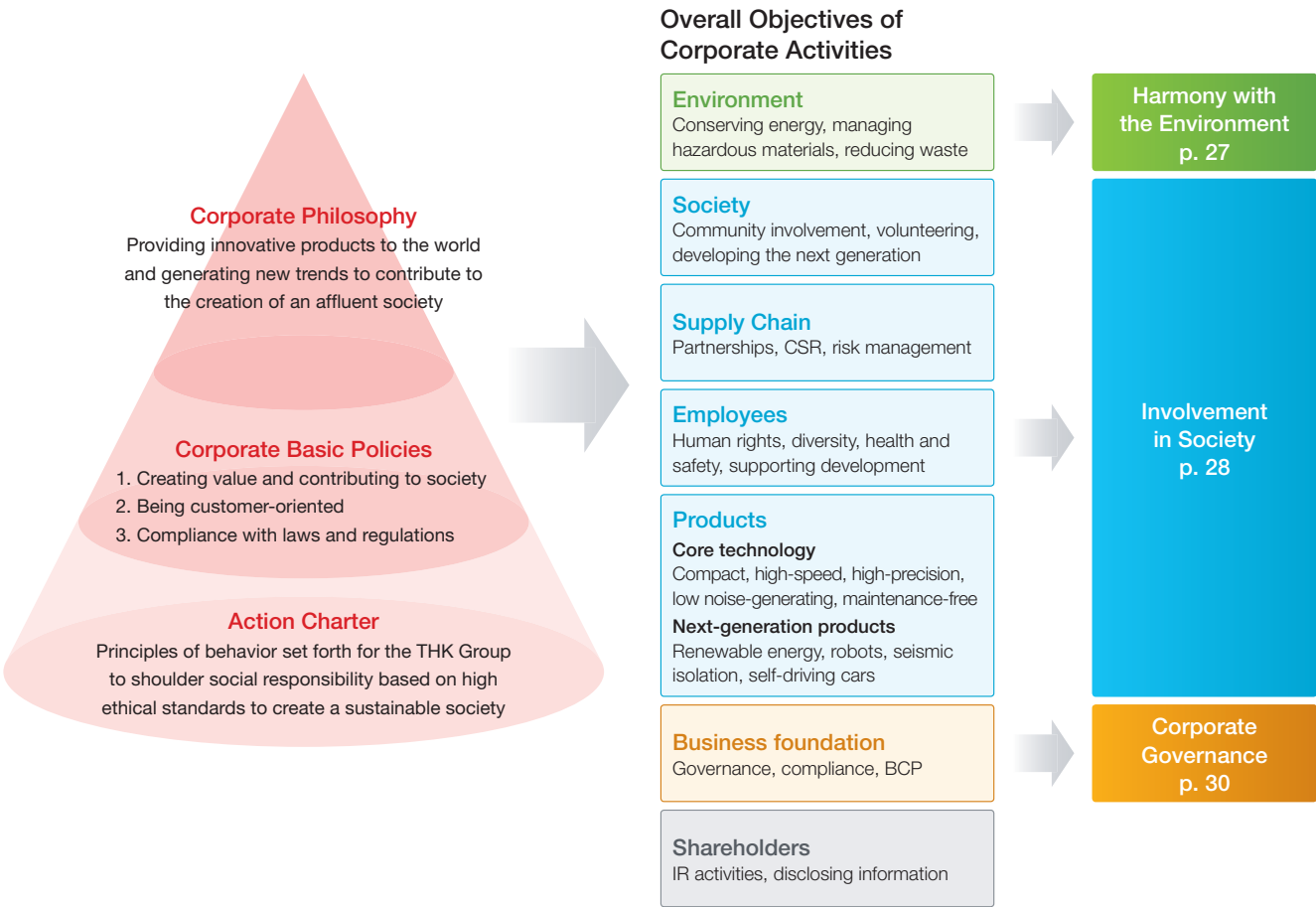


Management Base ESG/CSR

Based on its corporate philosophy of *providing innovative products to the world and generating new trends to contribute to the creation of an affluent society*, THK is pursuing growth as a company and expanding its business while being cognizant of the importance of addressing environmental, social, and governance (ESG) concerns.

THK's CSR Policy

In an aim to increase our long-term corporate value and create an affluent society through our business activities, our CSR Policy is founded on our Corporate Philosophy, Corporate Basic Policies, and Action Charter.



