before.

To tackle this, we've teamed up with other big shippers, service providers, an NGO, and a charging infrastructure provider. Together we aim to develop the first ever long-distance heavy duty EV corridor pilot, across four states. The corridor runs 1,200 kms along highway I-10, from the busiest US port in Los Angeles to the second busiest border-crossing in El Paso, Texas.

As part of ongoing work, Stephen Weinberg, Sustainability Leader, shares: "This is new and there is no map. We're learning as we go and solving for the future. An exciting mission!"

IKEA SCO contributor



Stephen Weinberg
Sustainability Leader

"Here's something we haven't solved, but we're working on it! How do we decarbonise long-haul trucking in the US?"



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Keeping the beat with strong collaboration

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Hand in hand with service providers to boost EVs

The transition to decarbonised transport is accelerating in China. We have been actively engaged in this shift and our service providers have played a vital role in making it happen.

Starting with two pioneering Chinese service providers operating a few EV trucks just a couple of years ago, by the end of 2024 we had almost 10% of tonne-kilometers on the roads in China on EV or hydrogen fuel cell trucks (FCEVs).

With the electricity coming from renewable sources, they can help us to cut CO2e emissions by 2,884 tonnes yearly compared to diesel trucks. The share of EVs and FCEVs in China continues to grow. This progress wouldn't have been possible without strong collaboration with our service providers. Together, we share and learn about the new technologies and operational insights related to EVs and FCEVs.



"Our service providers take the initiative together with us to improve and develop solutions that support decarbonisation"

Angela Bian,
Deputy Category Manager

Shifting mindsets

Over the past three years, we've also seen a clear mindset shift among our service providers.

"Previously we needed to gently push the decarb direction but now our service providers take the initiative together with us to improve and develop solutions that support decarbonisation," says Angela Bian, Deputy Category Manager, based in Shanghai. »

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Looking together for opportunities
When using EV trucks powered by renewable energy, we can achieve a zero-emission solution. But it is not enough, as we are looking for sustainable and at the same time affordable solutions.

The cost of electricity in China is lower than that of diesel fuel and the cost of EV trucks has dropped by one-third in three years. However, EVs are still significantly more expensive compared to diesel trucks. Further, public charging infrastructure for heavy duty EVs still lags behind. So, we must find ways to make the equation work.

We are taking further steps to capture energy savings and to optimise cost in already deployed EV solutions. This sparked collaboration on how we could improve energy efficiency and operational efficiency and with that reduce the total cost of ownership for EVs.

Key was to engage with all stakeholders: our service providers, the EV manufacturers, the battery producer, colleagues from our IKEA Distribution Centres and other big shippers in the market. Together, the group identified improvement areas and agreed on concrete actions. Drivers were trained in eco-driving and battery management. Charging operations were optimised in cooperation with our DCs, and opening hours were extended to allow for more flexible charging.

By collaborating with other shippers, our service providers were able to use their EV fleets more efficiently. They can now plan for more routes with their EVs, reduce empty runs and have access to a bigger charging network.

Strong results
These improvements help our service providers achieve better returns on their EV investments – and enable them to serve a broader customer base. After six months, the results speak for themselves:

- **5% reduction in average EV energy consumption**
- **12.5% increase in average monthly distance driven**
- **5% decrease in empty mileage share**

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”The cost of electricity in China is lower and more stable than that of diesel fuel, and the price of EV trucks has dropped significantly in the past three years.”

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Smart-driving EV trucks in China

In December 2024 we launched our first smart-driving electric truck in China. On some roads the truck can drive autonomously but the driver still sits behind the wheel. This is the second country where we have such a solution in place, after our pilot of autonomous driving technology in the US.

Fully loaded with IKEA products, the trucks travel from the IKEA Distribution Centre in Shanghai to the IKEA Store in Hangzhou - a one-way distance of approximately 150 kilometers. These trucks optimise safety and efficiency through real-time monitoring of truck and operations and responsive controls, including automatic braking to avoid accidents.

This marks an important step in our journey to incorporate automation into the IKEA goods flow and through innovation reduce CO_2e emissions and learn how to increase road safety.

IKEA SCO contributors



Elva Zhang
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Vivian Wang
Business Development Manager

The intermodal journey in China

In recent years, we've been exploring ways to transition from road transport to intermodal solutions.

