

# Innovation Management

## Intellectual Property

### Our Basic Approach and Strategy

Unicharm is devoted to developing products and services that align with its corporate brand essence “Love Your Possibilities” as well as technology useful to their realization. Therefore, it strives to ensure its continued superiority in business by steadily applying and acquiring intellectual property (IP) created through these R&D activities. The responsibility for planning and implementing IP strategies is shouldered principally by the Intellectual Property Division.

The Intellectual Property Division centralizes the management of the Unicharm Group’s IP assets and formulates and executes IP strategies linked to its business and development strategies. To make the most of our products and services and fully ensure their benefits and uniqueness are protected through the IP rights we hold, we promote IP activities as a single cycle by organically linking the process of creating IP assets, protecting IP rights, and utilizing these rights. In addition, Unicharm has applied for and secured trademarks that protect its brands in more than 160 countries around the world and is also protecting its rights to proprietary packaging.



Along with raising the quality of our IP rights, we are also working to establish and strengthen our IP portfolio. To this end, we will acquire patent and trademark rights in a timely manner through the active use of the Patent Prosecution Highway Program of the Japan Patent Office and accelerated examination systems in Japan and overseas. We are also working to promote IP policies through active exchanges of opinion with the Japan Patent Office.

Meanwhile, Unicharm also takes a firm stance on protecting its IP rights, including filing lawsuits to tackle infringement or unauthorized use. Its Intellectual Property Division cooperates closely with the Marketing Division and R&D Division as well as overseas subsidiaries, and works with local government agencies to eliminate unauthorized and counterfeit products in Japan and overseas, such as in Asia.

### Management Structure

Independent of the R&D Division and business divisions, the Intellectual Property Division manages cross-divisional matters regarding IP in both Japan and overseas. Through regular meetings with the relevant divisions and subsidiaries, the Intellectual Property Division devises countermeasures after discussing whether to secure IP to establish competitive advantages for Unicharm. Moreover, in cooperation with the R&D Division and business divisions, the Intellectual Property Division promotes the appropriate management of IP rights by quantitatively evaluating Unicharm’s IP rights and conducting regular inventory regular review.

### Initiatives and Results

#### Making Active Use of Intellectual Property

At Unicharm, we actively use IP rights to protect our high-value-added products and services. One of the most important areas of focus is the IP mix, which provides multifaceted protection of products and services with multiple IP rights, including patents, utility models, designs, and trademarks. We have two objectives in this area. The first is deterring entry and imitating in premium products, namely acquiring patents for new technologies, using these rights to draw attention to our technological capabilities, and checking for product infringements, in order to prevent other companies from imitating us and to differentiate between products. The second is deterring the development of lower-priced copies of products. As our brand power is particularly strong in Asia, where lower-priced imitations modeled on the appearance and selling points of our own products appear on the market, we mainly leverage our trademarks, designs, and utility models to minimize any potential damage to our sales.

We also analyze and keep abreast of information on the status of our IP in comparison with that of other companies. Objectively viewing the strengths of our IP, we communicate this information to senior management, business divisions, and the R&D Division.

## Protecting the Intellectual Property of Our Disposable Diaper Recycling Technology

To strengthen our R&D activities, we analyze and disseminate the IP information of related technologies to facilitate continuous innovation by strengthening our inventions and creations. As a result, we have been able to hold IP that are highly attractive to other companies from both a qualitative and quantitative perspective, as shown below in the bubble chart for the patent scores of our disposable diaper recycling technology.

For example, the RefF brand registered trademark is printed on the packaging of products using recycled pulp to show our commitment to recycling. We have also licensed the use of the RefF mark to companies participating in the RefF Project and are working to promote awareness of the RefF brand through the wider use of this label.

We will continue to actively utilize our IP and aim to realize a recycling-oriented society in cooperation with local governments and affiliated companies.

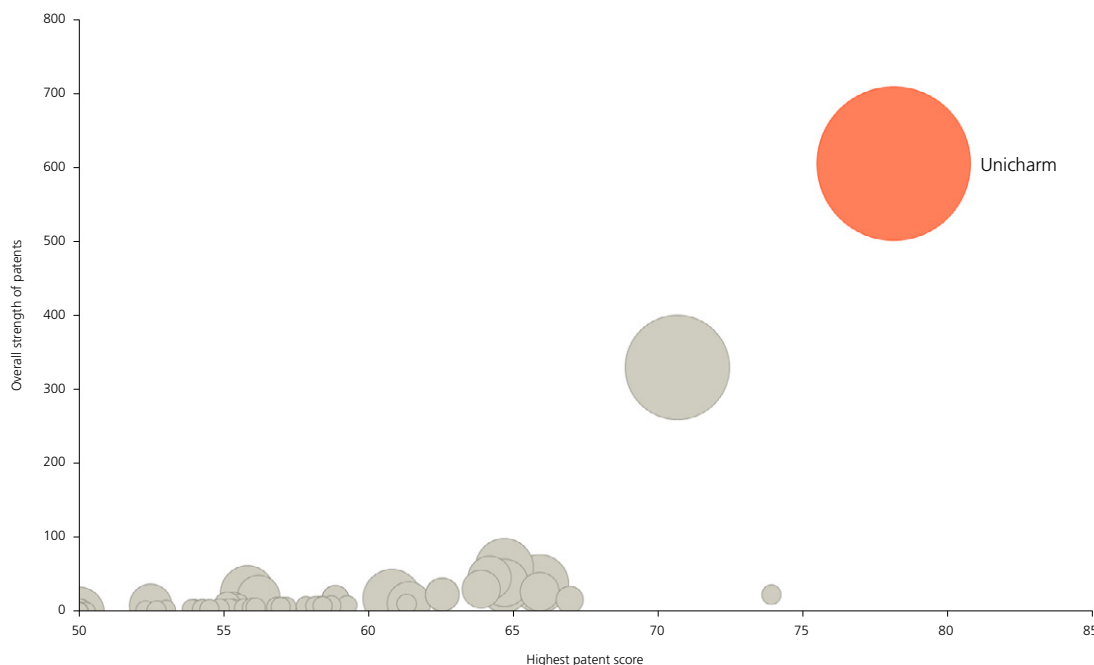
## In-House Training Programs

To protect and promote the respect of IP rights held by Unicharm and other companies as set forth in the Unicharm Group Charter of Actions, we conduct internal compliance training for employees in Japan and overseas subsidiaries on patents, trademarks, and the Premiums and Representations Act through a combination of off-the-job training, on-the-job training, and e-learning.

## Invention Reward Program

Unicharm has established the Invention Reward Program to recognize and reward inventors for inventions that have achieved results in all aspects, including not only a product's functional value but also its social value, technical value, and patent value. The purpose of this program is to inspire and encourage employees to play an active role in inventing new products and serve as a mechanism for sparking extraordinary inventions. A reward ceremony for this program has been held annually over its 21-year history since fiscal 2004.

### ► Patent Scores of Unicharm's Disposable Diaper Recycling Technology



Note: A patent score indexes and assesses the degree of attention given to patents. In the above bubble chart, the vertical axis (overall strength of patents) represents the overall strength of patents held by a company, the horizontal axis (highest patent score) represents the highest patent score among patents held, and the bubble size indicates the number of patents held. (Chart prepared by Unicharm using Patent Result Co., Ltd.'s Biz Cruncher patent analysis tool)