THK's product development, which is centered around its LM Guides, forms the core of the Company's efforts to follow its Corporate Philosophy and contribute to the creation of an affluent society. As a company focused on creation and development, it is crucial that THK develops new products with high added value and continues to create new markets. To do so, the Company must succeed in all elements of the "spiral of improvement": new ways of thinking, technology development, and high quality.

Spiral of Improvement

Management Base Harmony with the Environment

The THK Group contributes to both society and the economy through our pioneering role as manufacturers of Linear Motion Guides and other products. We also believe that it is a company's social responsibility to leave the global environment in a healthy state for the next generation, which is why we are promoting the following initiatives to continually decrease our environmental impact and to sustain and improve the natural environment.

THK Group's Basic Environmental Policy

1. We consider the conservation of the environment to be a major management challenge, and we are striving to accurately understand how our business activities, products, and services impact the environment. All divisions set appropriate environmental goals to address this challenge.
 2. In addition to complying with environmental laws, we have set self-imposed standards that are reviewed regularly to improve the efficiency and effectiveness of our environmental management.
 3. We will continually promote the development of products that help reduce environmental impact.
 4. We will cut down energy use in our business activities and continually promote the reduction of energy consumption and greenhouse gas emissions.
5. With a particular focus on the reduction and recycling of waste from our manufacturing division, we will not only continue to promote the saving and recycling of resources but also strive to prevent pollution.
 6. We recognize the impact our business activities have on biodiversity, and we will actively work toward the conservation of all life on Earth.
 7. To achieve greater collaboration concerning our environmental activities, we provide guidance and support to our affiliated companies and business partners, and also strive to work in cooperation and harmony with the community.
 8. This basic environmental policy is disseminated to all divisions in the group through education, training, and awareness campaigns, and we facilitate the timely release of information on the environment both within and outside the Group.
- Revised on April 19, 2018

Improved Efficiency and Energy Savings of Centralized Coolant System

To consistently supply coolant and reduce energy consumption by maximizing the system's utilization, the Yamaguchi plant added inverter control panels to the centralized coolant system in Factory 3 in December 2018, thereby improving its efficiency and achieving energy savings. As a result, the Yamaguchi plant was able to reduce its energy consumption by about 166 kWh/day, or about 15.43 kL of crude oil per year. The facility also decreased its CO₂ emissions by approximately 46 tons/year.



Inverter control panels added to Factory 3's centralized coolant system

Reduced Use of Dust-Proofing Plastic Bags

The THK RHYTHM MALAYSIA facility manufactures automotive steering and suspension components. They have been wrapping components in plastic bags to prevent movement variance in the finished products that is caused by dust adhering to the parts as they are put in boxes and transferred between the machining and assembly processes. As part of their efforts to reduce their consumption of resources, this facility began putting parts directly into boxes and then covering stacks of those boxes with plastic. As a result, they reduced their use of plastic bags by 82% compared to the previous year.

Plastic bags used:	254,547 (in 2017) 44,643 (in 2018)
Plastic bags eliminated:	209,904 (82% reduction)



Wrapping parts separately

Covering boxes in plastic

Management Base Involvement in Society

The THK Education Outreach Program

To use its experience as a manufacturer to support proactive learning, THK partnered with Leave a Nest Co., Ltd.¹ and launched the THK Education Outreach Program in 2017. In 2018, the Company introduced students to manufacturing through school visits and began its program to create manufacturing-related learning materials. THK visited the Kaichi Nihonbashi Gakuen Junior High School twice in March and held an information session for junior high school teachers at the THK headquarters about the learning materials project. Following the information session, participants attended the Learning Materials Research Committee meeting. After sharing THK's vision of the next generation of talent, the committee will refine the content of the materials to incorporate the feedback from those educators.

As it did in 2017, the Group sponsored the second Science Castle² Grant THK Prize. Thirty-four research grant proposals were submitted, and ten entries were selected for presentation at an event in December. Among those ten, Seiko Gakuin High School was awarded the THK Prize.

What students said about the school visits:

- "It was really fun to use so many tools in creative ways."
- "It was a great chance for every student to share their ideas."

