

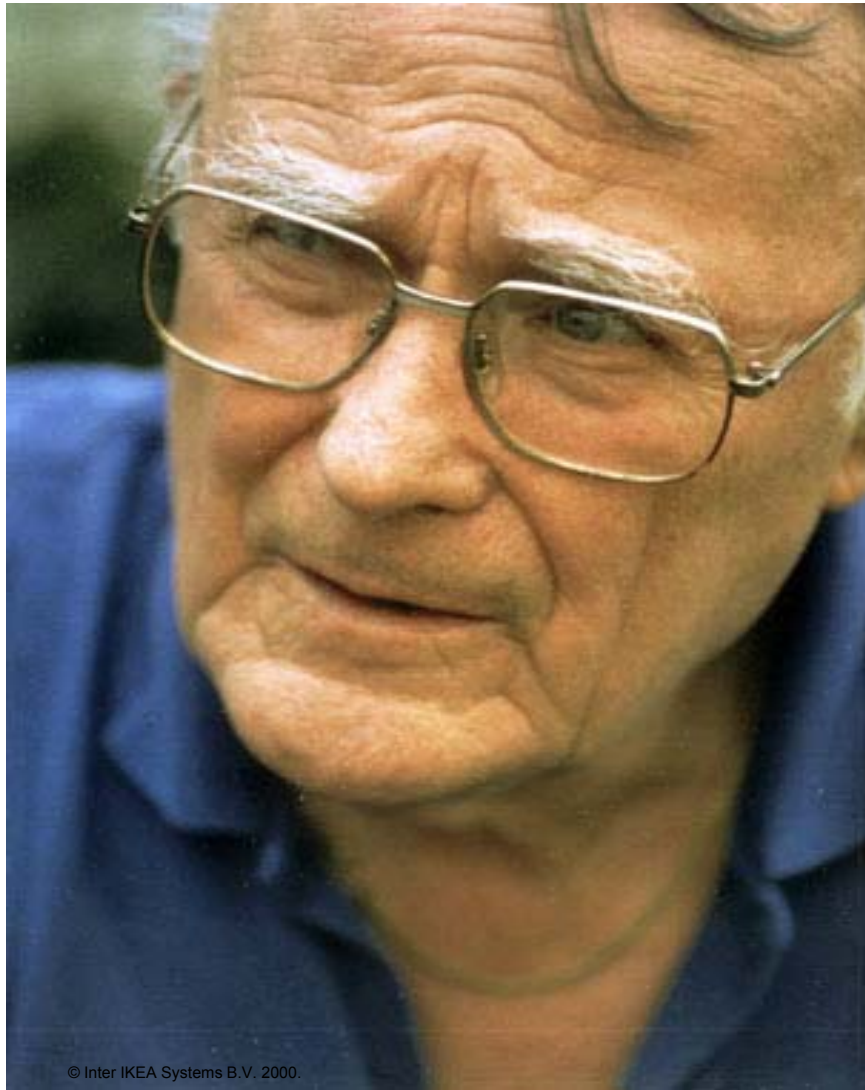
**NAEM: Benchmarking Best Practices in
Supply Chain Management
August 4, 2005**

Reducing Your Environmental Impact through Transportation Management

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North American Transport**



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Vision

1943

To create a better
everyday life for the
many people

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Our Business Idea:

