

Attn: Ms. Julie Brof

Thank you for the opportunity to submit supplementary comments to my presentation at the FTC's RFID Workshop on June 21, 2004. We applaud the FTC for convening the workshop on RFID and for fostering thoughtful contributions to the public record from a wide variety of stakeholders on this exciting, emerging technology.

Procter & Gamble is pursuing the use of Electronic Product Coding (EPC) to create efficiencies in the supply chain. EPC is a way to uniquely identify a pallet, case or individual product using radio frequency identification (RFID) technology. It's similar to today's bar code, but with many more potential uses and benefits.

We have invested in the technology because it has potential to improve processes in the entire supply chain – from our plants to retail distribution centers to store shelves. It can offer solutions for problems like out-of-stocks, theft, and counterfeiting. It also helps to keep shelves consistently stocked with products and ensures that products will be fresher.

Down the road as P&G learns more about the technology, there may be opportunities to eliminate costs and generate additional benefits for the supply chain and consumers through item level tagging. We believe it will be several years before the technology is affordable enough and the benefits great enough to be used on individual items. Like any new technology, as been the case with the Internet, responsible use requires considerable forethought by those developing and using the technology. That is why we have worked at these early stages to address privacy concerns associated with item level tags.

P&G recognizes that in order for consumers to accept EPC, they must understand its benefits for them and be confident that their privacy will be protected. Based on extensive consumer research undertaken on the technology and our own core mission that "the consumer is boss", we support the application of the following privacy principles for item-level EPC:

- (1) **Clear and accurate notice** should be provided where EPC is being used and consumers should be informed as to whether products they are buying contain EPC tags;
- (2) **Consumers should have a choice** as to whether EPC tags in the products that they buy can be permanently disabled or discarded, and this should be done without incurring cost or penalty;
- (3) **Consumers should have a choice** as to whether personally identifiable information about themselves is electronically linked to the EPC number on products they buy beyond what is done with barcodes today.

Consumers will make choices based on benefits they perceive from the technology. We are working aggressively to identify and communicate these benefits as well as to identify options to implement these principles together with our partners in the supply chain. We will not pursue item-level tagging with partners who are not able to ensure privacy protection for consumers. We are in business for consumers and to do otherwise would not meet our core mission or business objectives.

In this phase of testing and learning about EPC, P&G is conducting pilot tests with a number of our retail partners in the US and Europe. Up-to-date information about current tests, locations, brands and type of test (whether pallet/case or case/item) can be found on the [pg.com](http://pg.com) website. In test situations where a consumer could come in contact with an EPC tag, P&G affixes a label to the case that notifies the consumer of the presence of a tag. In addition, some retail outlets provide further information on EPC in the form of a tear-off card on the store shelf that explains EPC, the symbol, and how the tag can be removed from the carton and directs consumers to [www.EPCglobalinc.org](http://www.EPCglobalinc.org) for more information.

Consumer research shows a very low awareness and understanding level of EPC at this time. P&G along with other end users in EPCglobal recognize the importance of consumer education in gaining consumers' trust in the technology and their understanding of the benefits. Consumer education is an area where the FTC has played an important educational role on issues such as safe Internet surfing, online shopping tips, and protecting consumers against ID theft. The FTC's involvement in consumer education and outreach efforts on RFID would be most welcome.

Again, thank you for the opportunity to participate in the workshop and to submit additional comments for the record. P&G looks forward to working with the FTC in the coming months on this important issue.

Sincerely,

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