What teachers said:

- "The Japanese education guideline reforms encourage a focus on the pursuit of knowledge. This program aligns well with that goal because it involves creating things without a set solution."
- "All of the students were extremely engaged in the activities. The fact that they remained focused the entire time speaks to how effective this program is."

¹ Leave a Nest Co., Ltd., is a company whose corporate philosophy is "Advancing Science and Technology for Global Happiness." They promote initiatives in science education and training for the next generation.

² Science Castle is a conference that Leave a Nest holds for junior high and high school students pursuing research and development.

Employees with Disabilities Thrive at THK



Hiroyuki Fujimoto
Quality Assurance Section,
Yamaguchi Plant

Since joining the company in 2000, I have been in charge of calibrating and repairing all measuring instruments used at our factory. Calibrating involves testing these instruments by operating them in the correct way and confirming they display an accurate measurement. Gauges can malfunction for a number of reasons, including water penetration or being dropped, but rather than asking a vendor to fix them, I factor in the cost and time and fix them myself whenever possible. Repair work suits me, and I cannot describe the satisfaction I feel when I fix something. In September 2018, I received an award from the chairman of the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers in recognition of my efforts in the workplace.

I learned about THK during a plant tour when I was a student at a school for the deaf. The polite reception I received from the employees assured me that it was a good company, and I decided to join. As I have worked here, I have felt the kindness emanating from everyone as they come to greet me. The award I received was the result of the cooperation of the people around me, and I am grateful. I will keep striving for higher accolades such as the awards from the prefectural governor and the Minister of Health, Labour and Welfare.



Certificate

Working with Vendors

Throughout its supply chain, from design to sales, THK strives to adhere to social norms and be environmentally conscious in order to create a sustainable society. Due to the new system of accountability for shippers announced by the Ministry of Land, Infrastructure, Transport and Tourism, the Group's distribution centers moved the time they stop shipping forward by one hour, from 4:00 p.m. to 3:00 p.m., in an effort to alleviate the workload of truckers. With the introduction of this new system, the THK Group has taken steps to limit the following types of behaviors that actively contribute to violations:

1. Constantly having truckers wait on shipments
2. Specifying unreasonable arrival times
3. Punishing truckers for unavoidable delays
4. Asking truckers to violate weight regulations, etc.

The THK Group will continue to take measures at every step of the supply chain as it promotes its CSR activities.

THK Basic Policy on Procurement

In order to continue to provide THK products that satisfy our customers, we establish good, healthy, and mutually beneficial relationships with our suppliers.

Activities

1. Procurement practices emphasizing communication with suppliers. Evaluating and choosing suppliers with thorough consideration for QCDES
2. Fair and equitable dealings in compliance with all pertinent laws and social norms
3. Efforts to minimize costs. Encouraging the active pursuit of cost-saving projects and value analysis initiatives
4. Pursuit of global procurement
5. Implementation of a BCP (business continuity plan)
6. Environmental consciousness through green procurement

Coexisting with Local Communities

In 2012, Vice President Sun at THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., became a member of the Dalian People's Political Consultative Conference for the Jinzhou New Area, a district under the administration of the city of Dalian. Every year since then, she has brought up proposals reflecting the desires of local citizens.

In 2017, she proposed a strengthening of services for the elderly, which aimed to establish community centers where children whose caretakers work can interact with the elderly.

This proposal received Dalian's seventh outstanding proposal award and was adopted by the city. In March 2018, Dalian announced a directive to establish community centers for Dalian's elderly and other residents, and the city plans to continue strengthening its elderly services.



Certificate

Developing Next-Generation Products

As part of its initiatives promoting the development, introduction, wide-spread use, and understanding of devices related to new energy, the New Energy Foundation awarded THK's Model WLS Low-Torque Shaft Unit for Vertical-Axis Wind Turbines with the Chairman's Award in the category of goods and services in 2018.

The WLS is a high-intensity, high-efficiency, and low-torque bearing that combines a vertical wind turbine shaft with a bearing and its housing. Conforming to IEC 61400-2 international standards for wind turbines and Japan's JSWTA 0001 standards, this product provides sufficient strength and durability and guarantees a high level of safety. In addition to these reasons, the award was granted in recognition of the reduced time it takes for designing rotary components, controlling the bearing's assembly precision, and adjusting its preload, as well as the WLS's potential for expanded use in and outside of Japan.

