

# Corporate Governance and Tax Matters

## Corporate Governance Framework

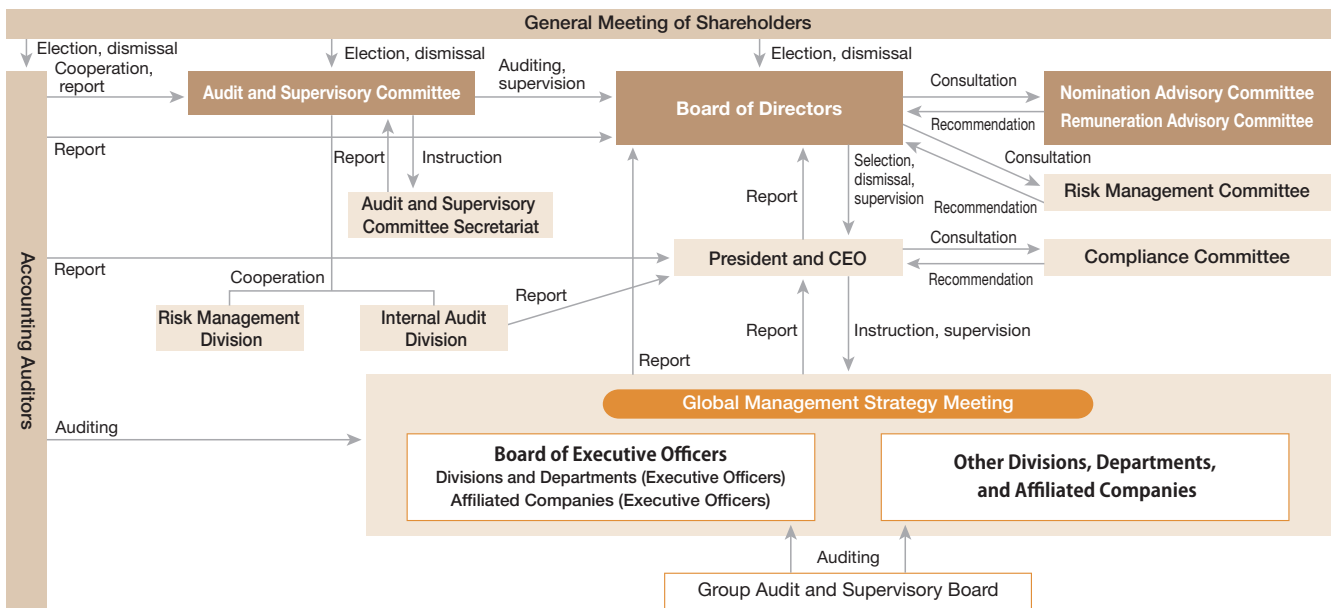
Based on our CSR policy, which consists of our Corporate Philosophy, Corporate Basic Policies, and Action Charter, we improve the transparency of THK Group operations for all stakeholders, including shareholders, as well as conduct appropriate and efficient management with the aim of maximizing our corporate value. Furthermore, we work toward achieving our fundamental policy of attaining sustainable growth and improving our corporate value over the medium to long term based on appropriate cooperation with all of our stakeholders.

For our institutional design, in conjunction with our establishment of an Audit and Supervisory Committee, we also instituted a non-mandatory Nominee Advisory Committee and a Remuneration Advisory Committee, with half of the

members of both committees being outside directors to ensure further transparency and fairness in management personnel and remuneration. We have also introduced an executive officer system. In doing so, THK has strengthened the auditing functions of the Board of Directors in addition to bringing greater speed and efficiency to management-related decision-making and the management of corporate affairs. Furthermore, over one-third of the Board of Directors comprises independent outside directors in order to enhance the neutrality and objectivity of management.

Sixteen Board of Directors meetings were held this year, and as in the previous year, some members attended via video conference as a precaution for the coronavirus, depending on the circumstances.

### Governance Structure



## Tax Matters

### Basic Policy

The THK Group appropriately files tax returns and pays taxes in accordance with both international tax regulations and the laws of each country and region in which it does business.

### Tax Risks

In addition to closely reviewing any transaction that may incur tax risks, we handle such matters appropriately by seeking advice from outside experts and consulting with the relevant tax authorities. Furthermore, we seek to control tax risks by utilizing advance pricing agreements (APA).

### Our Relationship with Tax Authorities

The THK Group strives to maintain a relationship of trust with tax authorities by disclosing required information in good faith.

### Ensuring Transparency

The THK Group appropriately discloses information in accordance with each country's laws and disclosure standards. Furthermore, we submit a Master File as well as a Country-by-Country Report in accordance with Japanese tax rules.