

## Third-party opinion

The EMO in Europe, IMTS in the U.S. and JIMTOF in Japan are well known for being the world's three largest machine tool fairs, and visiting these fairs is considered one of the most effective ways to catch up on trends in machine tool technology. I visited the EMO (Hanover) for the first time in 1989, and since 1995 have been visiting the EMO and IMTS (except in 2004 and 2006) every year. In other words, I have been watching global trends in machine tool technology for over fifteen years. At the fairs, I always make a point of dropping by the THK booth to study the latest trends in technology, and after all these years, it is one of those things to which I look forward. This is because, every time I go, I inevitably find a creative new product on display. I have always wondered what the source is that has given rise to such innovative products all these years. Having been asked to contribute this Third-party opinion, I read the four preceding *CSR Reports* together with this fifth report and realized that the source of this ingenuity is the capable management system that the company has established and maintains, and the many endeavors made to contribute to society and protect the environment. These efforts further convey the image of a steadfast company that fulfills its corporate social responsibility and enjoys the trust of the world, of society, and of its own employees.

The response of the THK Group immediately following the Great East Japan Earthquake is described in vivid detail on page 3, and I was greatly impressed by this remarkable response. As to efforts put into risk management, as already reported in previous editions of this report including the first issue, these concerted efforts paid off to their fullest extent in this year's earthquake disaster, and gives one a vivid sense that they went a long way toward meeting corporate social responsibility. In his Message from the top, President Teramachi declares one of THK's future objectives to be to contribute to the rebuilding of Japan after the Great East Japan Earthquake, and the 40th anniversary marked in April of

this year to be merely a turning point for the company. THK's focus on meeting its corporate social responsibility, not sitting back and resting on its laurels after marking its 40th anniversary, and other intentions expressed in this message impart a bold image of the company as it faces the future.

Another impression I derived from this report is that the human factor always takes central stage at THK. It's all about caring for people and nurturing employees. It is the value THK places on the contributions of all stakeholders, including employees, shareholders, customers, users, Group companies and cooperating companies, I believe, that has built up the company. I also think that the report is highly successful in painting a picture of the company as a whole, showing how each member, commensurate with his or her own position, strives to create an environment that facilitates the company's operations.

I believe that a company is precisely built on the effective interaction of a chain made up of all of its stakeholders, including its employees. It must be noted though that this chain is not a "cumulative" chain of lightly joined hands but a strong chain of linked arms, that is, a "multiplicative" chain. Why is this? In a cumulative chain, if the output of one stakeholder is zero, others can step in so that the company as a whole will still manage to achieve an output of sorts. In fact, however, the chain is a multiplicative one. In the event that only one stakeholder records zero output (i.e., the chain is short one stakeholder), the output of the company as a whole will become zero. Conversely, if the individual's output doubles, the overall company output has the potential of doubling as well. I believe that the effects of the multiplicative chain will be increasingly manifest in corporate activities. From now on, I believe, it will be important to show appreciation to all stakeholders involved in corporate activities and create an environment that allows each one of them to consistently maintain an output of at least 1.

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Born in June 1948. Professor Shimizu completed his master's course at the Division of Mechanical Engineering, Graduate School of Science and Technology, Sophia University in March 1973. He joined OKUMA Machinery Works Ltd. (present OKUMA Corporation) and worked in R&D of Cylindrical grinding machines from 1973 to 1978. In 1981, after he completed his doctorate course (Doctor of Engineering) at the Graduate School of Science and Technology, Sophia University, he joined the same university as an Assistant. Then he was promoted to his current position as a Professor in 1994. His current research topics mainly focus on the study of Machine tool structure, Design technology of joint in machine tools, Evaluation of performance of machine tools, and Tooling technology.

He also serves as a Member of the Science Council of Japan; Fellow of the Japan Society of Mechanical Engineers; Fellow of the Japan Society for Precision Engineering; Chairman of the Organizing Committee for International Machine Tool Engineers' Conference (IMEC), Japan Machine Tool Builders' Association; Board of Trustees of the Japan Society for Precision Engineering; Board of Trustees of the Japan Society for Abrasive Technology; Chairman of the Sophia Association for Promoting Science and Technology (SAPST). His previous academic appointments include Chairman of the Committee for Manufacturing and Machine Tool Division, the Japan Society of Mechanical Engineers; Project manager for the RC229 Research Subcommittee on "Advanced technologies in multi-axis machine tools"; Member of board directors of the Japan Society for Precision Engineering; Member of board directors of the Japan Society for Abrasive Technology; Director of the Tokyo Chapter of the Society of Manufacturing Engineers (SME); and many other posts in both academic and industry societies.



## Postscript

It has been our pleasure to present this fifth *THK CSR Report* in the year THK marks its 40th anniversary. In line with THK's management philosophy, the first part of this year's feature section looks at how THK products play an effective role in people's immediate surroundings by introducing the wind turbine generators developed, manufactured, and tested by THK that will enable us to supply the next generation with clean energy. The second part presents comments by people who were tremendously reassured having installed THK's seismic isolation devices prior to the Great East Japan Earthquake.

Other sections offer explanations of the corporate governance and compliance systems covered every year. We have also tried to give as much voice as possible in the Report to those involved in various actions THK has taken to nurture the capabilities of its employees, contribute to the welfare of local communities, and

help to alleviate global warming.

The company will continue to make a concerted effort in promoting CSR activities and take pride in presenting the results in its *CSR reports*. We are interested in hearing your views and impressions after reading this report, so that we can use this valuable feedback as a resource for THK's future CSR activities, and when preparing our next report. We would greatly appreciate your using the enclosed questionnaire form to let us know your candid thoughts and opinions.

### **CSR Report Project Secretariat**

(Next scheduled report: December 2012)