

Involvement in Society

Together with Our Customers, Together with Our Suppliers

Sales Activities

Our company name incorporates three principles: Toughness (tough, durable products), High Quality (the world's top-quality products), and Know-how (expertise for our customers). Under these principles, we conduct our daily sales activities with a customer-focused approach where we think, act, and verify results from the customer's perspective.

Currently, we have established an integrated production and sales structure with 122 sales offices and 37 production facilities close to centers of demand in order to produce and sell locally in four regions: Japan, the Americas, Europe, and Asia. In addition, we have enhanced the functions of Omni

THK, the customer communication platform we have been expanding. Furthermore, in order to introduce more people to our products, we occasionally hold exhibitions, private shows, and technical seminars as venues to explain our offerings directly to customers. Due to the spread of the coronavirus, we also adopted an online format for some events in 2020.

We began feeling the effects of the coronavirus from the beginning of the year, and by March, many customers had notified us that they were prohibiting visitors. When Japan's first state of emergency was declared after that, all in-person sales activities were put on hold. However, because we had quickly established a system that enabled us to meet with customers and hold technical seminars online, our executives were able to have customer meetings without issue, and there were no interruptions to our sales activities. We will continue to conduct our sales activities with our customers in a way that suits the times by fusing traditional methods with new ways of working.

Events Held	(Times)	
	In-person	Online
Technical seminars	2	27
Exhibitions in Japan	8	4
Exhibitions outside of Japan	8	2
Private shows	9	1

Together with Our Suppliers

	Global procurement	Optimize procurement locations
	Accelerated ordering	Develop purchasing system that incorporates AI
Policy	Active proposals	Double communication with business partners to promote value analysis* and production innovation

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

Throughout our supply chain, from design to sales, we strive to adhere to social norms and be environmentally conscious in order to create a sustainable society. In conjunction with the

suppliers of all applicable materials, we are taking specific action to investigate a switch to lead-free alternatives, which will take place in 2021 in compliance with the EU RoHS Directive.

Due to the coronavirus, some of our annual THK Association events were held online, while others were canceled. We will continue to find ways to coordinate with our suppliers as circumstances permit.

* Value analysis involves proposals for reducing costs.

THK's Supply Chain

Design	Purchasing/Procurement	Production	Distribution	Sales
<ul style="list-style-type: none"> Long-term maintenance-free operation Low noise, low dust generation Develop grease that can be used in the food industry 	<ul style="list-style-type: none"> Check for presence of environmentally hazardous materials Comply with the Act against Delay in Payment of Sub-contract Proceeds, Etc. to Subcontractors Reject dealings with criminal organizations 	<ul style="list-style-type: none"> Comply with the Energy Conservation Act Pursue zero emissions Reduce impact on the environment Maintain safe working environment 	<ul style="list-style-type: none"> Reject dealings with criminal organizations Security declarations for air shipments Reduce waste via reusable containers 	<ul style="list-style-type: none"> Collect and reuse packaging materials Enforce safe driving practices Fair and proper transactions

Involvement in Society

Together with Our Shareholders

Together with Our Shareholders

We engage in IR activities in an effort to disclose information in a manner that is fair, impartial, expedient, accurate, and easy to understand. We strive to provide more thorough

and valuable information through IR events such as financial results briefings and IR tools such as our investor relations website and Annual Report.

Primary IR Activities

IR events	IR meetings	Due to the coronavirus, these meetings were conducted over the phone. About 300 meetings were held during the year.
	Financial results briefing	Post presentation materials and videos on the IR website mid-year and at year end
	General Meeting of Shareholders	Scheduled on a Saturday during a period when few shareholder meetings are scheduled, accompanied by an exhibition*
IR tools	IR website	Publish various IR tools and content oriented towards individual investors
	Annual Report	Compile company overview, management targets, and medium- to long-term strategies
	Investor information (fact book)	Compile detailed financial data

The IR Website



IR Library

In addition to documents related to financial statements, including investor information compiled from summaries of financial results and detailed financial data, the library also includes Annual Reports and Sustainability Reports. Presentation materials and videos are available here following the financial results briefings held every year in February and August.

