

Intellectual property

basic policy and strategy

Kao is committed to solving social issues, advancing industries, and contributing to society by developing innovative and proprietary core technologies. Through these efforts, we aim to create new values and establish ourselves as a *Global Sharp Top* company that provides the highest quality of products and services that earn customer trust and satisfaction.

Kao operates across various business domains and is dedicated to leveraging its core technologies beyond their original scope to help address the social issues affecting the planet. Our corporate activities are driven by the desire to contribute to global problem-solving by applying technology across multiple domains.

We consider intellectual property activities to be key to transforming the value created in our corporate activities into assets, securing and strengthening our competitive advantage on a global scale, and maintaining the trustworthiness of our products and services. These activities ensure safety and security for consumers while making a significant contribution to management.

Kao has long been engaged in intellectual property activities, including supporting invention creation, filing and acquiring patents, assisting in naming of new products, strengthening brand protection, and anti-counterfeiting.

However, in order to address complex and evolving global social issues, it is not sufficient for Kao to apply Kao's proprietary technologies solely to our own products. By co-creating with external partners and allowing other companies to utilize Kao's technologies, we can achieve broader issue resolution beyond our own business domains. To realize these activities, Kao must implement extensive intellectual property clearance investigations to ensure there is no infringement of third-party rights. Additionally, our intellectual property strategy includes technology branding to establish Kao's technological strength as a recognized brand. By working in close collaboration with business divisions and R&D, we conduct various analyses, including IP landscaping, such as monitoring technological trends and analyzing brands and companies related to specific technologies. These efforts are positioned as new intellectual property activities.

Furthermore, Kao recognizes an increase in counterfeit products as a significant risk, which have been led by the rise of e-commerce, as these counterfeit products threaten consumer safety. Kao is actively engaged in anti-counterfeiting to protect consumers.

To sustain both new and traditional intellectual property activities, Kao also invests in human resources.

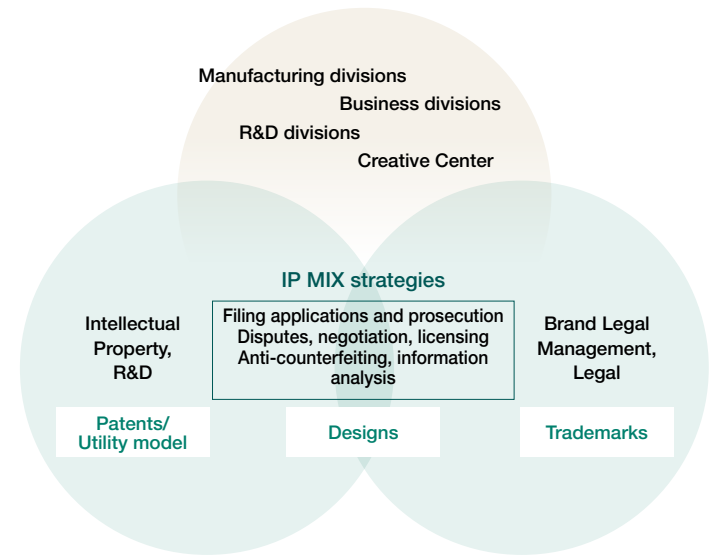
We are committed to improving our organizational capabilities by fostering intellectual property analysts, hiring external talent, and promoting personnel exchanges with business divisions.

Through these intellectual property activities, we aim to contribute to Kao's global growth.

Intellectual property management framework

Kao strategically manages its intellectual property through collaboration between the Intellectual Property Department (IPD) under R&D and Brand Legal Management (BLM) under Legal. Together, these divisions function as the IP Div.

Major operations and related divisions for the Intellectual Property Department



Role of IPD: Working closely with R&D, IPD actively identifies and develops new technologies and inventions. From the perspective of technology development, it strategically applies for, acquires, and enforces patents and technology-based design rights, which are indicators of corporate value, across a broad range of fields to enhance corporate value.

Role of BLM: In close collaboration with business divisions, BLM promotes trademark and design clearance, filing applications for new names and designs generated during product development. Additionally, BLM strives to maintain brand value by protecting our consumers through anti-counterfeiting, and also eliminating third-party trademarks that are confusingly similar to Kao's brands, and appropriately enforcing Kao's rights to prevent brand damage or freeride of Kao's brands.



Registered trademark: "Wastefulness—*Mottainai*. Never today, nor tomorrow."

