

Working to Achieve the Creation of an Affluent Society

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A word to those affected by natural disasters

2018 was a year beset by disasters on a scale rarely seen. Japan experienced the northern Osaka earthquake in June, the heavy rainfalls in western Japan in July, and the Hokkaido Eastern Iburi earthquake—as well as continuous earthquakes considered to be its aftershocks—in September. Looking at the rest of the world, precious lives were lost, and many more people were forced to evacuate, during the West Java earthquake in January, the Papua New Guinea earthquake in February, and the massive hurricanes that struck the American East Coast in September and the Southeast in October. I would like to express my heartfelt sympathy for those who lost their lives and for their families. My thoughts are with those who are still living in emergency accommodations, and I wish for their good health.

On the other hand, as always, I am moved by the dedication of volunteers who cross borders to aid disaster victims. I respect the compassion of people who are able to think of others first even in the face of tragedy. Seeing everyone supporting each other, I am confident that the areas affected by disaster will recover and continue to grow.

Strategies supporting our 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.

In an effort to fulfill our corporate philosophy of *contributing to the creation of an affluent society*, we have identified *full-scale globalization*, the *development of new business areas*, and a *change in business style* as cornerstones of our growth strategy to continuously develop products centered around our mainstay LM (Linear Motion) Guide, create new markets, and offer a steady supply of products to every region.

The market has grown due to developments in FA (Factory Automation) in China and other emerging countries, and under our *full-scale globalization* strategy, we have promoted the development of an integrated production and sales structure close to centers of demand in four regions: Japan, the Americas, Europe, and Asia. Specifically, on the sales side, we have launched the Omni THK e-commerce website, which enables customers to easily select and order products anytime, anywhere. We have bolstered our efficient sales structure around the world, expanding this service to cover China, Brazil, and parts of Japan in addition to the ASEAN region. On the production side, we have continued to promote robotization and automation at our production

facilities in every region, and we have completed new expansions to our plants in Yamagata and Vietnam. Furthermore, we have begun construction on a new factory in India, which is projected to experience a medium- to long-term growth in demand, thereby further strengthening our production structure.

Under our *development of new business areas* strategy, with our R&D divisions in Japan, China, and our THK RHYTHM AUTOMOTIVE consolidated subsidiary in Germany, we promote the development of new products that will satisfy the exact needs of customers in fields more closely related to consumer goods.

In terms of the IoT, we are preparing our OMNI edge service, which has networking capabilities, including a system that can diagnose LM Guide failures and lubrication status as well as detect ball screw preload.

Under our *change in business style* strategy, we are making full use of the latest technologies such as AI and robots in a variety of different ways, thereby expanding our business domains.

Developing products for the next generation

THK used rotary motion to achieve linear motion in machines, which was said to be impossible. As a company focused on creation and development, we have used that technology to create products with many applications that meet the needs of our customers and the market. One example is our seismic isolation system, which minimizes damage from major earthquakes and protects lives, property, and important information systems. In the field of renewable energy, which aims to prevent global warming, we have developed a low-torque shaft unit that enables wind turbines to activate during light breezes. Robots—and components for those robots—are being presented as a solution that addresses the predicted decline in the working age population and can perform dangerous tasks in place of people. I believe our core technology products and other next-generation products will greatly contribute to the achievement of the SDGs.

There are probably still many domains where our products can help society that even we have not yet realized. Through our business, we will continue to strengthen our corporate value and improve our interactive communication with all of our stakeholders. To create an affluent society—a *sustainable* society—we will unwaveringly follow our corporate philosophy as we conduct our business.