



Involvement in Society

Quality Assurance: Trust, Reliability, and Safety

Quality Assurance Structure

Policy

We supply reliable and safe products of superior quality to all customers and provide a complete quality assurance system with global considerations in mind.

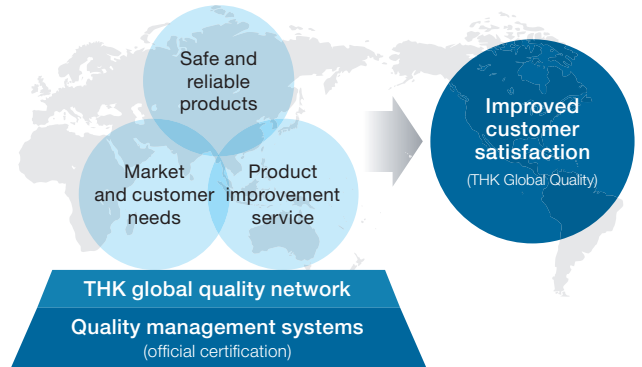
THK has established a quality assurance system in which each production facility both in and outside of Japan is certified with the ISO 9001 Quality Management System. We provide a quality assurance system for the industrial machinery business that produces machine tools, semiconductor manufacturing equipment, medical devices, robots, and seismic isolation and damping systems. With this as our base, we obtain certifications in quality standards adapted for new fields such as the automotive and transportation business and the aerospace industry.

In addition, as the cooperation of our suppliers is critical to improving our product quality, we work to establish trusting relationships with our vendors and conduct quality audits in compliance with our quality management system in order to maintain and improve quality.

Furthermore, as part of managing our product development process, we review the solutions implemented for any issues during the planning, design, prototype, trial, and mass-production stages, and we work to manage the stability and maintenance of quality levels after mass production.

We have also established a system that allows quality data to be shared globally. In addition to gathering feedback from customers in each region, analyzing it, and providing rapid and appropriate service, we endeavor to develop products that meet market needs and improve quality.

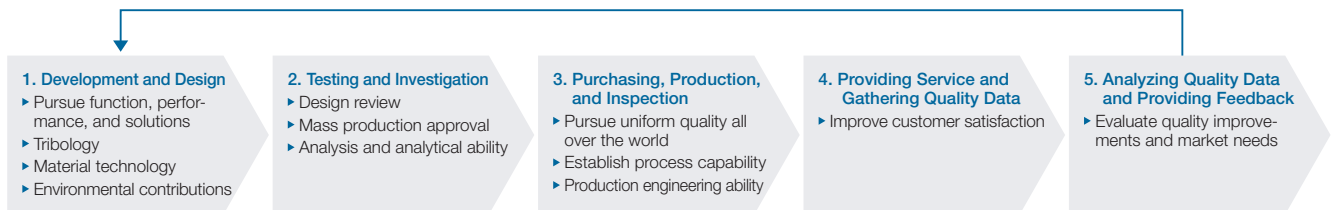
Quality System Overview



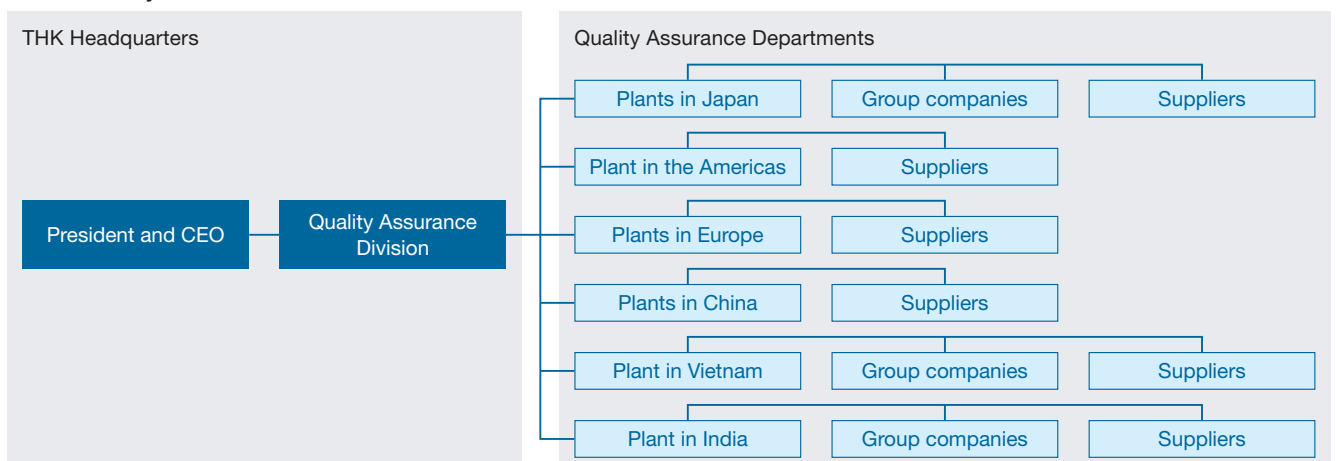
Quality Management System Certification Status (Facilities)

