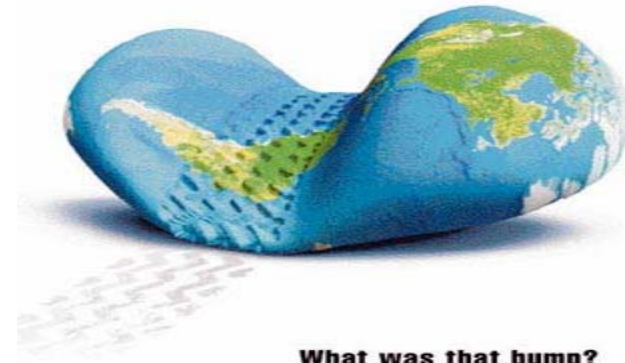




# SmartWay International Transportation Summit

December 4, 2008



**What was that bump?**

## REDUCING FREIGHT CO2 FOOTPRINT

Sabina Y. Strautman  
North American Transport



FOR THE MANY

## Our Vision

To create a better everyday life for the many people.

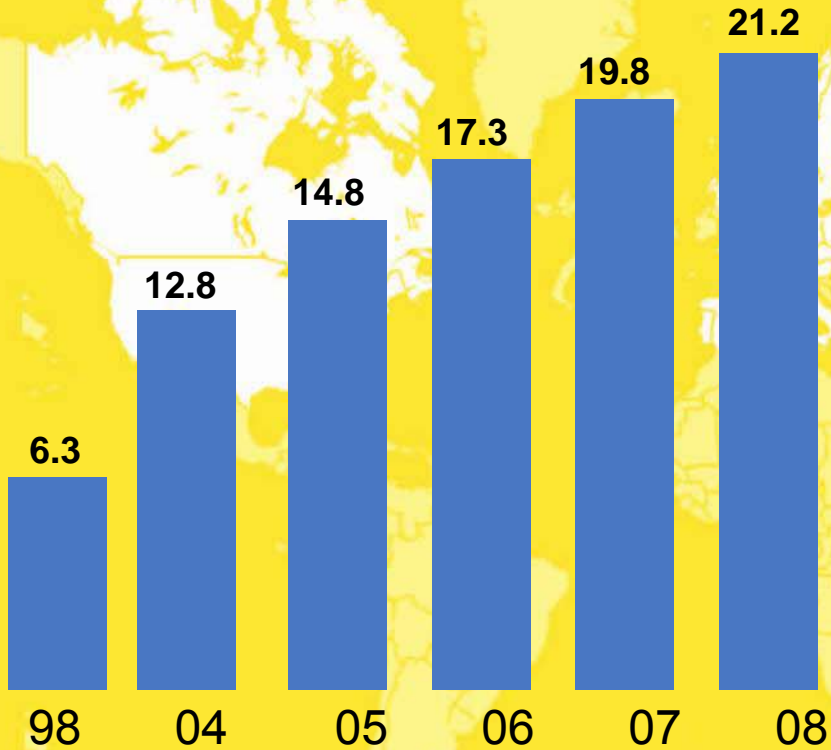


## Our Business Idea

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.



# AT A GLANCE



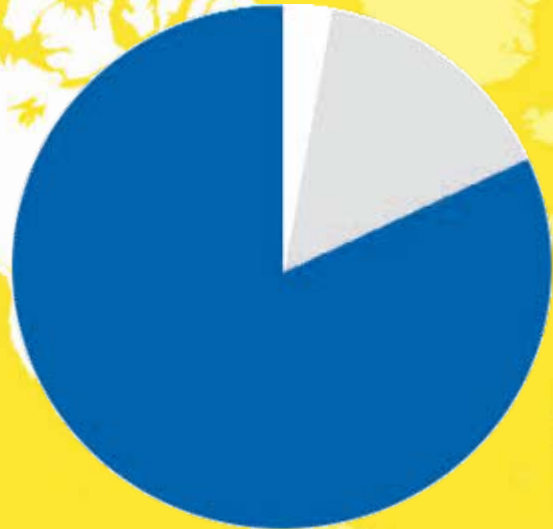
## 253 Stores in 24 Countries

Europe	<b>183</b>
North America	<b>46</b>
Russia	<b>11</b>
China & Japan	<b>10</b>
Australia	<b>3</b>