In FY24 in China, we successfully converted 43 more routes and almost 1,900 more truck shipments to intermodal. Now, with more than 400 intermodal routes implemented, we can achieve a yearly CO_2e emissions reduction of 21,200 tonnes.

Not stopping here, in line with our strategic approach, we are also electrifying the truck portion on both ends of the rail, barge or short sea journey. So far, 12 trucks, both EVs and Hydrogen Fuel Cell, are running on our 43 new intermodal routes.

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Asia and the Pacific on the move

In some Asian markets the decarbonisation of the transport sector is just starting to gain momentum.

One example is India where stakeholders are placing increasing focus on reducing emissions and air pollution from transportation. We want to be part of the solution and are engaged in continuous discussions and knowledge sharing with different expert groups of NGOs and companies, including truck manufactures and fleet owners. »



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“In the next two years we will see a completely different market environment here in India. Key stakeholders from the transport sector are getting together today, because the ambition from the Indian government is very clear: to act as soon as possible,” says Mrinmoy Dasgupta, Business Development Manager responsible for land transport in South Asia.

Intermodal rail arrives in India
In 2024 we began a second intermodal connection in India. Switching 300 road shipments to rail on the 1,350 km route between Mumbai/Pune and Delhi. On an annual basis, this can save 285 tonnes of CO_2e emissions. The solution brings both carbon and cost benefits. It’s 7% cheaper than using diesel trucks, while maintaining the same lead time.

The first heavy duty EV truck on public roads in India
In 2024 we deployed the first ever electric heavy duty truck to run on the public road network in India. The truck recently completed its 100th journey transporting IKEA products between the port of Mumbai, the distribution centre in Pune, and the IKEA store in Mumbai, a distance of more than 100 kms.

“We introduced the first EV truck in India, even though electrification here is still at a very early stage,” says Mrinmoy Dasgupta. “It’s a breakthrough in such a huge market. And we believe it can encourage others to join the decarb journey.”

IKEA SCO contributors



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Business Development Manager



Yogesh Sumrao
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Bibhu Das
Service Provider Operations Developer



Small and important steps

Looking at other markets in southeast Asia, local conditions favour different solutions. In Malaysia, diesel trucks are subsidised, which is not conducive to deploying low emission solutions. But despite this, we introduced our first heavy duty EV truck on the route from Port Klang to our nearby warehouse and IKEA store in Cheras.

In Vietnam, we’re exploring the use of short sea and barge solutions using small boats that carry around 20-30 containers on the rivers.

“Southeast Asia is in a promising start-up-phase. We are exploring all opportunities and learn both from different market specific solutions as well as individual cases on these markets,” says Giulio Cervone, Business Development Manager responsible for southeast Asian markets and Australia.

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Warehouses powering the zero-emission journey



IKEA warehouses are essential hubs in our supply chain. We're rethinking how our products are moved, stored and routed to accelerate the shift towards a zero-emission end-to-end goods flow.

Consolidation points connect the dots
Due to their strategic locations, consolidation points (CPs) can reduce freight costs, increase delivery frequency, and boost efficiency.

"Consolidation points play a crucial role in developing a zero-emission network in that they're positioned in locations that minimise empty mileage and facilitate intermodal transportation," explains Sara Udvari, Category Manager Contract Logistics.



"Transforming our CPs into sustainable units has been both challenging and rewarding."

Sara Udvari,
Category Manager Contract Logistics

One example is our Philadelphia CP. Located at the port, it benefits from quick access to containers, as well as minimal transport distance and CO_2e emissions. We're using larger loading units and consolidating outbound deliveries, which improve fill rates. This cuts the number of trucks needed and lowers emissions even more.

Another example is our CP in Germany's Duisburg. Strategically located right at the rail terminal it ensures seamless intermodal transportation to all major ports in Germany, Belgium and the Netherlands.

Charging hubs for EV trucks
Over the past years, we have taken steps to reduce emissions from transport by installing electric vehicle (EV) chargers on-site in IKEA Distribution Centres (DCs). In China, all our DCs are now equipped with chargers for heavy duty EV trucks. »

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"Our newest DC in Foshan, which opened in September 2023, was designed from the beginning to offer the possibility of charging EV trucks on location. A year later, the DC in Dubai went live with charging stations for EV trucks that serve the routes between the Dubai port and the DC," says Andrea Colzani, Category Manager Distribution.

