

A photograph of four young men climbing a large, dark rock formation. They are all smiling and looking towards the camera. The man on the far left is wearing a dark sweater over a collared shirt. The man next to him is wearing a red sweater. The man in the center is wearing a dark jacket. The man on the far right is wearing a light blue button-down shirt. The background is a bright, clear sky. In the foreground, there are some green plants and a dark green horizontal bar at the bottom of the image.

ENVIRONMENTAL ACTIVITIES

THK regards the protection of the environment and its safekeeping in trust for the next generation as an important social obligation. The company regards environmental protection as a key management goal.

THK's factories have long been individually involved in environmental protection activities. Some of the domestic factories have obtained ISO 14001 certification. The Yamaguchi Factory established its own basic environmental policy in March 2000.

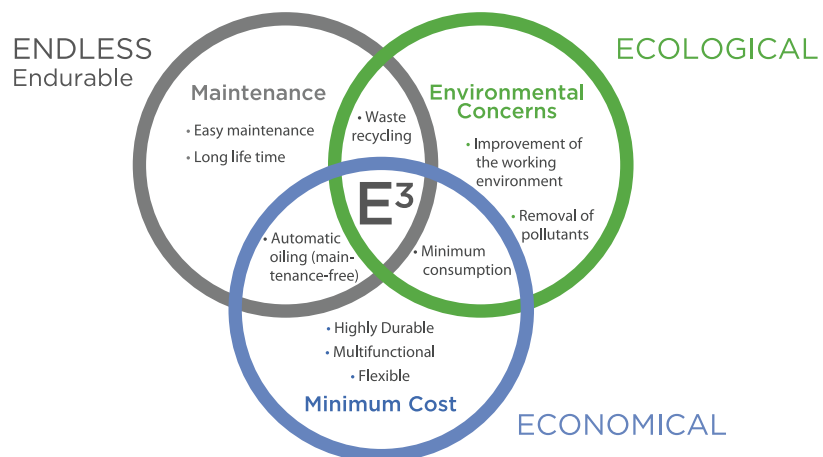
THK established the Environmental Management Promotion Office in April 2004 within the headquarters to promote comprehensive company-wide environmental activities. The company is considering the issuance of an environmental report and the introduction of an environmental accounting system as part of its disclosure activities.

THK believes that we hold the environment in trust for future generations and regards protection of that environment as a central tenet of its social responsibility obligations. Protection of the environment ranks among the most important management priorities adopted by the company. In order to realize the goals embodied in this commitment, we have formulated a Basic Environmental Policy which comprises the following five elements:

- (1) We will analyze and understand the environmental impact our products and services have and will implement appropriate measures to protect the environment.
- (2) In addition to compliance with rules and regulations regarding environmental protection, we will voluntarily establish and rigorously apply our own environmental standards within our group companies. We will regularly review these policies to ensure that they remain appropriate and to improve their effectiveness.
- (3) We will employ a variety of measures to promote energy conservation and the recycling of natural resources, mainly by focusing on the reduction and recycling of industrial waste.
- (4) We will provide guidance and assistance to our affiliates and related companies to encourage them to participate in efforts to address environmental issues as members of the THK group. In addition, we will make strenuous efforts to cooperate with local communities in our environmental protection activities.
- (5) We will provide environmental education and training to all employees of group companies to promote awareness of the Basic Environmental Policy. At the same time, we will disclose information concerning the involvement of THK and its group companies in this area.

In accordance with the Basic Environmental Policy, we established the Environmental Management Promotion Office in April 2004 within the headquarters to foster comprehensive company-wide environmental activities.

In addition to these company-wide activities, our factories have long pursued independent initiatives in the field of environmental protection. Some of the factories have already obtained ISO 14001 certification (the environmental qualification promulgated by the International

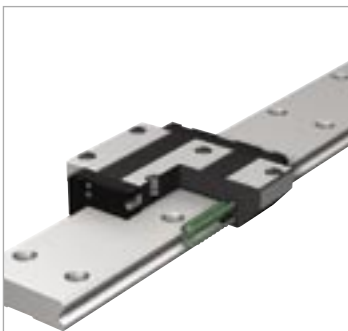


Standards Organization) and have made visible progress in implementing environmental protection programs at the individual factory sites.