	ISO 9001	JIS Q 9100 Aerospace Industry	IATF 16949 Automotive Industry
Japan	11	1	4
Outside of Japan	13	—	7
Total	24	1	11

Quality Management Process



Global Quality Assurance Structure



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

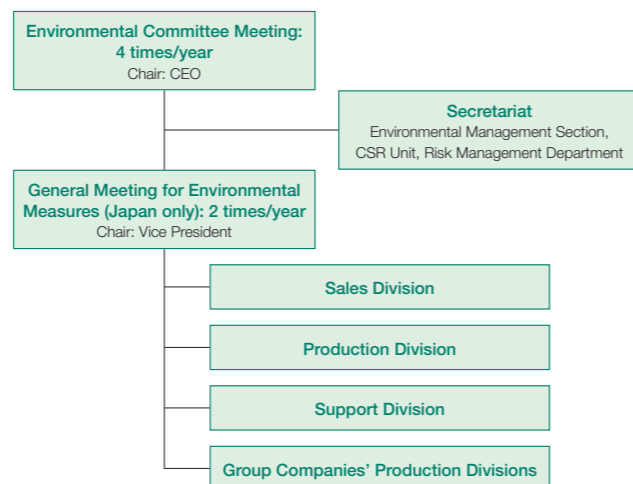
THK has developed a structure that promotes various initiatives aimed at reducing the environmental impact of its business activities.

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, these representatives 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.

Structure for the Promotion of Environmental Activities



As exemplified by sustainability, society and corporations generate common value through corporate activities that minimize the negative impacts and strengthen the positive. With this mindset of working for the benefit of all in addition to our individual interests, THK is promoting various initiatives to achieve the creation of a sustainable society. The world is facing risks driven by climate change from global warming, and in response, the THK Group has established medium- and long-term targets for lowering its emissions of greenhouse gases.

(These targets were approved by the Board of Directors in August 2021.) To minimize our negative impact, we have established the Carbon Neutrality Promotion Project, which is working to further reduce the CO₂ emitted through our business activities. Meanwhile, to strengthen our positive impact, we are expanding our offerings of linear motion and other products and services that contribute to energy conservation. We will accelerate our various initiatives in order to achieve these goals.

Medium- and Long-Term Targets for Carbon Neutrality

- Medium-Term Target**
 - ▶ By 2030, reduce CO₂ emissions to 50% of 2018 levels.
 - ▶ Scope: THK Japan and Group companies in Japan
 - ▶ 2018 emissions: 106,514 tons
- Long-Term Target**
 - ▶ By 2050, achieve net-zero CO₂ emissions.
 - ▶ Scope: Entire THK Group

Contributions from our products and services (strengthening positive impact)

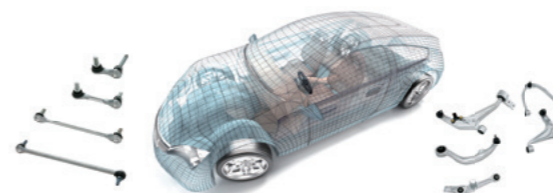
Expansion of linear motion products (contributing to energy savings and longer service life)



Expansion of products for renewable energy (direct contribution)



Expansion of products that contribute to smaller and lighter vehicles for the shift toward electric vehicles



Reduction of CO₂ emissions from our business activities (minimizing negative impact)

Carbon Neutrality Promotion Project



Recent major initiatives:

- ▶ Upgraded to LED lighting
- ▶ Installed or upgraded equipment for higher efficiency
- ▶ Installed renewable energy equipment
- ▶ Actively utilized existing renewable energy equipment
- ▶ Implemented various creative energy conservation activities
- ▶ Monitored our usage of air conditioning and lighting

Please visit the THK homepage for details.
<https://www.thk.com/eng/csr/environment/warming.html>

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 nine directors—including two outside directors—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 five 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.

