

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 Framework

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 Department and the Risk Management Department, 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.

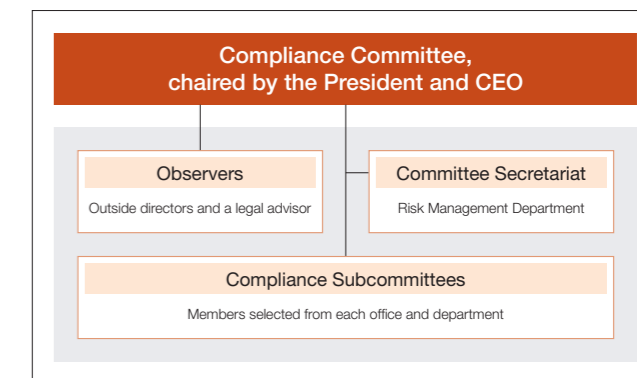
General Meeting of Shareholders

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.

* As a precaution against the coronavirus (COVID-19), there were no seats for observers or a product exhibition at the 50th and 51st General Meeting of Shareholders.

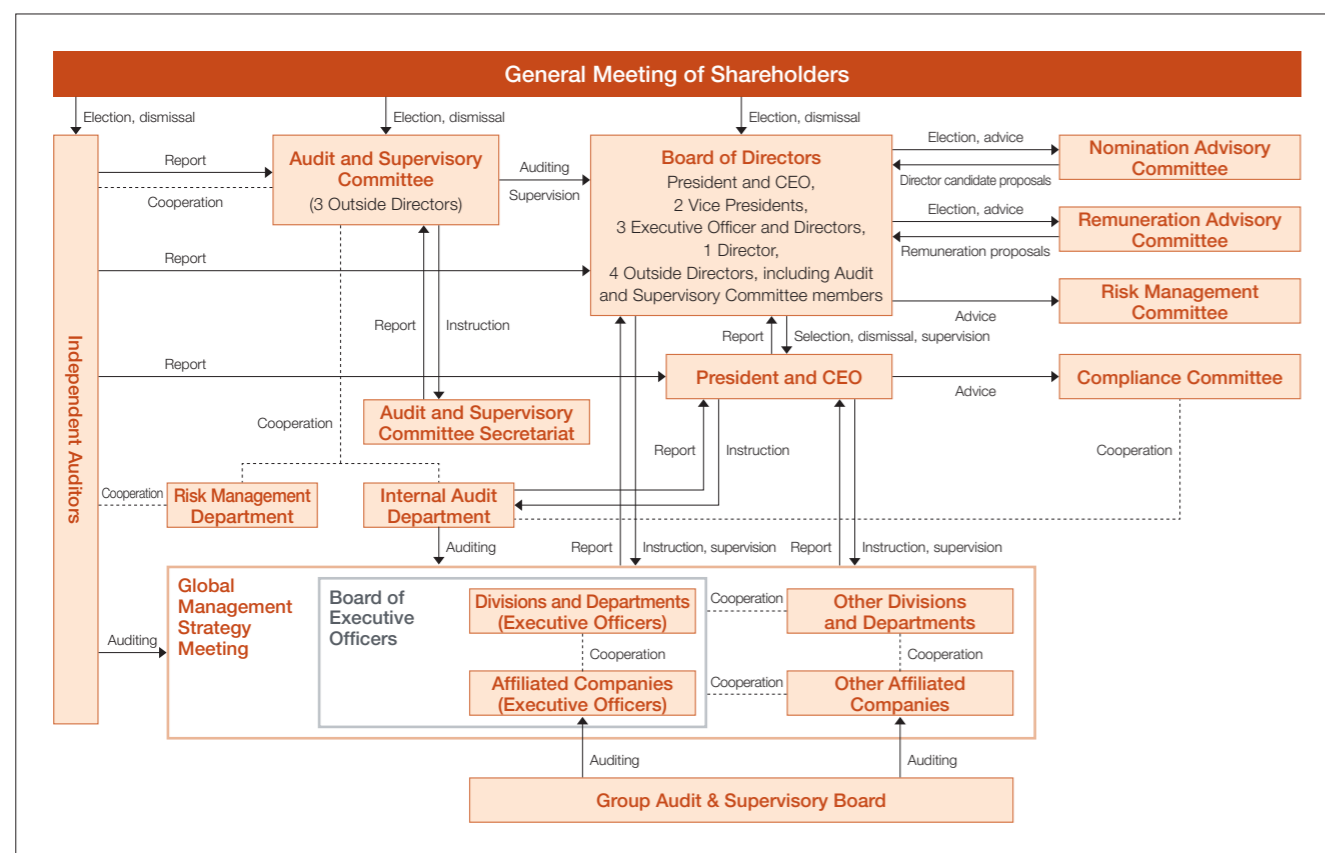
Compliance Structure

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 a legal advisor, 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. Under its policy of "We facilitate assertive governance with elements of bold risk-taking," 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 22, 2021)

Directors



Akihiro Teramachi
President and CEO



Toshihiro Teramachi
Executive Vice President and CIO



Hiroshi Imano
Executive Vice President and CFO



Takashi Teramachi
Director and Senior Managing Executive Officer
Senior General Manager of
Industrial Machinery Headquarters



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



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
Takuya Sakamoto
Head of IOT Innovation Division

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

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

The Selection of Outside Directors

<p>Masaaki Kainosho Outside Director (as of June 2012)</p> <p>Significant concurrent positions: Representative Director of KAINOSHO CO., LTD. Professor at Otsuma Women's University Junior College Division</p>	<p>Reason for selection</p>	<p>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.</p>
	<p>Independent status</p>	<p>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.</p>
<p>Masakatsu Hioki Outside Director, Audit and Supervisory Committee Member (as of June 2016)</p> <p>Significant concurrent positions: Outside Director of SUKIYA Co., Ltd. Outside Director of ZUIKO CO., LTD.</p>	<p>Reason for selection</p>	<p>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.</p>
	<p>Independent status</p>	<p>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.</p>