For example, the Yamaguchi factory established its own basic environmental policy as early as March 2000. This policy comprised three main goals—conservation of energy, recycling of industrial waste and prevention of environmental contamination. They have been steadily working towards implementation of these goals ever since. Management has attempted to enhance awareness of environmental issues by distributing an environmental policy card to every employee. Employees at all levels are also encouraged to participate in various programs to protect the environment through the medium of a poster produced with the slogan, “Take care of the Earth; the Earth is home for all of us.” This slogan was selected from among many alternatives proposed by employees. This factory has obtained measurable results by setting definite targets concerning electric power conservation, 5R activities to promote the recycling of industrial waste and the elimination of toxic chemicals. For FY 2004, they continue to promote environmental protection by setting targets that include a 10% reduction in electricity consumption from the levels used in FY 1999, achievement of 100% recycling of chemical waste and zero spillage of chemical materials outside of the factory. Extensive on-the-job training such as an annual exercise in coping with a theoretical oil spill also promotes an extremely high level of awareness of environmental issues.

Such activities are not limited to the Yamaguchi factory. The Yamagata factory, for instance, is making efforts to reduce electricity consumption by optimizing the pattern of electricity consumption through the application of a cogeneration system. Each factory in the company is striving to achieve the ultimate goal of zero-emission of industrial waste by improving its recycling rate by 5% compared with the previous year. They have also established their own rules for environmental protection and improving product specifications. For example, they are gradually shifting from the use of wood to recyclable cardboard for packaging at the request of customers.

The most remarkable characteristics of our products is that all of our major products are basically environmentally friendly. THK develops products in conformance with a philosophy of



LM Guide with Caged Ball™ Technology

Our “LM Guide with Caged Ball™ Technology” was commercialized in 1996. It features low noise, low vibration and high resistance to ash and dust, which contribute to improvement in the work environment. Moreover, the high-speed performance requires no maintenance for long periods of time, while the materials used in the products and manufacturing process are friendly to the environment.



Each factory is engaged in its own activities to protect the environment. At the same time, they are trying to improve the amenities available to workers. (Photo is of the Yamaguchi Factory)

the “Cubic E”; three Es that represent Endless, Ecological and Economical. “Endless” implies that the products have a long life time as well as a high degree of safety and reliability. “Ecological” means environmentally-friendly products which are produced with an eye to their environmental impact as well as improvement in working conditions and reduction in industrial waste. Finally, “Economical” means products whose production cost is reduced to a minimum through the promotion of multi-functionality and long life time. THK is also working towards the elimination of waste oil through the development of auto-lubrication systems to be incorporated directly into the product. By addressing environmental issues from the design stage, THK has been able to build in a high level of environmental protection. One product which fully reflects these efforts is the LM Guide with Caged Ball™ Technology which offers low noise, low vibration, low dust production and is maintenance free, while still allowing minimal consumption of natural resources and a reduction in industrial waste. THK is determined to continue development of such environmentally-friendly products in future and believes that this will also assist in increasing new business opportunities and gaining new customers.

THK is also in the process of establishing a system of “green procurement.” Recently, many customers have made the establishment of a green procurement system a precondition for the purchase of parts from suppliers. In response to this trend, THK is now planning the introduction of a system to collect and analyze data on toxic substances contained in products by 2005. At the same time, we will substitute safe substances for toxic ones and establish a management system for the production of new parts and products. We regard it as urgent to produce standards for the green procurement program which, in essence, represents a promise not to produce and not to purchase any product which may do damage to the environment. We are making preparations to establish the green procurement system as soon as possible. In addition, we are consolidating our corporate systems in order to be able to cope with the EU’s Directive on Waste Electrical and Electronic Equipment and the Directive on Restrictions on Hazardous Substances in the area of EHS (Environmental Health and Safety).

Finally, the company is considering issuing an environmental report and the introduction of an environmental accounting system as an element of its corporate disclosure.