IR Information E-mail Delivery Service (RIMSNET)

This service sends an electronic newsletter announcing financial results to registrants, who are primarily individual investors.

General Meeting of Shareholders

For Our Individual Investors

Since 1998, we have held our General Meeting of Shareholders, which is based on the concept of an open meeting, on Saturdays during periods when few shareholder meetings are scheduled. We provide seats for observers so that many

people, including business partners, can participate.

We also hold an exhibition after the meeting for participants, where we introduce the various fields where our products are utilized, such as machine tools, industrial robots, automotive and transportation equipment, and seismic isolation systems.

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

Quality Assurance

Quality Assurance Structure

Policy We implement quality assurance activities that ensure we always deliver products that will satisfy our customers and earn their trust.

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



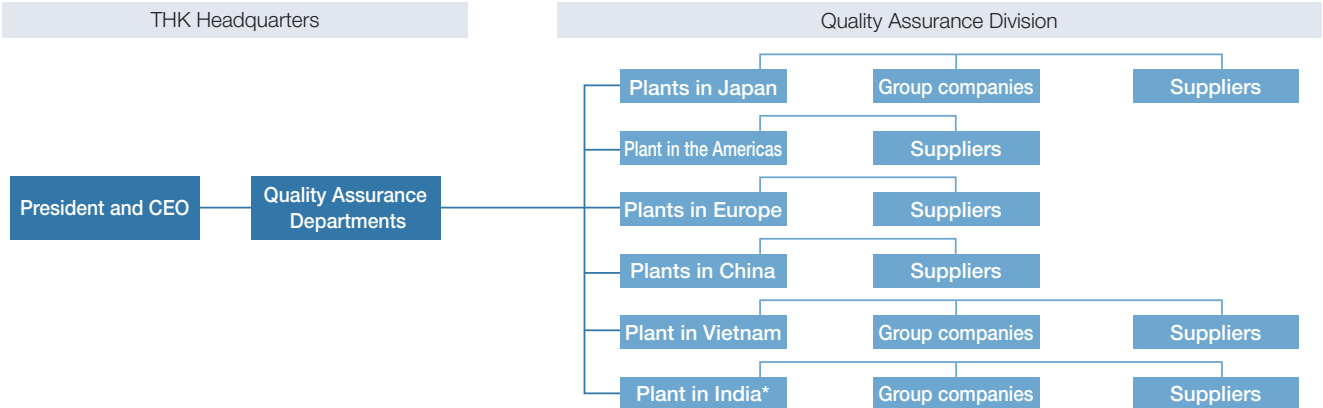
Quality Management System Certification Status (Facilities)

	ISO 9001	JIS Q 9100 Aerospace Industry	IATF 6949 Automotive Industry
Japan	11	1	4
Outside of Japan	13	—	7
Total	24	1	11

Quality Management Process



Global Quality Assurance Structure



* The plant in India is scheduled to begin operation in 2021.

Health and Safety

Management Structure

Policy Create a pleasant work environment with zero work-related accidents or illnesses.

We consider occupational health and safety activities to be the foundation of corporate management and one of our highest priorities. Maintaining a safe and comfortable place that is easy to work in is our basic principle, and we promote activities to achieve this goal.

We manage supplier safety for all factories based on ISO 45001 standards, but due to the coronavirus, all on-site audits were put on hold. Instead, THK created a self-assessment check sheet and distributed it to all suppliers for them to conduct a self-audit. When an inadequacy was found through

the check sheet, we reached out to that company by e-mail or another method in order to give advice for improvement.

Regarding our safety track record, the Yamagata plant achieved 3.1 million hours without any accidents as of February and around 4.37 million hours as of the end of December. Furthermore, the running total at the THK RHYTHM headquarters and Hamamatsu plant is about 12.83 million hours.

We will continue to promote health and safety activities at each factory to maintain zero accidents.