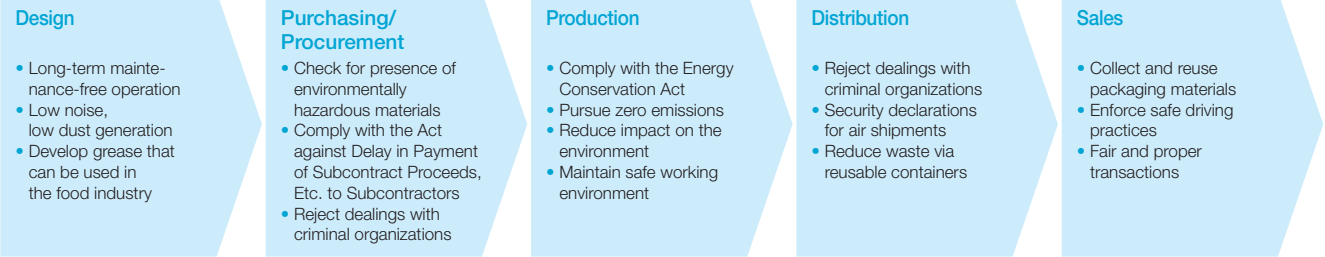


Award-winning product on display



Award

THK's Supply Chain



Management Base Corporate Governance

Basic Stance on Corporate Governance

Intending to maximize its corporate value, THK strives to maintain solid corporate governance in order to make medium- to long-term improvements to its corporate value by sustaining growth through appropriate cooperation with all its shareholders and other stakeholders.

THK's Corporate Governance Structure

In June 2014, THK introduced an executive officer system. After the Company's 46th General Meeting of Shareholders on June 18, 2016, and in conjunction with its establishment of an Audit and Supervisory Committee, THK instituted a non-mandatory Nomination Advisory Committee and a Remuneration Advisory Committee to act as advisors to the Board of Directors. In doing so, THK has endeavored to bring enhanced transparency and objectivity to management, strengthen the auditing functions of the Board of Directors, and bring greater speed and efficiency to management-related decision-making and the management of corporate affairs.

Board of Directors

THK's Board of Directors comprises a total of eight directors—including one outside director—who are not members of the Audit and Supervisory Committee, in addition to three outside directors who are Audit and Supervisory Committee members. The Board of Directors makes decisions on important matters of general management and carries out the oversight of directors and executive officers

in the execution of their duties. There are also four outside directors whose independence meets the evaluation criteria stipulated by the Tokyo Stock Exchange and THK. With over a third of the directors being outside directors who possess specialized professional knowledge and qualifications related to corporate accounting or general management, this structure has further enhanced management neutrality, legality, and validity while improving the board's management oversight function.

Audit and Supervisory Committee

Comprising three outside directors who are Audit and Supervisory Committee members, the Audit and Supervisory Committee utilizes the internal control system to audit and supervise directors and executive officers with regard to the current status of the execution of their duties. The effectiveness of the audits is also enhanced by collaboration between the Audit and Supervisory Committee and independent auditors. In addition, the Audit and Supervisory Committee Secretariat has been established to support the Audit and

Supervisory Committee and its members. The Audit and Supervisory Committee Secretariat follows the instructions of the Audit and Supervisory Committee, coordinates with each department, and conveys instructions to the Internal Audit Division and the Risk Management Division, which is responsible for the maintenance and operation of internal controls.

Nomination Advisory Committee and Remuneration Advisory Committee

The non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee are each composed of four directors, two of which are outside directors. This composition is in accordance with the rules for both committees, which stipulate that outside directors must make up half or more of the members. As advisory bodies to the Board of Directors, both committees review and deliberate on director candidates and remuneration proposals, and they propose the content and outcomes of those deliberations to the Board of Directors. The Board of Directors conducts its own deliberations on the subject matter before deciding on a resolution.

Executive Officer System

By introducing the executive officer system, THK has endeavored to accelerate decision-making and operational execution, in addition to improving the management oversight function of the Board of Directors and clarifying roles and responsibilities relating to the management of corporate affairs. As a means to share information throughout the Group and improve corporate governance through collaboration between the directors, executive officers, and other members of the management team, the Company implemented its Board of Executive Officers, which is attended by directors and executive officers, and established the Global Management Strategy Meeting, which is attended by members of the Board of Executive Officers in addition to those in charge of each division, department, and affiliate company. To clarify the roles and responsibilities of executive officers relating to the management of corporate affairs, an executive officer's term in office is deemed to be one year.