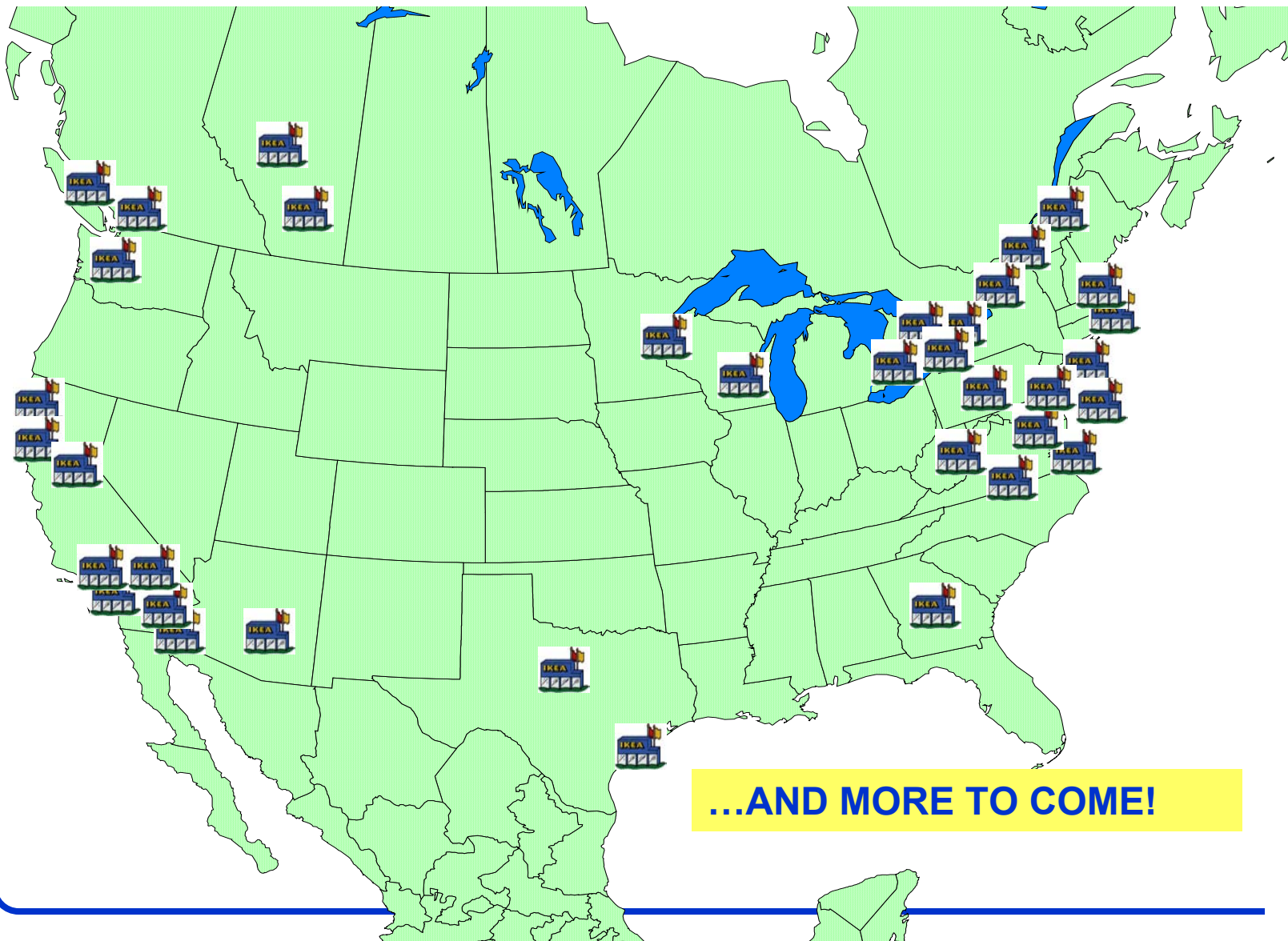
“To offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them”



