

Procter and Gamble

IPR Conference, Moscow, Oct 6-8, 2010



P&G Key Facts



- Very diversified consumer products company with strong global presence
- Provides products of superior quality and value
- Markets more than 300 brands to nearly five billion consumers in more than 160 countries



Our Company Purpose

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come.

As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, and the communities in which we live and work to prosper.



Touching lives, improving life. *P&G*





**Our Purpose-inspired
Growth Strategy**

Touching and Improving
More Consumers' Lives
in More Parts of the World...
More Completely

A photograph of a woman with dark hair, wearing a pink t-shirt, hugging a young child from behind. The child is wearing a green top and looking towards the camera with a slight smile. The background is softly blurred, showing what appears to be a window with light-colored curtains.

The Consumer is Boss.

Consumers are at the
heart of all that we do.

The Moments of Truth

First Moment of Truth
- *choosing* our brands

Second Moment of Truth
- *using* our brands



Billion-Dollar Brands



Global Household Care

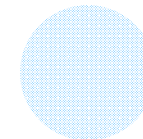
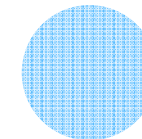
Global Beauty & Grooming

Global Health & Well-Being

Procter & Gamble

Most Counterfeited Brands

- Gillette Blades & Razors
- Duracell Batteries
- Pantene
- Head & Shoulders
- Oral B
- Tide
- Ariel
- Ace
- Always
- Olay
- Vicks



Illicit Trade: The Harm

- To the Consumer

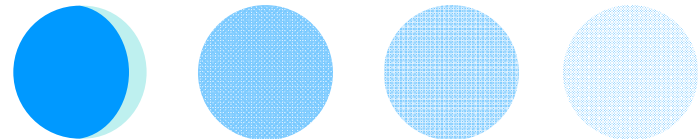
- Counterfeit products are not subject to quality standards.
- Can create severe public health and safety risks.
- Consumers rights... Cannot hold the manufacture accountable
- Undermines consumer confidence in brand names

- To Society

- Violence and theft in the supply chain
- Virtually all major organized crime groups now involved
 - Huge profits / Little risk
 - Utilize child and slave labor
- Do not pay taxes
- Do not pay fair wages.

