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New Model for the Future Supply Chain Highlights Sustainability Benefits
Study from GCI and Capgemini finds that the consumer goods industry's supply chain strategy should give priority to new parameters

Paris, June 4, 2008 – There is a strong correlation between sustainability and the future supply chain of the consumer products and retail industry. This is the key finding of a new study, titled “Future Supply Chain 2016: Serving Consumers in a Sustainable Way,” published by the Global Commerce Initiative together with Capgemini. The study presents a new integrated supply chain model that takes into account sustainability parameters such as CO₂ emissions reduction, reduced energy consumption, better traceability and reduced traffic congestion, as well as traditional measures like on-shelf availability, cost reduction and financial performance.

The total potential impact of this supply chain redesign is significant, including reduction in transport costs per pallet, reduction of handling costs per pallet, reduction of lead time, lower CO₂ emissions per pallet and improved on-shelf availability. *“Regulations as well as resource scarcity, climate change, security, require new thinking, new approaches and new collaboration on infrastructures”*, said José Luis Duran, Chairman of the Management Board, Carrefour group, and GCI Co-Chairman.

“There is a real need for breakthrough change, as the past does not reflect the future the industry will face,” said A.G. Lafley, Chairman, President and Chief Executive, The Procter & Gamble Company, and GCI Co-Chairman. *“The future supply chain report makes a strong case for change by identifying the innovation that currently exists in the form of new solutions, leading practices, example supply chains and new ways to calculate the impact of the new parameters on the supply chain.”*

The starting point to build the future supply chain is to identify solution areas that cover existing problems and those anticipated for the coming decade, noted the report. Seven key innovation areas were identified: in-store logistics, collaborative physical logistics, reverse logistics, demand fluctuation management, identification and labelling, efficient assets, and joint scorecard and business plan. *“Integrating these innovative solutions together*

with collaboration concepts into a cohesive model will provide the future supply chain architecture necessary for new efficiency and cost reduction for the industry,” said Roland Dachs, Vice President, Supply Chain, Crown Europe, and Co-Chairman of the study’s work team.

The study found that a big impact on the new sustainability parameters can be made when the following concepts are merged and implemented: information sharing, collaborative warehousing, collaborative city distribution and collaborative non-urban distribution. *“While individual examples of these concepts already exist, the key to their broader implementation across the industry will be improved collaboration,”* said Xavier Derycke, Directeur Flux Groupe, Carrefour, and Co-Chairman of the study’s work team. *“Improving such collaboration demands new ways of working together in the physical supply chain, a framework for which has been developed by GCI and continues to evolve.”*

About the Future Supply Chain Study

The Future Supply Chain project, led by GCI, together with Capgemini, which involves 24 retail and consumer packaged goods companies and several industry and standards organisations, addresses these sustainability challenges that will lead companies to change their operation. Participating organisations included AIM/ECR Europe, Black & Decker, British American Tobacco, Carrefour, Colgate-Palmolive, Crown Europe, Freudenberg Household Products, GlaxoSmithKline, Groupe Danone, GS1US, Johnson & Johnson, Kellogg Europe, Kraft Foods, Loblaw Companies Ltd, L’Oreal, MGL METRO Group Logistics GmbH, Nestlé, Philips, Procter & Gamble, Reckitt Benckiser, Royal Ahold, Sara Lee International, SCA Packaging, Symrise, Unilever, Wal-Mart Stores, Inc. and Capgemini.

This study follows an earlier report titled “2016: The Future Value Chain,” published by GCI, Capgemini and Intel and presents the tangible expression of the vision outlined in this earlier report: the integrated future supply chain model.

“The Future Supply Chain 2016: Serving Consumers in a Sustainable Way” is available at www.gci-net.org and www.capgemini.com.

About the Global Commerce Initiative (GCI)

The Global Commerce Initiative (GCI) was established in October 1999 as a voluntary platform. Its mission is to lead global value chain collaboration through the identification of business needs and the implementation of best practices and standards to serve consumers better, faster and at less cost.

It is a network created by the member companies and sponsors to simplify global commerce and link the value chains to improve consumer value.

GCI operates through an Executive Board composed of senior representatives of more than 45 companies drawn equally from manufacturing and retailing that do business across continents or via global supply chains. It operates under the sponsorship of eight organisations – regional ECR Initiatives and VICS, four trade

associations (AIM, CIES, GMA and FMI,) and the standards organisations GS1 and GS1US – representing more than 1 million companies in the world.

More information about the Global Commerce Initiative is available at www.gci-net.org.

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