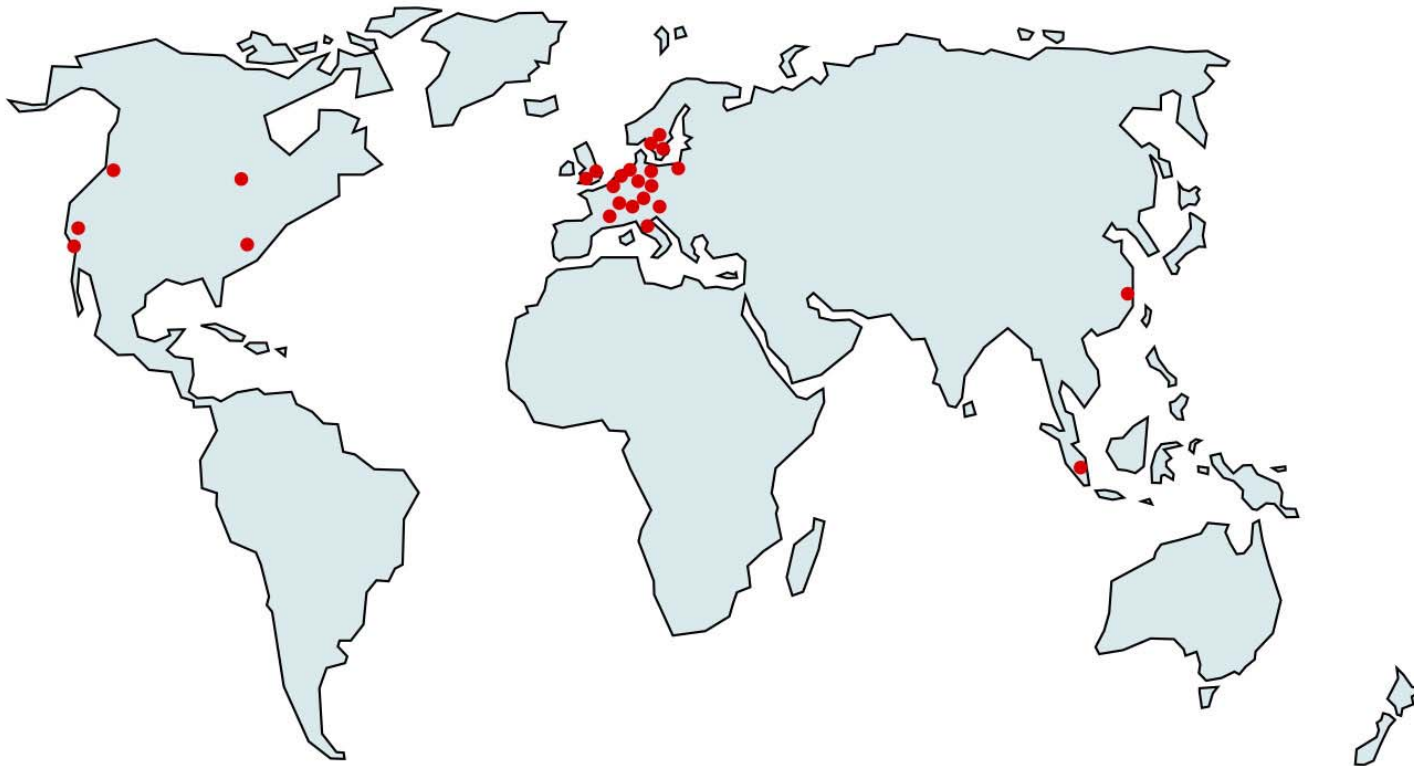
Facts & Figures FY 2004:

- Co-workers: 84,000 globally
- Range: more than 10,000 articles
- Trading:
 - 1500 suppliers in 55 countries
 - 32 factories in 9 countries
- Sales:
 - 12.8 billion Euros
 - 365 million customers
 - 202 stores in 32 countries

LOCATION OF IKEA STORES IN NORTH AMERICA TODAY



Distribution centers all over the world



27 Regional Distribution Centers in 16 Countries

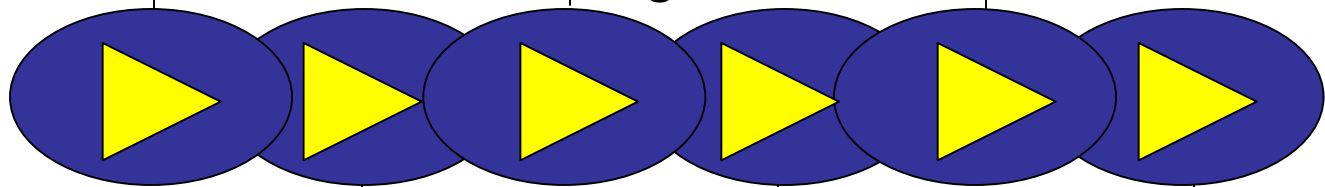
Our social and environmental responsibility covers the whole IKEA supply chain