In Valls, Spain, the EV charger installation has been completed, while in Wels, Austria, the regulatory process is in the final stages. We are also assessing several other IKEA DCs to identify where to place future EV charging hubs.

Renewable electricity in many units

Despite varying availability of renewable energy in different regions, we've made significant efforts and now have 95% renewable electricity across our units. Each individual unit is working toward 100% renewable energy and at the same time enhancing energy efficiency. Both small and large steps count, from solar panels and LED lighting to electric forklifts and smart ventilation systems.

"For example, our DCs in Foshan in China, and Port Klang in Malaysia were both designed with a focus on producing renewable energy and have PV panels installed. In our Dubai DC, we have a special kind of forced air ventilation system to keep a reasonable temperature and save electricity," Andrea continues.

Collaboration and commitment

A more sustainable supply chain can only be achieved in close collaboration with service providers who share our ambitions.

"Transforming our CPs into sustainable units has been both challenging and rewarding. The journey is ongoing, and while it may be difficult, the positive impact on our planet and future generations makes every effort worthwhile," Sara concludes.

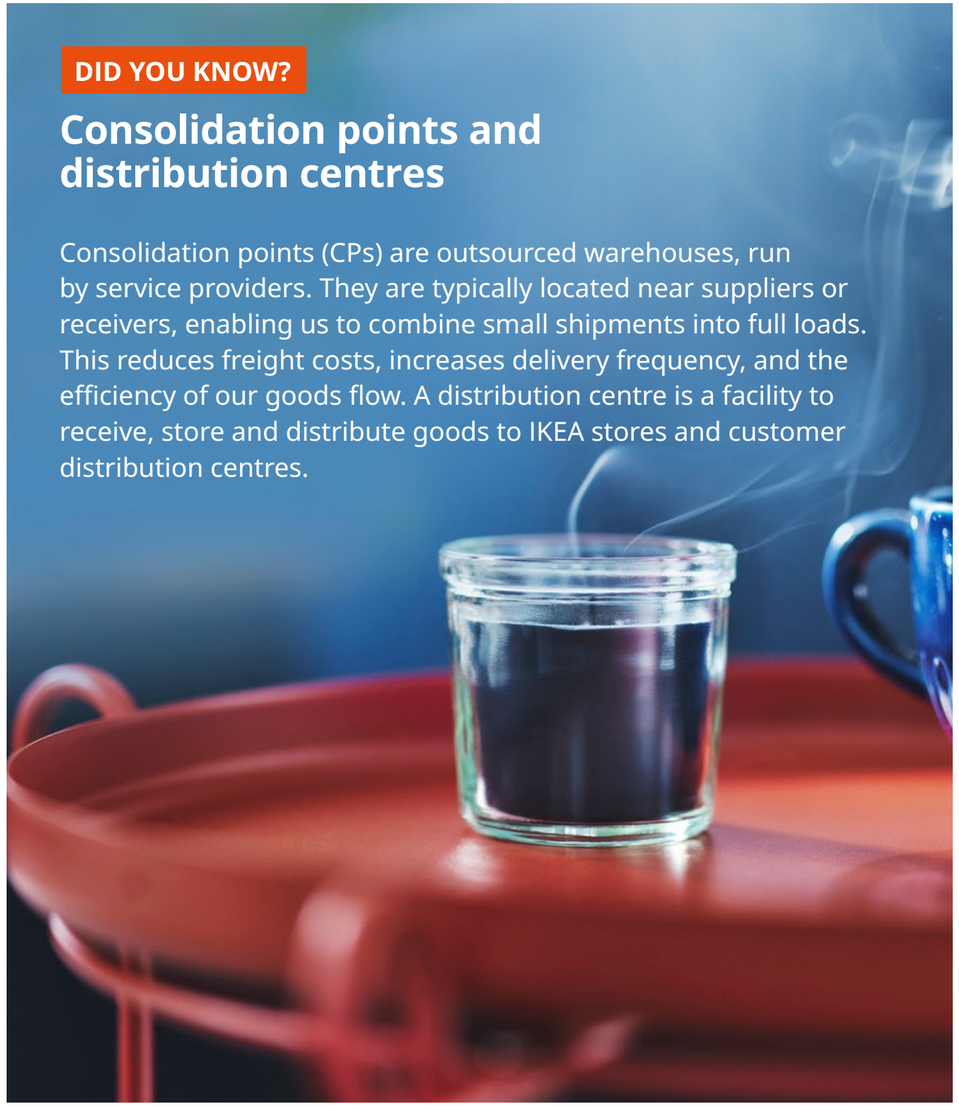
IKEA SCO contributors



Sara Udvari
Category Manager
Contract Logistics



Andrea Colzani
Category Manager
Distribution



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How we charge forklifts really matters

Investing in smarter equipment pays off – both for the planet and the bottom line. One of our consolidation points in China not only achieved 100% renewable electricity used in FY24 through IRECs*. They also reduced electricity use by 17% by upgrading its forklift charging system.