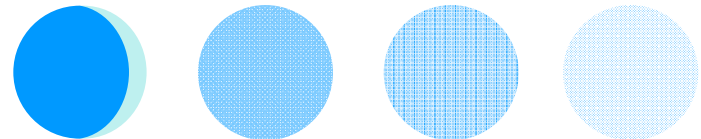
- Business Organizations

- Lost sales, profit, and assets
- Brand and corporate reputations threatened



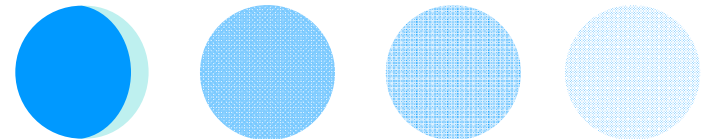
Brand Protection Vision

**Consumers
always buy
genuine P&G
products**

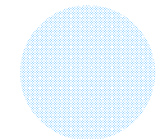
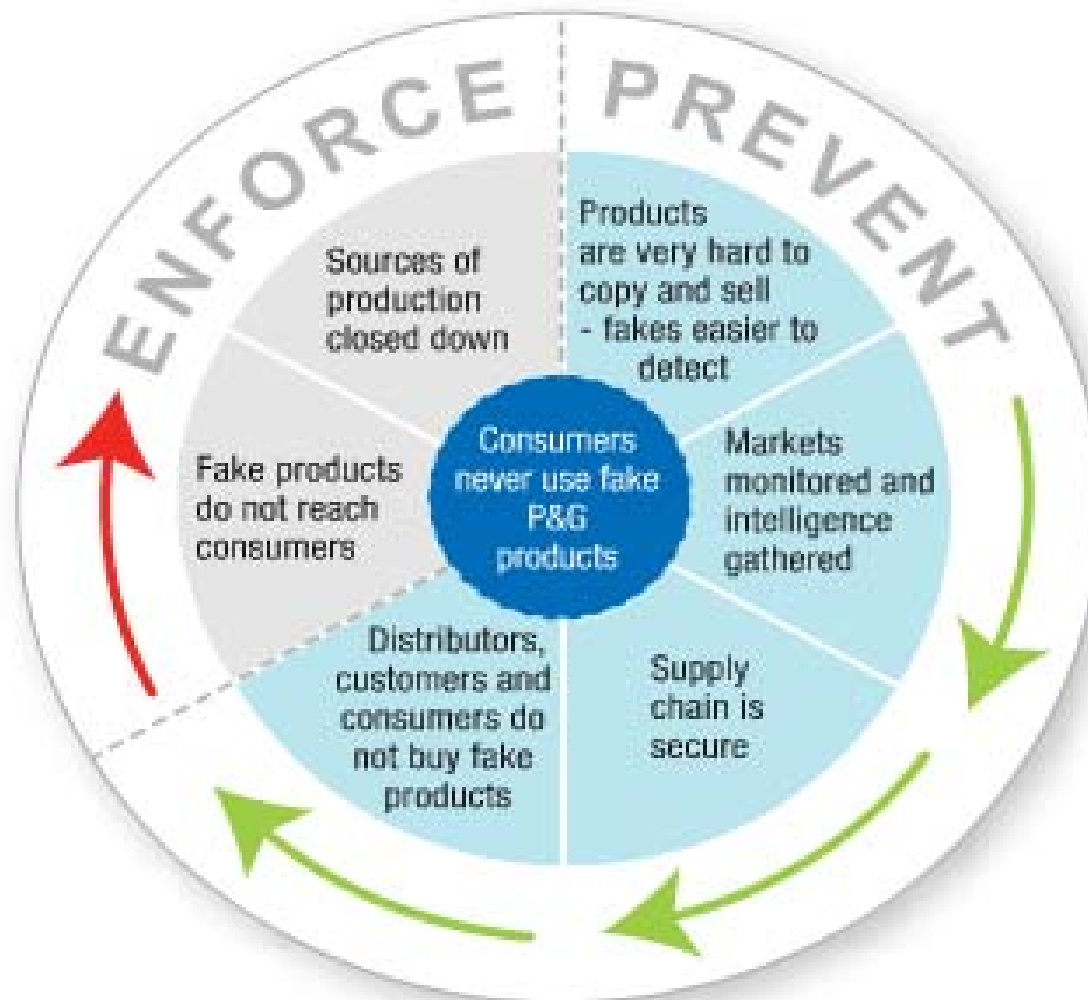


Brand Protection Mission

We vigorously protect our consumers, customers and P&G from illegitimate goods through a global, multi-functional approach



The BP Framework



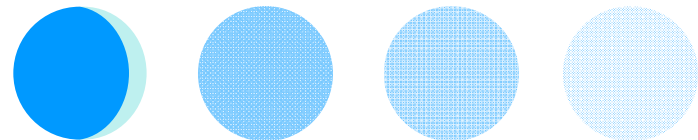
60-40 Brand Protection Strategy

Increase emphasis on prevention via:

- Supply Chain Security & Design
- Zero Cost Features & Technologies
- “Demand dampening” programmes that reward loyalty and dissuade distributors, retailers and consumers from buying from non authorised sources
 - Authorised Retailer Programmes – online/offline
 - Consumer Loyalty Programmes

Strengthen our efforts against enforcement

- Partner with law enforcement – education, forensics etc
- Develop stronger third party investigator agency partnerships
- Focus on factory investigations – find root cause not symptoms



Local P&G Opportunity

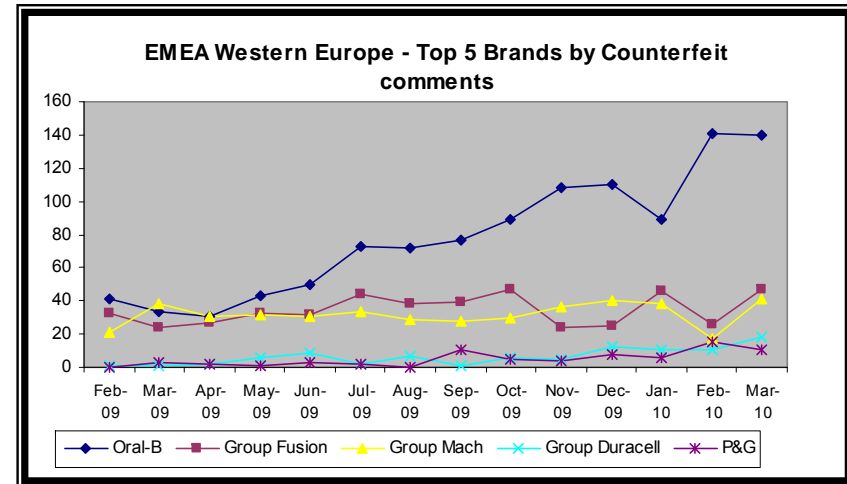
- Engaging / enrolling distributors to be an extended set of “eyes and ears” and a secure supply system where reputable retailers can be guaranteed to buy genuine P&G products
- Establishing and promoting for online & offline channels, an authorised seller programme.
- Raising the profile of the risk of buying from non authorised P&G sources via retailer communication at all levels, including industry via public policy groups
- Engaging law enforcement and third party agencies to seize product and with the help of P&G legal, secure prosecutions.
- Implementing distributor and retailer audits to track and monitor the counterfeit problem while using consumer calls to gather intelligence