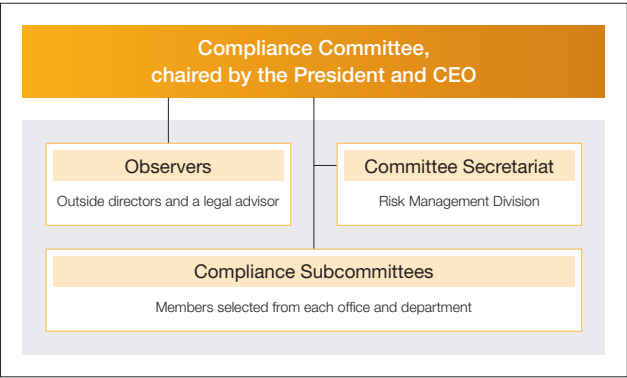
General Meeting of Shareholders

THK has consistently regarded active communication with all stakeholders as a crucial part of management. Accordingly, the Company is actively committed to maintaining fair and proper disclosure of corporate information. In an aim to have open meetings, THK has held its General Meeting of Shareholders on a Saturday every year since 1998, thereby avoiding the period when many shareholder meetings are scheduled. At the General Meeting of Shareholders, the Company provides seating for business partners and other stakeholders to observe the proceedings. A product exhibition is held after the end of the meeting to help more people gain a greater understanding of the Company.



Compliance Structure

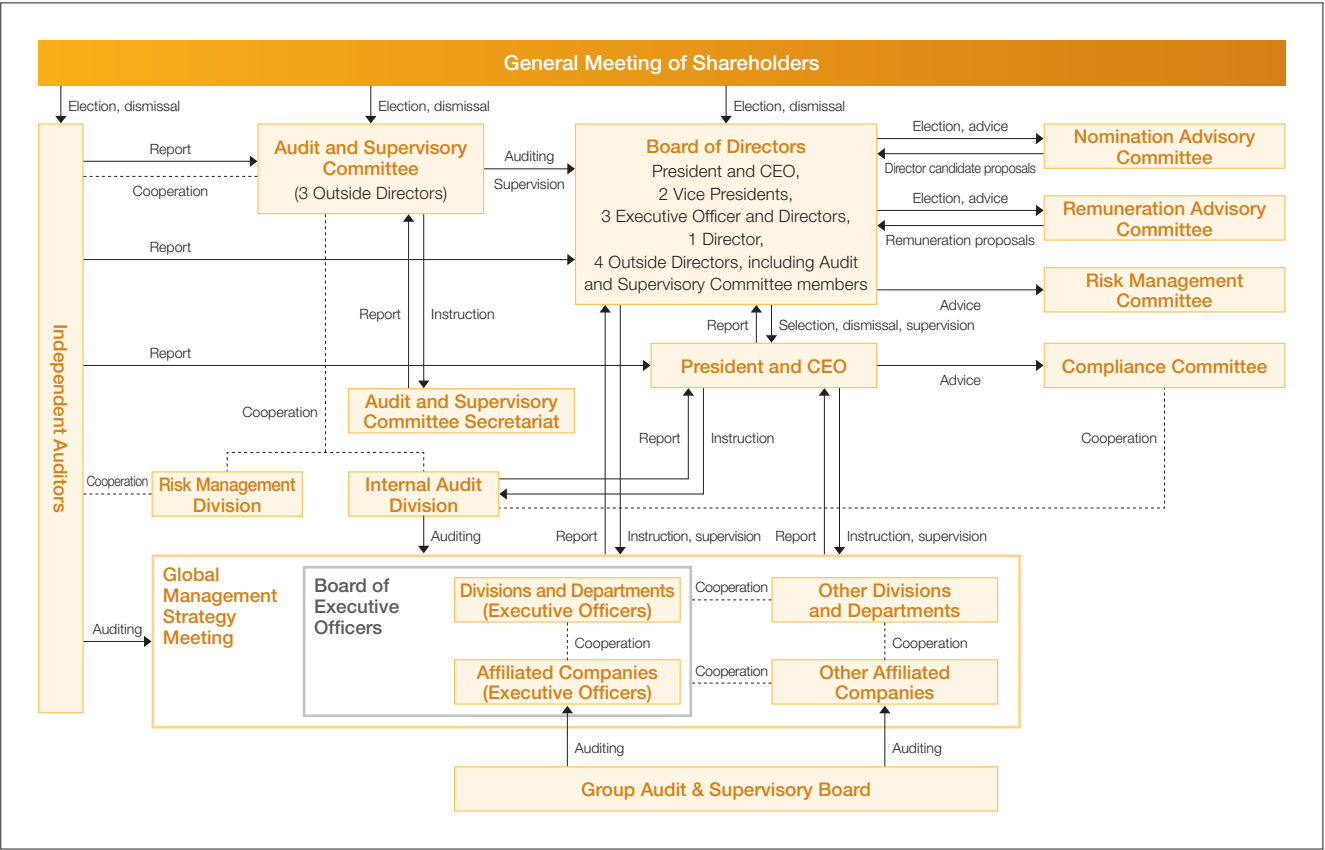
The Compliance Committee, chaired by the CEO, approves the annual activity plan and reports on the execution of those activities, as well as on the handling of legal violations by employees and other matters to report internally. This committee is also attended by outside directors and legal counsel, and it functions in a proper and legal manner. In addition, THK has established compliance subcommittees reporting to the Compliance Committee, with the working group members being selected from each site and department. The working group members play an important role in maintaining the compliance system by means such as holding voluntary seminars on compliance and fulfilling an advisory function.