“Conventional chargers deliver fixed voltage without first checking the battery’s status. Higher voltage means warmer batteries, and energy is lost as heat. Newer technology adapts to the individual battery’s need, ensuring cooler charging. This not only saves energy – it extends the battery’s life span,” explains Michael Zhang, Sustainability Developer.

The impact? Over 8,000 kWh can be saved each month from operating 21 forklifts, a total reduction of six tonnes of CO_2e emissions per year, longer battery life and lower operating costs. A great example of how the right investments drive both efficiency and sustainability.

IKEA SCO contributors



Tommy Zhou
Business Developer



Michael Zhang
Sustainability Developer

*International Renewable Energy Certificates (IRECs) certify that purchased electricity is renewable.

Cool alternatives in the old chain

In Southern Europe, our food deliveries to IKEA stores are starting to arrive on low emission transportation. Since April 2024, our service provider is moving 22 routes in Italy and 11 routes in Austria on biofuels: HVO and bio-LNG.

Transitioning from diesel gave us a significant reduction in CO_2e emissions: on an annual basis, dropping from 649 tonnes to just 96 tonnes. And it’s only the beginning. Our ambition with this service provider is to eventually deploy biofuels on all their truck flows.

IKEA SCO contributor



Omar Darwish
Business Developer



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Getting closer to 100% renewable electricity

In warehousing our target is to reduce the climate footprint by 2030 by 80% compared to the baseline FY19. A key part of this journey is to move to 100% renewable electricity by calendar year 2025. The requirement of renewable electricity is part of the tender process and action plans are focused on ensuring the transition.

All our warehouses in China are now powered by 100% renewable electricity. Last year, our use of renewable electricity in the warehouses globally rose from 91% to 95%. That's a big step forward, but we know the final 5% will be tough to achieve.

Some locations may be harder to convert to renewable electricity. That could be warehouses where the IKEA share of the total volume is small. Because we still require the entire unit to transition to renewable electricity – even when we're only a small part of the overall operations.

We also encourage our partners to produce renewable electricity on-site. So far, 45% of the warehouses we use have solar panels (PV panels). This helps generate renewable electricity right where it's needed – and may also add more renewable power to the grid.

A substantial support in the renewable electricity transition is the IKEA renewable electricity programme. The programme assists service providers with pre-negotiated prices from vendors providing renewable electricity. This could be in the form of bundled frame agreements or power purchase agreements in which service providers can participate if they find it attractive.

Together with our warehousing service providers we are aiming to reach the important 2025 milestone, and to maintain it!

IKEA SCO contributors



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Road safety

Climate footprint – what about the road safety footprint?

It's been five years since we heard about the idea of a 'road safety footprint' at the 3rd Global Ministerial Conference on Road Safety in Stockholm. This idea landed well with us since we can easily relate it to how we work with our climate footprint across the IKEA supply chain.

Road safety is now integrated into our sustainability agenda and embedded in our agreements with service providers. We were one of the first retailers to publicly report the road safety footprint, sharing it in the IKEA Sustainability Report FY24. With that, we are encouraging a positive change in the transport industry and promoting transparency on road safety.

One of the UN Sustainability Development goals is to halve the global number of road-related deaths and injuries by 2030. As one of the largest transport buyers, we acknowledge our shared responsibility to contribute to the goal.

In February 2025, IKEA Supply Chain Operations received the highest, three-star level rating in the FIA Road Safety Index. The recognition underscores our efforts to improve road safety. The FIA Road Safety Index is a tool developed by the Fédération Internationale de l'Automobile (FIA). It supports organisations in understanding the impact of their operations on road safety, and aims to help them report on their ambitions, actions and results. It provides a valuable foundation for a systematic and fact-based approach to road safety.