Monitoring & Intelligence Methods

National - China	2007	2008	2009
H&S	21%	19%	23%
Pantene	19%	19%	23%
Rejoice	28%	18%	21%
Safeguard PCC	32%	24%	29%

Pick Up Audits / Studies

- Sales or third party collects products from distributors and / or stores
- Forensic test kits establish estimate on % of locations carrying counterfeit
- More zero cost features on more brands will reduce time & cost of audit



Consumer Calls

- Customer care line receives >50M calls per year related to counterfeits
- Calls provide intelligence on source of purchase
- Counterfeit products recalled can provide intelligence on source of production

Customer Education Programmes

To: P&G Retail and Internet Customers 09/22/2009
 Subject: Counterfeit Gillette Blade Products

The purpose of this note is to provide notification that counterfeit Gillette products have recently appeared in several retail stores and internet sites in North America and outlines the action we can take jointly to protect our mutual consumers and businesses. The counterfeit Gillette products we recently found were not distributed by The Procter & Gamble Distribution Company. We are aggressively pursuing legal actions against those who have produced and distributed these counterfeit products.

Experience has shown that counterfeit product is often inferior in quality, efficacy and may pose a health and safety risk to consumers. Given this risk, we are asking for your help to protect the consumer, our brands and your business now and in the future.

The packaging differences between the legitimate P&G SKU's and the counterfeit SKU's are minimal and difficult to distinguish. However, if you have purchased any of the items listed below in the last (6) months from outside our P&G Distribution System, you may have purchased counterfeit and potentially unsafe product.

Identification of the Counterfeit Product SKU's Known to Date

Gillette Blades:

Specific SKU's	Size	UPC #
1. Fusion Manual	4ct	0 47400 15657 9
2. Fusion Manual	8ct	0 47400 15659 3
3. Fusion Power	4ct	0 47400 15687 6
4. Fusion Power	8ct	0 47400 15688 3
5. Mach3	4ct	0 47400 17970 7
6. Mach3	5ct	0 47400 07371 5
7. Mach3	8ct	0 47400 17975 2
8. Mach3Turbo	4ct	0 47400 19692 6
9. Mach3Turbo	5ct	0 47400 07400 2
10. Mach3Turbo	8ct	0 47400 19697 1
11. M3Power	4ct	0 47400 13559 8
12. M3Power	5ct	0 47400 07404 0
13. M3Power	8ct	0 47400 13560 4
14. Sensor	5ct	0 47400 11500 2
15. Sensor	10ct	0 47400 11505 7
16. SensorExcel	5ct	0 47400 11544 6
17. SensorExcel	10ct	0 47400 11548 4
18. Venus	4ct	0 47400 14129 2
19. VenusDivine	4ct	0 47400 12270 3
20. VenusEmbrace	4ct	0 47400 09897 8



Modern Retail Example: Gillette

- NA Trade Letter
- Warnings on dangers of buying from secondary market

India HFS Example: Olay

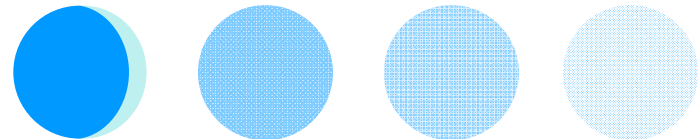
- Trade Letter & 1:1 Meeting
- Clear education on fake Vs genuine
- Removal of Counterfeits from Shelves

Authorised Seller Programmes



Ukraine HFS Example:

- Retailers receive certificate if they agree to carry only genuine P&G items
- TV and press advertising to deliver 80% consumer awareness of certified retailer programme in 3 months
- Programme and authenticity of certificates enforced by an engaged law enforcement team



Partnering Law Enforcement



Customs Training

- P&G deliver training to customs
- Customs awareness increases their knowledge of suspicious movements

CBP Announces Collaborative IPR Efforts with Procter & Gamble

(Wednesday, August 20, 2008)

[contacts for this news release](#)

Washington – U.S. Customs and Border Protection is working with Procter & Gamble to enhance our ability to detect counterfeit consumer products that are attempted to be smuggled into the country.