<p>Tomitoshi Omura Outside Director, Audit and Supervisory Committee Member (as of June 2016)</p> <p>Significant concurrent positions: Certified Public Accountant Managing Director of Omura Accounting Office</p>	<p>Reason for selection</p>	<p>In addition to the knowledge of corporate accounting he has gained over many years as a certified public accountant, Tomitoshi Omura is an accounting expert who possesses a wealth of experience, a history of success, and sound judgment.</p>
	<p>Independent status</p>	<p>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.</p>
<p>Yoshiki Ueda Outside Director, Audit and Supervisory Committee Member (as of June 2016)</p> <p>Significant concurrent positions: Outside Director of SINTOKOGIO, LTD. Advisor of Makino Milling Machine Co., Ltd. Visiting Professor of National University Corporation Shizuoka University</p>	<p>Reason for selection</p>	<p>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.</p>
	<p>Independent status</p>	<p>Yoshiki Ueda is an outside director at SINTOKOGIO, LTD., an advisor 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.</p>



Involvement in Society

As a good corporate citizen, THK actively contributes to society in the following ways.

1. Establishing a basic philosophy of contributing to society through our business activities
2. Identifying areas to prioritize our efforts and using our corporate resources to promote specific contributions based on our corporate philosophy
3. Coordinating and cooperating with various stakeholders, including NPOs, NGOs, local communities, governments, and international institutions
4. Supporting employees' own community contributions and involvement
5. Participating in the social efforts of the industry and business community

Signing the UN Global Compact

THK signed the UN Global Compact in February 2020. The UN Global Compact is an initiative based on universal principles regarding human rights, labor, the environment, and anti-corruption, and it calls for corporations and organizations to take sound, responsible actions to achieve sustainable growth for society. In support of this initiative, we will contribute to sustainable growth for society through our global business activities.