Risk Management Committee

THK has established a risk management structure that anticipates future circumstances, enabling management to take appropriate risks by identifying, analyzing, and responding to conceivable risks from the perspective of management and the company as a whole.

The Risk Management Committee convenes annually and is headed by the CEO. The committee, which is attended by outside directors and legal counsel, approves the annual activity plan and works to establish, promote, and maintain the risk management structure by controlling risks throughout the entire Group.



Board of Directors and Executive Officers (As of March 16, 2019)

► Directors



Akihiro Teramachi
President and CEO



Toshihiro Teramachi
Executive Vice President and CIO



Hiroshi Imano
Executive Vice President and CFO



Nobuyuki Maki
Director and Senior Managing Executive Officer
Senior General Manager of Automotive & Transportation Headquarters



Takashi Teramachi
Director and Senior Managing Executive Officer
Senior General Manager of Industrial Machinery Headquarters
Representative Director and President of THK INTECHS CO., LTD.



Junji Shimomaki
Director and Managing Executive Officer
General Manager of Industrial Machinery Headquarters
Senior General Manager of Sales Division, Industrial Machinery Headquarters



Junichi Sakai
Director
(In charge of Quality Assurance, Risk Management, and Production Engineering)



Masaaki Kainosho
Outside Director



Masakatsu Hioki
Outside Director
(Audit and Supervisory Committee Member)



Tomitoshi Omura
Outside Director
(Audit and Supervisory Committee Member)



Yoshiki Ueda
Outside Director
(Audit and Supervisory Committee Member)

► Executive Officers

Managing Executive Officer
Takashi Okubo
Executive Vice Chairman of THK (CHINA) CO., LTD.

Managing Executive Officer
Masaki Sugita
Representative Director and President of THK Holdings of America, L.L.C.
Representative Director and President of THK America, Inc.

Managing Executive Officer
Tetsuya Hayashida
Special Appointive Officer to President

Managing Executive Officer
Masato Sawada
General Manager of Automotive & Transportation Headquarters
Director and Executive Vice Chairman of THK RHYTHM CO., LTD.

Managing Executive Officer
Takanobu Hoshino
General Manager of IMT Division, Industrial Machinery Headquarters
Director and Executive Vice Chairman of THK INTECHS CO., LTD.

Managing Executive Officer
Akihiko Kambe
Senior General Manager of Production Division, Industrial Machinery Headquarters

Managing Executive Officer
Kaoru Hoshide
Senior General Manager of Engineering Division, Industrial Machinery Headquarters

Managing Executive Officer
Toshiki Matsuda
Representative Director and President of THK Europe B.V.
Representative Director and President of THK GmbH
Representative Director and President of THK France S.A.S.
Representative Director and President of THK Manufacturing of Europe S.A.S.
Representative Director and President of THK Manufacturing of Ireland Ltd.

