

Third-party opinion

I have read the third *THK CSR Report*. It is coherently organized, written in plain language that the reader can readily understand, printed in appropriately sized type, and illustrated with accurate charts and tables—all indications that the report has been compiled with care. My first encounter with THK was 10 years ago, in March of 2000. I met Mr. Shirai, THK's Managing Director (then general manager of the Engineering Division), who oversaw the preparation of this report, at a scholarly lecture sponsored by the Japan Society for Precision Engineering. We have stayed in contact with each other ever since, doing joint research from time to time. THK is a corporate member of the Society's research committee.

Ten years ago, I've been told, THK had annual sales of around ¥100 billion. At the time it was virtually unthinkable that a company mainly devoted to producing LM Guides and Ball Screws would achieve annual sales of around ¥200 billion by fiscal 2007, putting it on the same level with the leading machine tool manufacturers. How was THK able to grow so rapidly and establish so many plants in Japan and abroad? I think the answer lies in THK's corporate philosophy, "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society" (see the "Message from the top" section of this report). As a pioneering firm ahead of its time, THK developed precision components and products with excellent energy-saving capabilities. The new technologies that anticipated users' needs are explained in the section on "Developing technology" (pages 10 and 11). The Super-high Rigidity/Super-low Waving LM Guide and High-load, High-speed Caged Ball Screw are cited as the fruits of these new technologies. THK's Technology Center was established to develop products that truly address customers' needs, not just the

self-satisfaction of engineers. The existence of the Technology Center has contributed greatly to the development of highly accurate, thoroughly reliable, energy-saving products.

THK has succeeded in expanding its production bases in Japan, the United States, Europe, and Asia. I think this has been possible because, among other things, THK has successfully developed innovative methods of reducing friction and has incorporated this technology into products that offer excellent energy-saving results. The other important factor is that THK has a proper understanding of corporate social responsibility. This understanding has motivated THK to make constant efforts to maintain a solid management system, get involved with local communities and contribute to society as a whole, and strive to achieve harmony with the natural environment. All these efforts derive from THK's capacity for developing excellent technology (including its manufacturing technology). The *THK CSR Report 2009/2010* explains the actions that THK has taken to fulfill its corporate social responsibilities, as well as the results and effects of those actions, in a straightforward manner. I'm glad to see that THK's ongoing devotion to "harmony with the environment" is clearly articulated in the section on the company's basic environment policy: "to continually decrease environmental burdens and maintain and improve the natural environment" (page 29).

In his introductory message, Mr. Teramachi, THK's CEO, writes "we need to develop more energy-efficient production machines and actively incorporate natural energy sources". I hope to read about actual examples of these efforts in next year's *CSR Report*.



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Born in 1946. He joined the Kawasaki Plant, Hitachi, Ltd., in 1962 and worked there until 1966. In 1968, he graduated from Department of Physics, Tokyo University of Science. In 1986, he finished a doctoral dissertation Paper for a Dr. degree: Study on manufacturing fine short metal fiber by chatter machining (Tokyo University). In 1970, he became an Engineering Official, Institute of Industrial Science, University of Tokyo. In 1975, he became an Assistant, Institute of Industrial Science, University of Tokyo. In 1988, he became a Lecturer, Institute of Industrial Science, University of Tokyo. In 1988, he became an Associate Professor, Department of System Engineering, Nippon Institute of Technology. In 1993, he became a Professor, Department of System Engineering, Nippon Institute of Technology. From 2001 through 2003, he served as Vice Chairman and trustee (Head of publishing department), Japan Society for Abrasive Technology. In 2001, he became a Chairman Emeritus, ICAT (International Committee of Abrasive Technology). His current positions are: Member, Board of Trustees, Japan Society for Precision Engineering; Member, Board of Trustees, Japan Society for Abrasive Technology.

■ **Awards:** In 1983, he was awarded Noteworthy Invention Prize, Science and Technology Agency. In 1986, he was awarded Okochi Memorial Technology Prize, Okochi Memorial Foundation. In 1994, he was awarded Prize for encouragement, Japan Society for Abrasive Technology. In 2000, he was awarded JSPE Takagi Award, Japan Society for Precision Engineering. In 2003, he was awarded Best Paper Award, Japan Society of Advanced Production Technology. In 2005, he was awarded 2004 National Conference Prize, Japan Society of Electrical-Machining; Best Paper Award, Japan Society for Abrasive Technology; Kumagai Prize, Japan Society for Abrasive Technology; and Best Paper Award, Machine Tool Engineering Foundation. In 2007, he was awarded for the Best Paper, Asian Electrical Machining Symposium '07, and received the Kumagai Prize, Japan Society for Abrasive Technology; Best Paper Award, Machine Tool Engineering Foundation; and Best Paper Award, Japan Society of Electrical-Machining Engineers.

Postscript

It has been our pleasure to present this year's *THK CSR Report*, our third report so far. The Feature section of this report focuses on technological developments that reflect THK's corporate philosophy. Other sections offer easy-to-follow explanations of the corporate governance and compliance systems in which our stakeholders place their trust, as well as THK's systems for making full use of the capabilities of its employees, who are THK's vital human resources. There are also sections on THK's participation in community activities and its efforts to develop environment-friendly products and help alleviate global warming. As in previous years, we have made an effort to present the voices and opinions of people connected to THK and of THK employees both in Japan and overseas, to illustrate THK's global reach.

THK will continue its group-wide efforts to practice corporate social responsibility and environmental protection, and we will work to further improve the content of our reports.

We look forward to hearing the views of you, the reader, so that we can use this valuable feedback as a resource for THK's future CSR activities, and when preparing our next report. We encourage you to fill out the attached questionnaire—we will greatly appreciate your candid thoughts and opinions.

CSR Report Project secretariat
(Next scheduled report: December 2010)