Collaboration within the IP Div.: IPD and BLM work together to manage design rights, develop an IP MIX strategy tailored to diversifying technological applications, implement countermeasures against counterfeit products, and strategically sharing information on intellectual property activities. Through such discussions, we pursue increasingly sophisticated and strategic intellectual property activities.

Review of important matters: Key matters are proposed and discussed at the Management Board, and when necessary, they are deliberated by the Board of Directors.

Each year, useful patents and other intellectual property rights that have contributed to Kao's business are reported to the Management Board, which deliberates on employee invention awards. The outcomes are also reported to the Board of Directors.

 ESG Data "Number of patents held"
<https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/doc/sustainability2025-e-data.xlsx>

Education and promotion

The Kao Group implements intellectual property education programs worldwide, tailored to employee experience levels, roles, and other factors. These initiatives are designed to improve intellectual property literacy and serve as a foundation for unique functions and appeal that differentiate Kao's technologies and products from competitors.

Regarding patents, training for researchers includes lectures on the patent system, hands-on instruction on drafting patent specifications, and education on intellectual property management and strategic patent utilization with a business perspective. To enhance efficiency, Kao also uses online learning tools, which have been adopted by researchers in the Americas, EMEA, and Asia.

As a result, researchers are becoming increasingly proactive in securing intellectual property rights and building intellectual property portfolios. Repeated participation in these training programs ensures that annual application and registration rates remain high.

Regarding trademarks, BLM provides seminars for business divisions within Japan and e-learning programs for new marketing employees within and outside Japan. Additionally, BLM has recently implemented seminars for researchers to promote technology branding.

Furthermore, rather than focusing solely on specific laws, BLM has developed and implemented practical seminars for specific divisions that share case studies from the perspectives of various laws, including design rights, trademarks, copyrights, and the Unfair Competition Prevention Act.

Anti-counterfeiting

Recent years have seen increasing cases where consumers purchase products on e-commerce sites and receive counterfeit products that infringe patents, design rights, trademarks, and other intellectual property rights. Authorities have issued warnings about such counterfeit products.

Some counterfeit products pose safety risks, making their elimination a priority.

Kao considers the proliferation of counterfeit products a serious risk, because it may lead to consumer health hazards. To ensure the safety of consumers, we focus on anti-counterfeiting measures as part of our Kirei Lifestyle Plan, which emphasizes providing "safer, healthier products".

For example, Kao actively monitors e-commerce sites for counterfeit products. When suspected counterfeits are identified, we take decisive action, including raids, filing lawsuits, and requesting the removal of counterfeit listings, in collaboration with overseas Kao Group companies.

We also work to strengthen the enforcement framework of customs authorities and other government agencies. In collaboration with external organizations engaged in anti-counterfeiting efforts, we actively share information and coordinate not only within our company but also with national authorities and other companies to minimize risks. These initiatives are also being expanded outside Japan.

Furthermore, to prevent the spread of counterfeit products, we are proceeding with custom registration based on the design rights related to *MegRhythm Steam Eye Mask* and trademark rights, including *Bioré*. Additionally, we actively participate as instructors in customs training sessions, providing Customs personnel with key points on identifying counterfeit products. Through these efforts, we are proactively engaged in detecting and seizing counterfeit products at the import and export stages as part of our border control measures.

Initiatives

Contributing to new chemical substance development through patent abandonment

Kao has announced that its independently developed alternative method for skin sensitization testing, *EpiSensA* (Epidermal Sensitization Assay), was included in the test guidelines of the Organisation for Economic Co-operation and Development (OECD) on June 25, 2024. This technology enables the evaluation of a wide variety of raw materials, including oil-soluble raw materials, and is the first alternative skin sensitization testing method using an artificial skin model to be included in the OECD test guidelines worldwide.

To promote the widespread adoption of this technology, Kao has abandoned its foundational patent for *EpiSensA* (Japanese Patent No. 6031221). As a result, *EpiSensA* can now be used globally, including in Japan. This decision is expected to significantly contribute to the development of new chemical substances within the industry.

Promoting technology branding

As part of the strategy to carry out the Mid-term Plan 2027 (K27), which includes "business development through co-creation with partners," the Kao Group is accelerating efforts to maximize Kao Group's technological assets by leveraging its intellectual property, such as patents and trademarks, to promote technology branding. This initiative is essential for fully utilizing Kao's technological assets.