Product Development

Purchasing

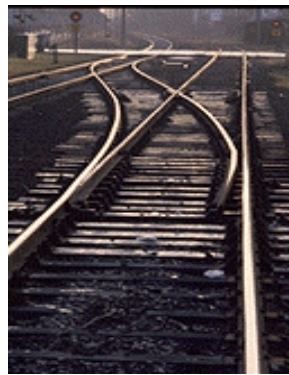
Store



Supplier

Distribution

Customer





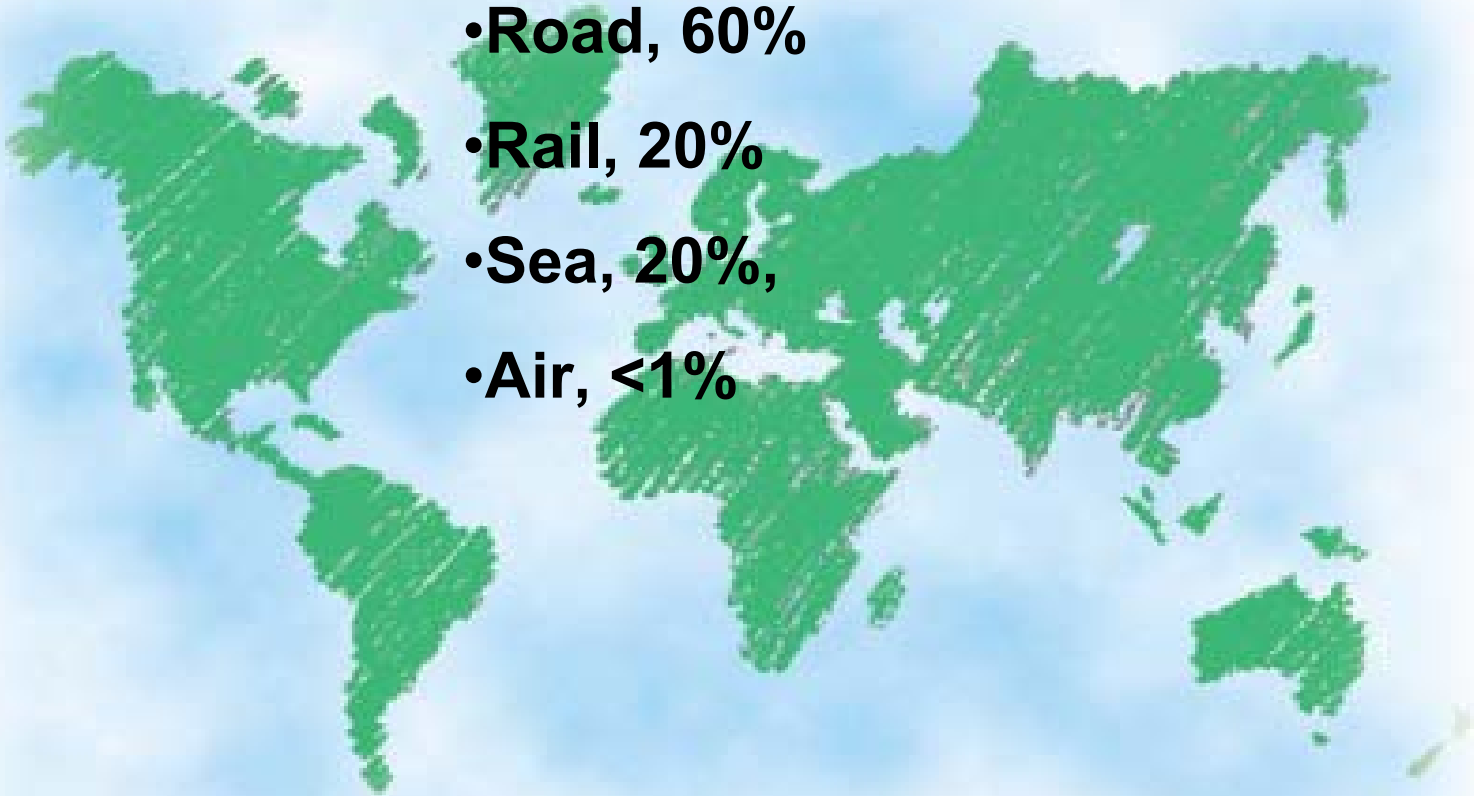
Transport is one of our most important environmental focus !



- *IKEA is a big global purchaser of transportation services*
- *Transport stands for more than 80% of the total IKEA related emissions of CO₂*
- *Impact from transport is growing fast because of:*
 - *increase in sales volumes*
 - *distant to source suppliers*

How does IKEA transport today (m³) ?

- Road, 60%
- Rail, 20%
- Sea, 20%,
- Air, <1%



Transport **Environmental** Objective

“WORLD CLASS DISTRIBUTER”- IKEA shall become one of the most resource efficient transport buyers in the world !