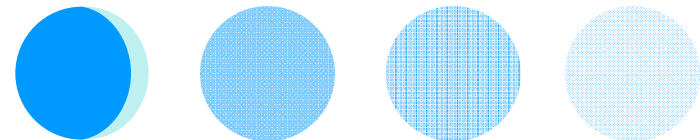
Scientists from the Procter & Gamble Technical Center in England recently provided technical training to scientists at CBP's Laboratory and Scientific Services to assist CBP in detecting counterfeit Procter & Gamble products.



As part of their work to assist CBP, the Procter & Gamble scientists developed a guidebook detailing their consumer products that are subject to counterfeiting such as toothpastes, shampoos, conditioners, creams, perfumes, anti-bacterial soaps and laundry detergents. The guidebook includes information on composition of authentic products and analytical

Enabling Customs:

- R&D provide training forensic test kits and remote methods such as NMR



P&G has a global network of labs dedicated to counterfeit testing



Global lab facilities – techniques used (for anything that P&G sells except food).

**NMR for Pantene,
Olay, Ariel, etc, etc
(any liquid or solid
product containing
chemicals)**



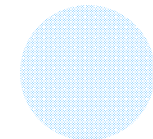
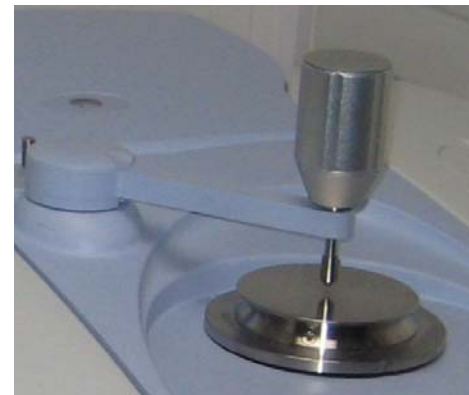
**Microscopy for
Gillette and Oral-B.**



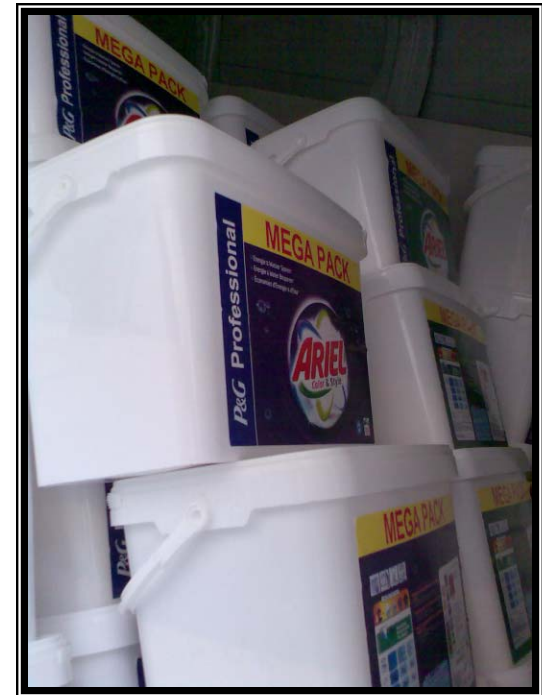
**XRF for Gillette
and Duracell
(metal alloys).**



**FTIR for Gillette
(plastic
identification).**



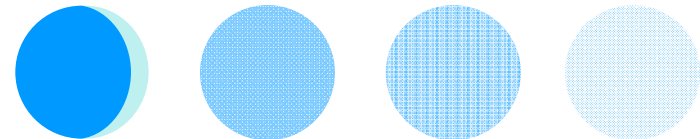
Excellence in Case Management



Raids & Seizures

- 100% response to law enforcement / internal / informant intelligence
- Fully compliant / vetted investigation agency – well planned raids
- Robust case management of evidence and notarisation
- Appropriate legal action and counterfeit product destruction

Internet Based Investigations





P&G is so thankful for all
your outstanding work in
fighting counterfeits!!



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Central & Eastern Europe
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