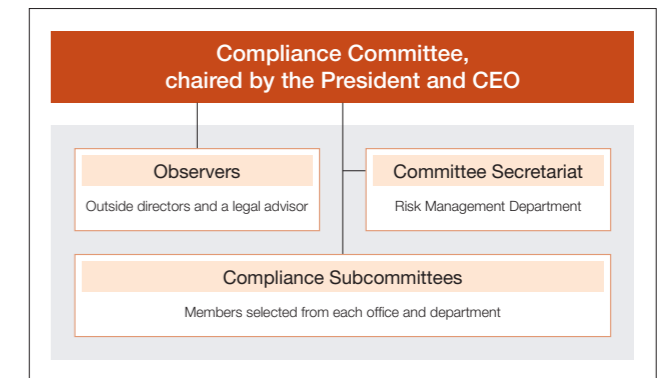
General Meeting of Shareholders

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 for the coronavirus (COVID-19), there have been no seats for observers or a product exhibition beginning with the 50th General Meeting of Shareholders.

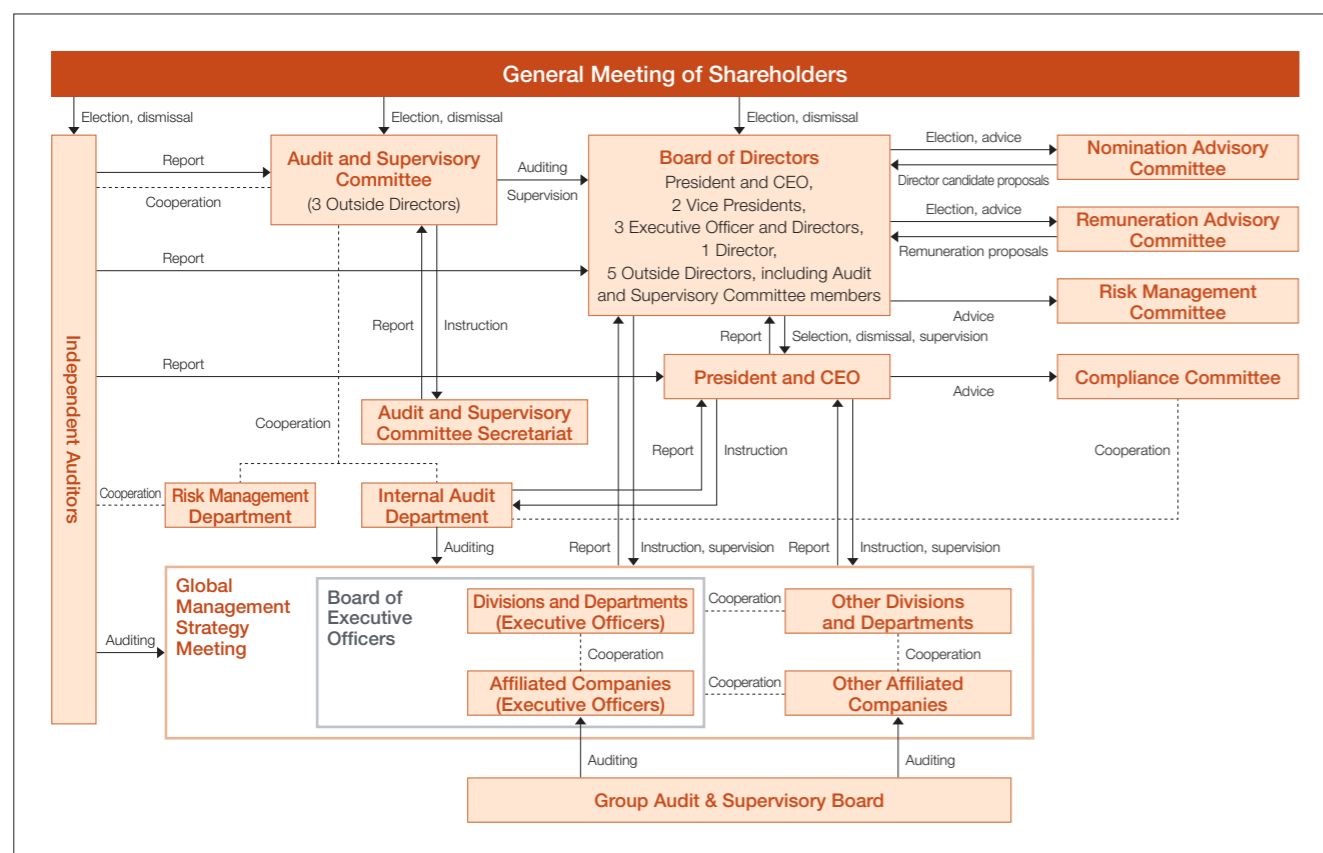
Compliance Structure

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 19, 2022)

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



Junko Kai
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 Officers

Takashi Okubo
Appointive Officer to President in Charge of China

Masaki Sugita
Special Appointive Officer to Head of
Industrial Machinery Headquarters

Tetsuya Hayashida
Special Appointive Officer to President

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

Takanobu Hoshino
General Manager of IMT Division,
Industrial Machinery Headquarters

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

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

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

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.