Establishing the THK Group Human Rights Policy

In the past, the THK Group has engaged with human rights in a manner based on the UN Guiding Principles on Business and Human Rights and the THK Group Action Charter. In June 2020, the Company established the THK Group Human Rights Policy after signing the

UN Global Compact in February 2020. The THK Group will promote activities that demonstrate an even greater level of respect for human rights and contribute to the creation of an affluent society.

THK Group Human Rights Policy

Established June 2020

The THK Group respects the human rights of all people associated with the THK Group 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," which represents the pioneering spirit of the THK Group.

Basic Concept

The THK Group supports and respects the United Nations Guiding Principles on Business and Human Rights and other international standards regarding human rights. In addition, as a signatory company to the United Nations Global Compact, the THK Group acts in accordance with the Ten Principles of the United Nations Global Compact concerning human rights, labor, the environment, and anti-corruption.

This Policy functions as the dominant policy for the "THK Group Action Charter" and all other standards that relate to initiatives encouraging respect for human rights within the THK Group. Furthermore, this Policy is an indication of the THK Group's commitment to respect for human rights.

Scope of Application

This Policy applies to all officers and employees of the THK Group. In addition to this Policy, all officers and employees of the THK Group comply with the standards encouraging respect for human rights in their respective companies.

The THK Group also expects all business partners associated with the THK Group's business activities to support and comply with this Policy.

Conduct Guidelines

1. The THK Group complies with all laws and regulations, and engages in fair trade and business activities with a high sense of ethics.
2. The THK Group respects the basic human rights, individuality, and diversity of individuals, and does not discriminate, harass, or otherwise treat individuals inhumanely based on race, gender, language, religion, nationality, sexual orientation, gender identity, or disability.
3. The THK Group does not engage in any forced or child labor.
4. The THK Group will comply with labor agreements and respect freedom of association and the right to collective bargaining.
5. The THK Group will create a working environment where employees can work safely and with peace of mind, in a manner that is healthy both mentally and physically.
6. The THK Group will provide appropriate education to all officers and employees, and strive to create a vibrant corporate culture in which all people respect each other for their diverse individual characteristics.
7. The THK Group makes efforts to build a system that allows officers and employees to raise concerns about human rights violations in good faith at any time, and to recognize any negative impacts on human rights by performing due diligence.
8. In the event that a violation of human rights becomes evident, the THK Group will immediately take appropriate action, including steps to prevent a recurrence, and adopt effective remedial measures.
9. The THK Group will make this Policy known to all officers and employees and disclose this Policy to the public in an appropriate manner.

Working with Vendors

THK's daily operations are performed in accordance with its policy to manufacture products in the optimal location and to conduct its business and improve its technology in a way that meets the needs of its customers.

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. In accordance with the revised RoHS directive effective in 2021, companies will no longer be able to ship steel, aluminum alloys, or copper alloys that contain lead to Europe. After conducting a survey of its suppliers, THK is continuing to work with them to consider a change to lead-free products.

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

THK's Supply Chain

Design

- ▶ Long-term maintenance-free operation
- ▶ Low noise, low dust generation
- ▶ Develop grease that can be used in the food industry

Purchasing/Procurement

- ▶ Check for presence of environmentally hazardous materials
- ▶ Comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
- ▶ Reject dealings with criminal organizations

Production

- ▶ Comply with the Energy Conservation Act
- ▶ Pursue zero emissions
- ▶ Reduce impact on the environment
- ▶ Maintain safe working environment

Distribution

- ▶ Reject dealings with criminal organizations
- ▶ Security declarations for air shipments
- ▶ Reduce waste via reusable containers

Sales

- ▶ Collect and reuse packaging materials
- ▶ Enforce safe driving practices
- ▶ Fair and proper transactions

Three Products Selected for Tokyo Robot Collection's Service Robot Demos

The Tokyo Robot Collection* promoted by the city of Tokyo is installing demos of robots that will reduce in-person contact at overnight treatment facilities for people with minor coronavirus symptoms, as well as robots aimed at automating and streamlining

the work of municipal complexes in response to the aging population and declining birthrate. Three THK robots were selected for demonstration: a thermometric robot, transfer robot, and autonomously moving digital signage.