Total Sales 21.2 billion Euros



# AT A GLANCE



## Sales by region

- Asia & Australia 3%
- North America 15%
- Europe 82%

## Top Five Sales Countries

<b>Countries</b>	15%
Germany	10%
USA	10%
France	7%
UK	6%
Sweden	



# AT A GLANCE



Purchasing by region

- North America 3%
- Asia 30%
- Europe 67%

## Top Five Purchasing Countries

<b>Countries</b>	<b>21%</b>
China	17%
Poland	8%
Italy	6%
Sweden	6%
Germany	



AT A GLANCE

## 127,800 Co-workers in 39 Countries



### Coworkers by region

- Asia & Australia 7,650
- North America 16,800
- Europe 103,350

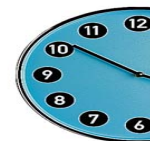
### Coworkers by function

- Purchasing, distribution, wholesale, range and other 14,500
- Swedwood Group 17,100
- Retail 96,200



# AT A GLANCE

- 1,380 Suppliers in 54 Countries and 41 Trading Service Offices in 30 Countries
- 49 Swedwood Sawmills/Factories in 11 Countries
- 9500 Articles in the Range





# DISTRIBUTION

How does IKEA Products/Goods get to our Stores and Customers?

The IKEA Distribution Network makes it possible!

At lowest possible cost.

- 27 Distribution Centers and 11 Customer Distribution Centers in 16 Countries







# TRANSPORT



To create and maintain flexible transport solutions in order to meet all the service needs of our customers in the most cost efficient way.



# TRANSPORT



	2000	2005	2010
Volume	45 000 000 m <sup>3</sup>	70 000 000 m <sup>3</sup>	140 000 000 m <sup>3</sup>
Trucks	400 000	640 000	1 280 000
Containers	180 000	280 000	560 000
Routes	20 000	20 000	30 000
Shipment	590 000	920 000	1 800 000
Carriers	500 whereof 35 ocean	238 whereof 20 ocean	100 whereof 10 ocean



# VALUES

## Low Cost, But Not at Any Price



Keeping prices low is a cornerstone of the IKEA vision, yet our low prices must never be at the expense of people or the environment.



# RESPONSIBILI T Y



ANDERS DAHLVIG, PRESIDENT AND CEO, IKEA  
GROUP

“Social & Environmental  
Responsibility is a  
prerequisite for doing  
good business”