Executive Officer
Naoki Kinoshita
President of THK (CHINA) CO., LTD.

Executive Officer
Yukio Yamada
General Manager of Sales Division, Industrial Machinery Headquarters
General Manager of International Sales Division, Sales Division, Industrial Machinery Headquarters

Executive Officer
Takehiro Nakanishi
Deputy Senior General Manager of Production Division, Industrial Machinery Headquarters
General Manager of Production Engineering Department, Production Division, Industrial Machinery Headquarters
General Manager of Global Procurement Department, Production Division, Industrial Machinery Headquarters

Executive Officer
Yasutoshi Hoshino
Deputy General Manager of Corporate Strategy Headquarters

Executive Officer
Kenji Nakane
General Manager of Finance & Accounting Department, Corporate Strategy Headquarters

Executive Officer
Akira Furihata
Representative Director and President of THK RHYTHM CO., LTD.

Executive Officer
Masaki Kimura
Head of The President's Office
Head of Corporate Planning Department, Corporate Strategy Headquarters

The Selection of Outside Directors

Masaaki Kainosho Outside Director (as of June 2012) Significant concurrent positions: Representative Director of KAINOSHO CO., LTD. Professor at Otsuma Women's University Junior College Division	Reason for selection	In addition to being a university professor deeply versed in business administration, Masaaki Kainosho possesses a wealth of experience, a history of success, and sound judgment from managing an executive consulting company.
	Independent status	Masaaki Kainosho was employed at THK's current lender, Sumitomo Mitsui Banking Corporation (previously Mitsui Bank), from April 1976 to April 1996. However, he was consistently working in a systems-related division, and the THK Group did not do business with Mitsui Bank at the time. Therefore, he is considered to be independent.

Masakatsu Hioki Outside Director, Audit and Supervisory Committee Member (as of June 2016) Significant concurrent positions: Outside Director of SUKIYA Co., Ltd. Outside Director of ZUIKO CO., LTD. Visiting Professor at Ritsumeikan University Graduate School	Reason for selection	In addition to possessing sound judgment, Masakatsu Hioki has extensive experience and a proven history of success as an executive responsible primarily for human resources and general affairs in a global manufacturing company.
	Independent status	Masakatsu Hioki began his career with Komatsu Ltd. Although THK and Komatsu do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK's and Komatsu's consolidated net sales for the corresponding fiscal year. Therefore, he is considered to be independent.

Tomitoshi Omura Outside Director, Audit and Supervisory Committee Member (as of June 2016) Significant concurrent positions: Certified Public Accountant Managing Director of Omura Accounting Office	Reason for selection	In addition to the knowledge of corporate accounting he has gained over many years as a certified public accountant, Tomitoshi Omura is an expert who possesses a wealth of experience, a history of success, and sound judgment.
	Independent status	There are no particular conflicts of interest concerning Tomitoshi Omura's relationship with THK. Additionally, although he does not have direct experience in corporate management, the Company has determined that he appropriately executes his duties as an outside director because of the aforementioned reasons.

Yoshiki Ueda Outside Director, Audit and Supervisory Committee Member (as of June 2016) Significant concurrent positions: Outside Director of SHINTOKOGIO, LTD. Representative Director & Vice-Chairman of Makino Milling Machine Co., Ltd. Visiting Professor of National University Corporation Shizuoka University	Reason for selection	In addition to possessing sound judgment, Yoshiki Ueda has extensive experience and a proven history of success as an executive deeply versed in corporate management, having spent many years at a global company active in machinery-related fields.
	Independent status	Yoshiki Ueda is an outside director at SINTOKOGIO, LTD., a representative director and vice-chairman at Makino Milling Machine Co., Ltd., and a visiting professor at National University Corporation Shizuoka University. Although THK and SINTOKOGIO do have a business relationship that includes the purchase of SINTOKOGIO products, the sum value of those transactions equals less than 1% of THK's and SINTOKOGIO's consolidated net sales for the corresponding fiscal year. Additionally, although THK and Makino Milling Machine do have a business relationship that includes the sale of THK products, the sum value of those transactions equals less than 1% of THK's and Makino Milling Machine's consolidated net sales for the corresponding fiscal year. There are no particular conflicts of interest regarding the relationship between the Company and Shizuoka University.