"What we now hope to see is more and more companies joining the movement to measure and report their road safety footprints. What you measure you can improve. It will enable benchmarking, and encourage sharing and learning on how we, together, can improve road safety around the world," explains Wiktor Zaremba, Sustainability Developer.

IKEA SCO contributor



Wiktor Zaremba
Sustainability Developer

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Let’s connect and make it happen!

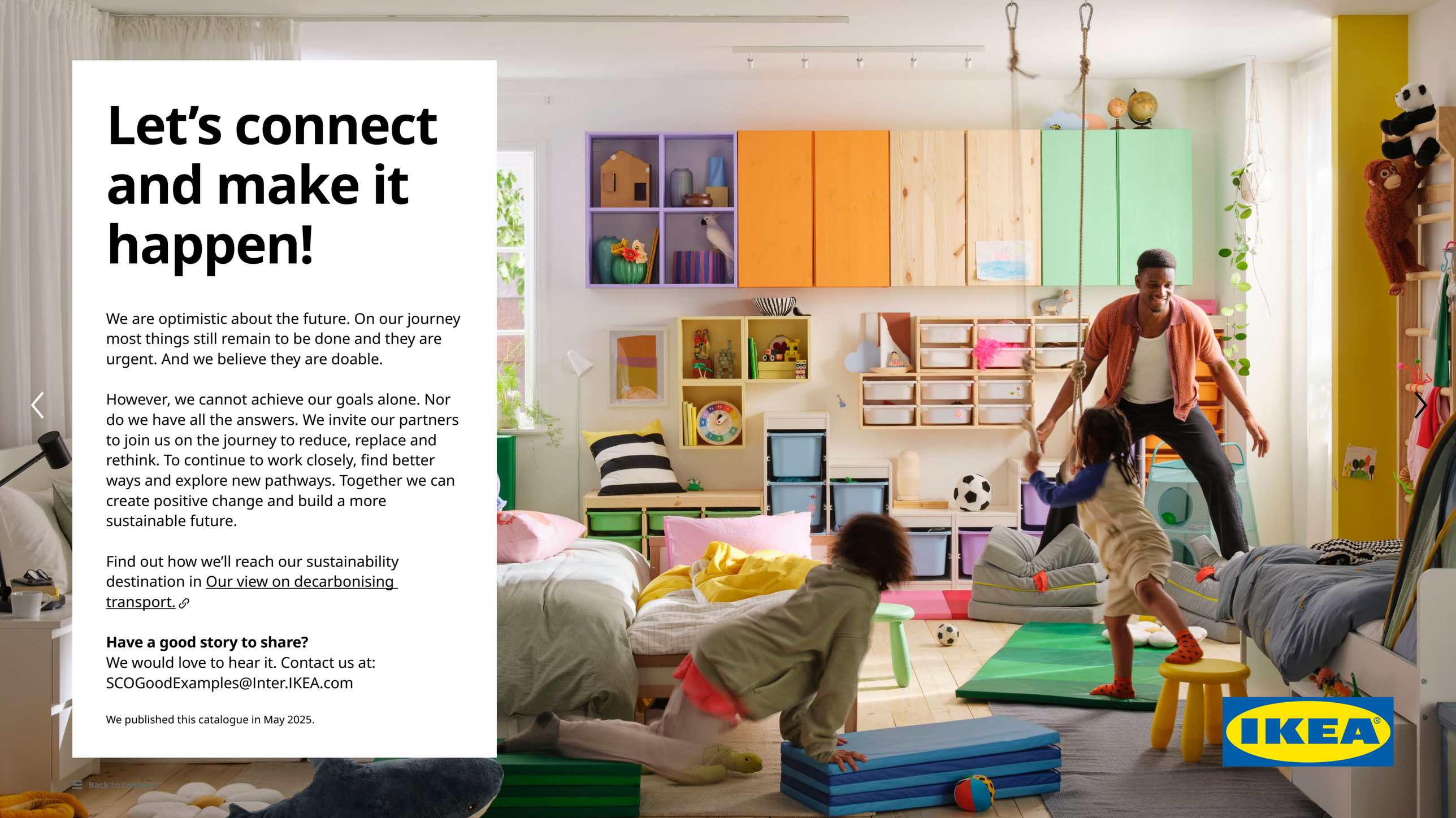
We are optimistic about the future. On our journey most things still remain to be done and they are urgent. And we believe they are doable.

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:
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