In addition to patenting technological achievements of research divisions, IP Div. promotes to assign new names to those complex and advanced technologies. It is expected that, by continuously using these names, Kao will build trust associated with them, protecting their value and fostering their transformation into recognizable brands. To this end, Kao actively promotes the protection of technology names as trademark rights.

Kao actively engages in technology branding across various fields, including the development of sustainable surfactants such as *Bio IOS*, immune-regulatory technology *SNAREVAX*, which can be applied to mRNA pharmaceuticals, and *Scent Image Art*, a unique visual expression technology that effectively conveys fragrance imagery and resonates with viewers.

Additionally, Kao focuses on innovative packaging solutions that balance environmental considerations with user convenience, including *Smart Holder*, *Raku-raku Switch*, and *Air-in Film Bottle*. Through these efforts, Kao continues to enhance its branding and recognition of advanced technologies in diverse domains.



Efforts to prevent trademarks from becoming genericized

Preventing the genericization of trademarks is one of our critical actions, because the continued use of well-known registered trademarks by third parties as generic terms weakens their functionality, dilutes the trademark, and devalues the products associated with them. Kao has undertaken efforts both within and outside Japan to prevent the genericization of trademarks, such as the bleach brand name *Haitei* (the generic term being “bleach”) and the synthetic aroma chemical *AMBROXAN* (the generic term being “ambroxide”).

These initiatives aim to maintain the strength and value of our trademarks.

In addition, Kao has recently implemented efforts to prevent the genericization of the trademark for the product name *Dodai Biyoueki* (Base Care Serum) used in the *SOFINA iP* cosmetics brand. *Dodai Biyoueki* has been sold as a flagship product of the brand since 2018. In Japan, the trademark was first registered in 2015 as “*SOFINA/Dodai Biyoueki*”, and in 2024, it was registered as a standalone trademark for *Dodai Biyoueki*. However, there have been cases where *Dodai Biyoueki* was used for products other than ours, as if it were a generic term for a type of essence, raising concerns about potential genericization. To address this, we have actively encouraged others to refrain from such usage and have clearly indicated on our official website that *Dodai Biyoueki*® is a registered trademark.

• [Official] Kao *Sofina iP Dodai Biyoueki*® (Base Care Serum)
<https://www.sofina.co.jp/ip/basecareserum2023/>

• Kao Thailand | Kao asked for cooperation to business sector and people do not use the trade name “Haitei” for review or promote to other brands
<https://www.kao.com/th/en/news/2023/20230410-001/>

TOPIC

Recognition for Intellectual Property Achievement Awards

Kao was honored with the Commissioner of the Japan Patent Office Award by the Japan Patent Office (JPO) as an exemplary company in utilizing the intellectual property rights system. The award, which is part of the FY2024 Intellectual Property Achievement Award*, highlighted three key achievements:

1. Building a flexible support system to strengthen intellectual property strategy

At Kao, BLM, which primarily operates in business divisions, collaborates with IPD, which is primarily focused on research laboratories. Together, they work to strengthen the framework for promoting business and R&D activities across the organization as the IP Div.

Additionally, Kao has created a flexible support system by reassigning IPD members to business divisions and establishing dedicated contact points for business divisions within IPD. This system facilitates the development of intellectual property strategies aligned with business strategies and provides robust support for competitor analysis.

2. Role of IPD in enhancing collaboration and synergy

The Product Development Research Division collaborates closely with the Fundamental Technology Research Division to create a framework that promotes new product development by integrating and combining technologies. IPD plays a central role by organizing cross-disciplinary teams in a scrum format. These teams work to eliminate conflicts and redundancies between research laboratories, striving to enhance synergy and build effective intellectual property portfolios.

3. Efforts for global social implementation to solve social issues

Kao is advancing the development of technologies aimed at solving social issues, such as plastic waste and infectious diseases. To ensure the widespread adoption of these technologies, Kao is strengthening collaboration both internally and externally, including the release of patents, to promote global social implementation. Specifically, Kao actively files patent applications in regions such as China, America, Europe, and others outside Japan. We also address counterfeit products in China and other countries with strict measures, including the enforcement of rights and border control initiatives.

* Intellectual Property Achievement Award: The Ministry of Economy, Trade and Industry (METI) and JPO present this award annually on April 18, which has been designated as “Invention Day.” The award recognizes individuals who have contributed to the development and promotion of the intellectual property rights system, as well as companies that have effectively utilized the system to support smooth operation and development. The award includes the METI Minister Award and the JPO Commissioner Award, collectively referred to as the Intellectual Property Achievement Award.