

## Third-Party Opinion

I was also given the opportunity to express my thoughts on last year's report, but I now present my third-party opinion on the 2020 THK Sustainability Report (hereinafter referred to as "this report").

### Coronavirus Response

As the issue of the coronavirus has persisted and intensified, the first four pages of this report are rich with information and very worthwhile to read. They provide the reader with a condensed explanation of how your basic coronavirus response strategy has been, as the subtitle says, "Protecting employees and their families, maintaining business activities and upholding responsibilities as a supplier, and working toward a new era."

It deserves to be noted that your new technologies such as the Omni THK digital communication platform and the productivity-boosting IoT tool OMNI edge, which you developed and launched for customers even before this pandemic, are and will be highly effective tools both during and after the coronavirus era. Furthermore, your contactless robots are another good example of how you have adapted to the new needs of customers during the pandemic.

All of these are instances of you fulfilling your corporate philosophy of providing innovative products to the world and generating new trends to contribute to the creation of an affluent society. On the other hand, to evaluate these efforts from a sustainability perspective, they fall under the SDGs, including goals 3 (health and well-being) and 9 (innovation), and CSV (creating shared value) as well.

You should consider incorporating these examples in the "Value Creation" and "Activities Related to the SDGs" sections in next year's report.

### Major Challenges: Activities Related to Employees, the Supply Chain, and the BCP

As the subtitle to the opening section of this report suggests, the coronavirus pandemic has brought renewed attention to the importance of stakeholders, especially employees and suppliers, as well as BCP activities in enabling many businesses to maintain operations and fulfill their responsibilities as suppliers. The opening section of this report covers, among other things, remote work and the establishment of the coronavirus response task force and teams essential to maintaining business operations. The rest of the report also contains relevant information in the "BCP," "Together with Our Suppliers," "Health and Safety," and "Supporting Development" sections.

In next year's report, I would like to see how each of your activities in response to the aforementioned major challenges has evolved during and after the coronavirus era.

### Transitioning from CSR to Sustainability Management

In the following areas, I have identified your evolution from CSR management to sustainability management. The items marked with asterisks were also improved from last year based on the third-party opinion.

- Signing the UN Global Compact
- The "Value Creation" section
- Setting KPIs for activities related to the SDGs\*
- Identifying risks and opportunities in the value chain\*
- Employee comments that generate financial and non-financial value\*

When it comes to evaluating corporations on their ESG investing, rather than looking at a short-term time scale of a few years, the tendency is to assess a company's long-term efforts in anticipation of the 2030 and 2050 agendas for the SDGs. Therefore, it is critical to have a more long-term grasp of sustainability management and disclose information accordingly.



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- Profile:** Born in 1957. Graduated from the Department of Engineering at Tohoku University and joined Mitsubishi Materials Corporation in 1982. After working at MS&AD Inter-Risk Research & Consulting, Inc., has held current position since April 2018.
- Public office held:** Member of the 6<sup>th</sup> through the 23<sup>rd</sup> Environmental Communication Award Working Group (2002–2019) held by the Ministry of the Environment.
- Publications:** *Evolutional Strategy on Environmental Risk for Financial Institutions* (coauthor, Kinzai Institute for Financial Affairs, Inc.), *Practical Guidance on SDGs for Corporate Environmental Staff* (coauthor, Nikkan Kogyo), and many more.