Thermometric Robot: SEED-Noid

The head of this service robot uses a thermal camera to measure body temperature. If a fever is detected, a remote operator can take appropriate action.



Transfer Robot: SEED-Mover with Lifter

This transfer robot combines an autonomously moving trolley and a lifter that raises and lowers its height. The trolley can move in any direction and turn 360°, even in tight spaces, and the lifter can both raise/lower objects and move them forward and backward.



Autonomously Moving Display Signage

This transfer robot combines an autonomously moving trolley and a display. The trolley can move in any direction, even in tight spaces. Able to turn 360°, the display can be used for many purposes, including broadcasting commercial advertisements and remotely measuring temperatures.

* Tokyo Robot Collection: This project aims to conduct demonstrations of robots that coexist with humans as they provide services in order to lead to the development of a new implementation model for addressing Tokyo's challenges and to promote the latest in robotics and other technologies. These demonstrations take place at various locations in Tokyo where services are provided, including mobility support (excluding self-driving automobile systems), security, cleaning, and customer service.



Harmony with the Environment

The THK Group contributes to both society and the economy through our pioneering role as manufacturers of the Linear Motion Guide 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 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, 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 with regard to our environmental activities, we provide guidance and support to our affiliate 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 August 21, 2019

Structure for the Promotion of Environmental Activities

THK has developed a structure that promotes various initiatives aimed at reducing the environmental impact of its business activities.

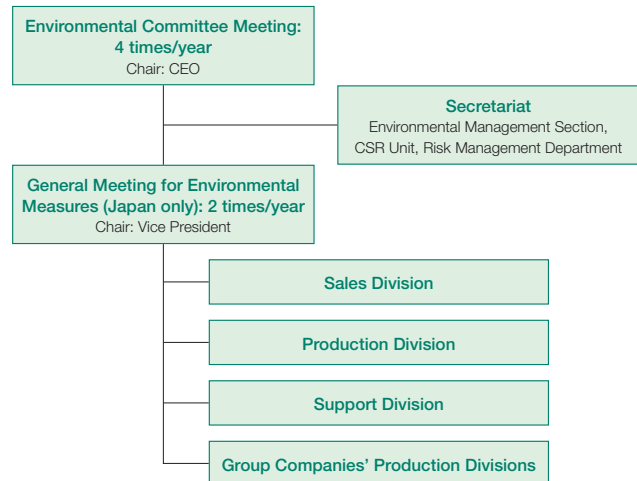
The Environmental Committee, chaired by the CEO, convenes quarterly and approves each year’s environmental targets and environmental promotion schedule. In addition to reporting on the state of energy conservation activities, the management of hazardous materials, and the status of compliance with various other environmental laws and regulations, it also considers necessary improvements as appropriate.

The General Meeting for Environmental Measures convenes twice a year, headed by the Vice President. Representatives from each production facility and office department gather to recognize the necessity of proactive efforts toward reducing environmental impact. They share useful data such as the status of energy use at each facility and examples of the results of energy-saving projects, and connect this information to improvement initiatives.

Specifically, they report on activities to reduce environmental impact that are suitable to each business location, such as the discovery and elimination of wasteful uses of energy, the transition to energy-efficient production equipment and HVAC systems, the installation of solar panels in open spaces, the conversion of lighting to LED bulbs, and so on.

As part of its activities to reduce environmental impact, THK distributed reusable shopping bags as gifts to celebrate the anniversary of the Company’s founding and to promote increased awareness among employees of the problem of plastics, particularly shopping bags, in society.

Structure for the Promotion of Environmental Activities



Reusable shopping bags distributed on the anniversary of THK's founding