Nobufumi Sato
President of THK Holdings of America, L.L.C.
President of THK America, Inc.

Executive Officers

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

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

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

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

Takuya Sakamoto
Head of IOT Innovation Division

Yasutoshi Hoshino
Deputy General Manager of Corporate Strategy Headquarters

Katsuya Iida
Head of Product Planning Department,
Industrial Machinery Headquarters
Head of Engineering and Development Department,
Engineering Division, Industrial Machinery Headquarters
Head of Solution Development Unit, IOT Innovation Division
Head of Engineering Department, THK (CHINA) CO., LTD.

Toshihiro Takahashi
President of THK NIIGATA CO., LTD.

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

The Selection of Outside Directors

Masaaki Kainosho June 2012 Became Outside Director of THK Significant concurrent positions: Representative Director of KAINOSHO CO., LTD.	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.
Junko Kai March 2022 Became Outside Director of THK Significant concurrent positions: Partner attorney of Hamaji Takahasi Kai Law Office Outside Director of NARITA INTERNATIONAL AIRPORT CORPORATION Outside Audit & Supervisory Board Member of JSR Corporation	Reason for selection	In addition to the legal knowledge that she has cultivated over the many years she has been a lawyer, Junko Kai is a legal expert who possesses a wealth of experience, a history of success, and sound judgment.
	Independent status	There are no particular conflicts of interest concerning Junko Kai's relationship with THK. Additionally, although she does not have direct experience in corporate management, the Company has determined that she appropriately executes her duties as an outside director because of the aforementioned reasons.
Masakatsu Hioki June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member Significant concurrent positions: Outside Director of SUKIYA Co., Ltd. Outside Director of ZUIKO CO., LTD.	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 June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member 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 accounting 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 June 2016 Became Outside Director of THK and Audit and Supervisory Committee Member Significant concurrent positions: Outside Director, Representative Director & Chairman of SINTOKOGIO, LTD.	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 the Outside Director of SINTOKOGIO, LTD. 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.

Structure of the Board of Directors (Skill Matrix)

	Corporate management	Finance and accounting	Governance and risk management	Global business	Sales and marketing	DX and IT	Development, engineering, and manufacturing
Akihiro Teramachi	●		●	●	●	●	●
Toshihiro Teramachi	●			●	●	●	
Hiroshi Imano	●	●	●	●			●
Takashi Teramachi	●				●	●	●
Nobuyuki Maki	●			●	●		●
Junji Shimomaki				●	●		
Junichi Sakai			●		●		●
Masaaki Kainosho	●		●		●	●	
Junko Kai			●				
Masakatsu Hioki			●	●			
Tomitoshi Omura		●	●				
Yoshiki Ueda	●		●	●	●		

THK's Response to the Coronavirus (COVID-19)

As coronavirus cases have spread around the world, many customers have asked THK to continue supplying products. Therefore, in order to fulfill its role as an essential business, the Group has implemented a number of countermeasures.

On February 3, 2020, the Company instituted a coronavirus response task force headed by the CEO. These meetings continue to be held every day, using virtual meeting tools to collect and share information with business locations all over Japan and around the world. Measures were also taken to prevent the spread of the virus. In Japan, the Company encouraged hand washing, required masks to be worn, instituted daily temperature checks, established home quarantine periods for those with fevers and anyone who was in contact with them, prohibited in-person meetings with guests and unnecessary business travel, limited visitors to factories, and forbade the use of public transit. In these and other efforts, THK requested the full compliance of employees, their families, and suppliers. Furthermore, the Company transitioned to remote work, formed value chain teams, and took other steps to thoroughly prevent infections and ensure business continuity. During the peak, around 90% of head-quarters and sales staff were working from home.

As a result of these measures, THK was able to maintain operations at its Japanese production facilities even when a state of emergency was declared, and although some overseas factories were forced to suspend operations, they were able to resume activity quickly once they reopened. In terms of sales, while it became difficult to interact with customers in person, representatives continued their activities online, inviting engineers to virtual meetings, and hosting technical webinars. In addition, THK actively promoted the use of Omni THK, its platform for remotely communicating with customers. Through these means, the Company was able to continue its sales activities without any major issues.



Coronavirus response task force