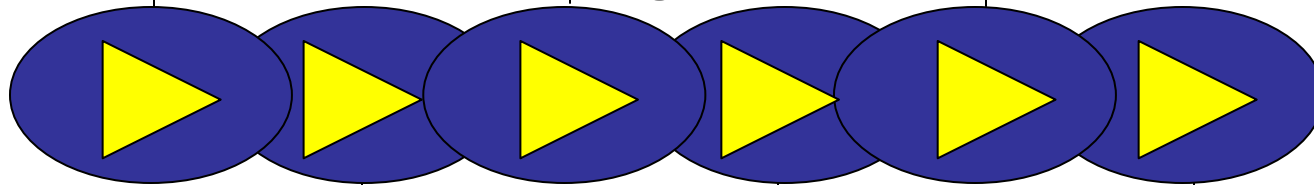
# SUPPLY CHAIN



**Product Development**

**Purchasing**

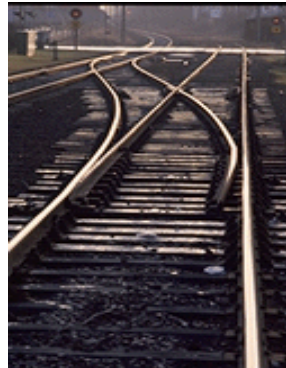
**Store**



**Supplier**

**Distribution**

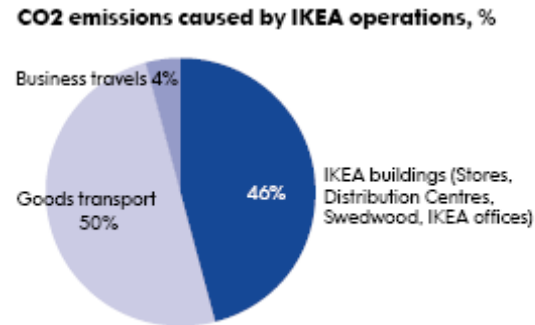
**Customer**





# SUSTAINABILITY

## IKEA will reduce its impact on the climate



That means transporting IKEA Goods with fewer emissions

Transport Goal is to reduce **12%** CO2/ m3km between 2006 and 2010





# ACTIONS



## Measure the Environmental Impact of our Transports

- Increasing filling rates and reduce empty positioning- flat packaging
- Choosing the most environmentally adapted mode of transport
- Conditional environmental requirements in business contract



# ACTIONS

## Partnerships

- Workshops/outreach with Carriers, B-to-B (i.e., other retailers), NGOs (i.e., BSR), and Official Agencies (i.e., NRCan, EPA )

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

- Perform follow up carrier reviews



Environmental Performance







# RESULTS

## CLIMATE CHANGE / TRANSPORT OF PRODUCTS

Carbon dioxide emissions reduction per transported m3 per kilometre

FY04	FY05	FY06	<b>FY07</b>	FY10 goal
n/a*	n/a*	-5%	<b>-12%</b>	-12%



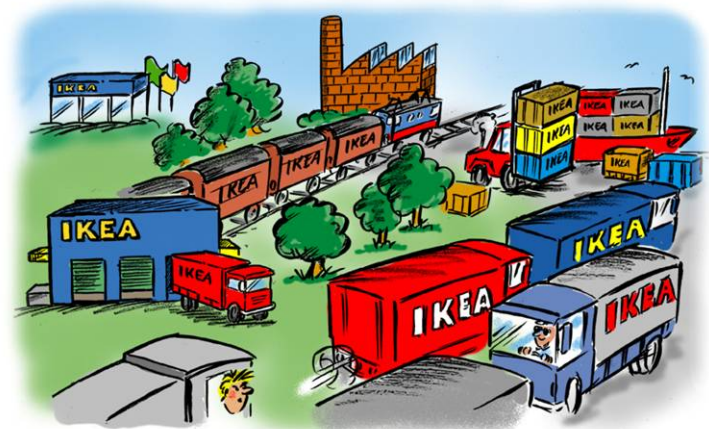
## FIGURES 2007

### Modes of transport (goods volume)

	FY04	FY05	FY06	<b>FY07</b>
Road	76%	67%	70%	<b>69%</b>
Ocean	3%	17%	15%	<b>17%</b>
Rail	10%	6%	6%	<b>5%</b>
Combined transport	11%	10%	9%	<b>8%</b>

### Filling rate

	FY04	FY05	FY06	<b>FY07</b>
Inbound (supplier to warehouse)	57%	58%	61%	<b>62%</b>
Outbound (warehouse to Store)	57%	58%	59%	<b>56%</b>





# SUMMARY

Advantages of the



Program to a Retail Shipper

- Credible demonstration to stakeholders of commitment to reduce emissions
- Resource to direct carriers to when taking into consideration environmental performance criteria to business
- Identifies “best practice” for trucking industry and emerging technologies
- Provides a easy understanding of scoring of the carrier
- Allows shipper to compare carriers using common tools
- Tools assist with setting specific environmental goals with individual carriers
- Resource for purchasers evaluating new carriers



**TACK!**

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