

## Intellectual property

Message from the Executive General Manager of Engineering Research and Development Division

### Using our one-of-a-kind technologies to open the path to the future



Director, Managing Operating Officer and Executive General Manager of Engineering Research and Development Division  
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Pursuing its vision of being a Global Power Solution Partner **P14**, the Sansha Electric Manufacturing Group conducts its corporate activities to support the operations of its customers as their partner and all of the Group's other stakeholders **P32** using its technological capabilities to preserve the natural environment and continue the progress of society. We emphasize that these activities are

supported by the Group's one-of-a-kind technologies that are not available from others.

These one-of-a-kind technologies are our intellectual property. Our stance is to implement intellectual property strategies to protect the valuable assets of our customers and help realize societal goals.

We define intellectual property as a management resource. We implement research and development activities in line with our product development roadmap to solve customers' issues and in line with our medium- and long-term technology roadmap. These development activities are properly incorporated into our annual plans and the targets set in them.

We believe the strategic initiatives above will help us maintain and improve our corporate value and brand.

## Intellectual property activities

The Group implements initiatives to increase the competitiveness of its businesses, starting with our efforts to improve our understanding of intellectual property, which is followed by the processes for proactively obtaining, protecting and utilizing the results of research, development and technological analyses as intellectual property. Specific initiatives are as follows.

- Investigate prior technologies and strengthen personnel and structures to energetically obtain intellectual property rights, especially in growth fields
- Hold invention committee meetings to efficiently manage intellectual property and develop an optimal patent portfolio and formulate a global patent application plan based on risk analyses
- Hold regular engineer patent meetings to energize intellectual property activities
- Provide training to young engineers for several years after they join the company to continue intellectual property activities and facilitate their entrenchment in the workplace
- Construct a framework for conducting proper technology investigations during the early stages of research and development to prevent the infringement of other parties' rights

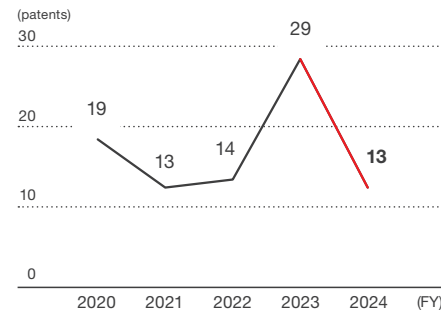
## Employee invention incentive program and enhancement of intellectual property strategies

We have an employee invention incentive program aimed at encouraging engineers to develop inventions and achieving our corporate development and the improvement of the engineering skills of individuals by protecting and utilizing their inventions. In recent years, the number of patents we own has been trending downward. This is due to the disposal mainly of patents whose statutory terms will be expiring soon. From the perspective of the efficient allocation of management resources, we review our patent portfolio and actively relinquish patent and design rights that do not have a large impact on business. We will systematically apply for patents and maintain intellectual property rights with a focus on strong core inventions.

One of the factors behind the decrease in the number of patent applications is that the increase in custom-made orders for single lots negatively impacts our progress in the development of fundamental technologies. In view of this, we provide intellectual property training to young engineers and engage in other efforts to revive our engineering capabilities. Through these measures, we are working to reenforce our structure.

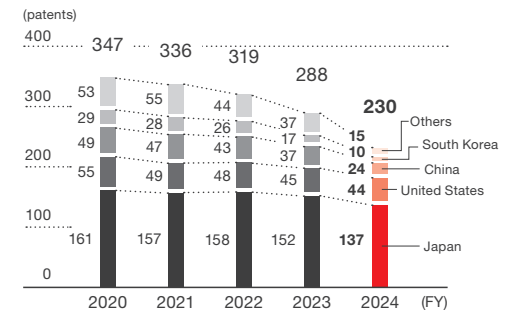
In the future, we will work to advance our management of intellectual property to handle applications, the acquisition of rights and their utilization in business in an integrated manner. We will accelerate the creation and accumulation of valuable intellectual property in line with the evolution of technology.

Number of applications for intellectual property rights



The data covers Sansha Electric Manufacturing Co., Ltd.

Number of patents owned



The data covers Sansha Electric Manufacturing Co., Ltd.