- Focus on 3E's
 - Energy
 - Engines
 - Efficiency



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Environmental Actions

-focus on being **Pro-Active** and the **Good** example

- **Measure the environmental impact of our transports**

- Increasing filling rates and reduce empty positioning

- Choosing the most environmentally adapted mode of

transport

- Co-operate with carriers to improve fuel efficiency and emissions performance

- Outreach with IKEA/Carrier Environmental Workshops

- Conditional environmental requirements in business contract (i.e., for North America, a SmartWay® carrier)

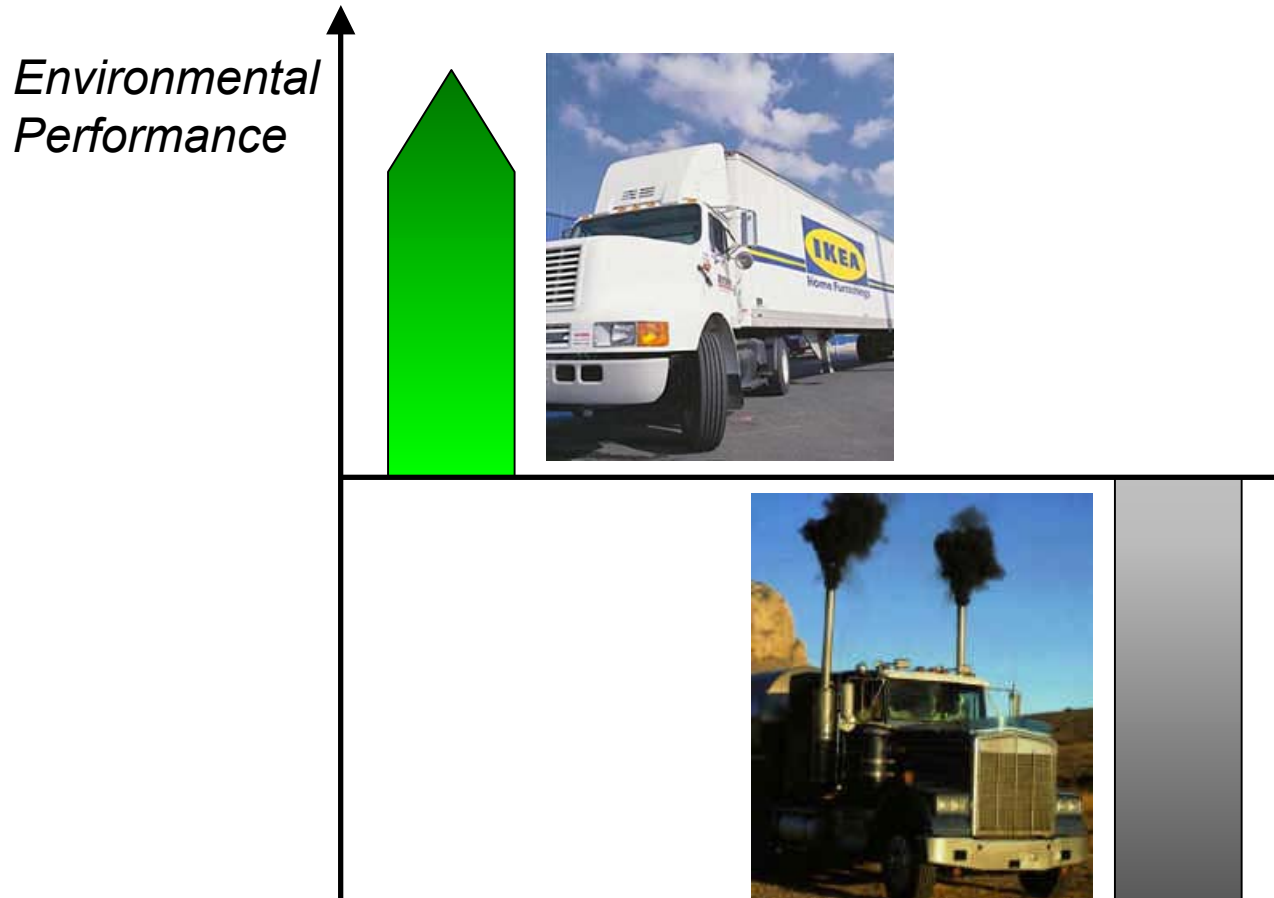
- Perform follow up carrier reviews

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The “Right” Carriers in North America

- reduce the environmental impact by measuring emissions performance improvements through fuel efficiency with the SmartWay® FLEET Model



The Benefits for IKEA & Carriers!



- ***Improve efficiency which will result in savings***
- ***Differentiation from competitors***
- ***Positive publicity for our brand from NGO's, the press and governmental agencies***
- ***Be an active stakeholder in ensuring an environmentally sustainable business and world for future generations***

**Create the future you want
instead of living
with the future you get...
Go SmartWay®!**

**...most things still remain to be
done....**

A Glorious Future!



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