2020 Occupational Health and Safety Activities in the Production Division

Objective	No.	Activity
1. Allow occupational health and safety management system (ISO 45001) to reach all employees	1	Implement risk assessments and workplace safety training
	2	File and provide information pertaining to relevant regulations (chemical substance risk assessments)
	3	Prepare and perform internal audits (reciprocal audits)
	4	Conduct management reviews
2. Revitalize health and safety committee activities	5	Promote disaster prevention
	6	Implement traffic safety activities (achieve zero traffic accidents)
	7	Conduct workplace safety patrols
	8	Promote 5S ¹ (6S ²) activities
3. Eliminate workplace accidents	9	Achieve 3.1 million hours without any accidents (class 1 accident-free record) Prevent workplace accidents from occurring (zero accidents) • Promote submission of proposals to prevent near misses (production: 1/month per group, support: 1/month per department) • Promote hazard prediction training (production: 1/month per group, support: 1/month per department)
	10	Ensure employees confirm machines have completely stopped
	11	Train new employees (temporary and mid-career hires) thoroughly
	12	Provide instruction to business partners who work on site and visitors
4. Enhance health management	13	Perform regular and special health checks
	14	Promote mental health
	15	Perform stress checks
	16	Implement illness prevention activities
	17	Make improvements based on occupational physician recommendations

¹ Abbreviation of *seiri* (sort), *seiton* (set in order), *seisou* (shine), *seiketsu* (standardize), and *shitsuke* (sustain)

² 5S + *shuukan* (second nature)

Involvement in Society

Supporting Development

We are working to support the development of our employees in order to empower individuals. In addition, we are currently promoting specific measures to accomplish this goal in alignment with our three growth strategies.

Empowering individuals in alignment with our growth strategies

- 1. Full-scale globalization: Developing talent that can succeed globally
- 2. Development of new business areas: Conducting the 66 Project* and our basic technical training program
- 3. Change in business style: Developing talent that utilizes data to quickly adapt to a digital society

* 66 ("Six-Six") Project: Six people from across the Engineering Division lead six project teams to conduct research activities to cultivate new markets.

Supporting New Employees

This year's ceremony for new hires was canceled due to the coronavirus, replaced by a celebratory event held at the end of August during a lull in the pandemic. In addition, the group training that normally occurs right after joining the company was held remotely in mid-May. Afterward, new employees underwent practical training at a factory for two and a half months before being sent to their assigned workplace. This year, special emphasis was placed on existing efforts

to develop talent capable of promoting digital transformation, so a significant amount of content about data utilization was added to the curriculum. During the on-the-job training that followed, we virtually checked in with each new hire on a monthly basis to identify and quickly respond to any issues related to their motivation, workload, or emotional stress from working remotely.

Doctorate from Kobe University: Bringing Added Value to LM Guide Development



Tomofumi Ohashi

Fundamental Technology Research Laboratory, Engineering Division

During my graduate student days before joining THK, I researched motion controls for feed drive systems, including linear motors and ball screws. As part of that process, I learned that THK develops linear motor drivers, and I decided I wanted to make use of my expertise by joining THK.

Since coming on board, I have worked on developing a control algorithm for servo drivers, learning about electricity and machines in addition to software. I have also been

involved in research on nanometer-level positioning technology for feed drive systems. At the urging of the colleagues I worked with on that project and my manager, I enrolled in the mechanical engineering doctorate program at Kobe University's Graduate School of Engineering in April 2017. This gets a bit technical, but when an LM Guide moves back and forth, it demonstrates a friction phenomenon known as "non-linear spring characteristics" whenever the system changes direction. This phenomenon leads to a kind of tracking error known as "quadrant error." Therefore, in order for a feed drive system using an LM Guide to achieve highly precise contour motion, this quadrant error has to be corrected. For my doctorate program, I analyzed the mechanism that causes quadrant error and researched ways to correct it, and in March 2020, I earned my degree.

In addition, nonlinear spring characteristics also help reduce vibrations when the system stops, so I am currently researching a proposal to add value to the LM Guide by capitalizing on these characteristics in a way that meets customer specifications.

Involvement in Society

THK Education Outreach Program

Now in its fifth and final year, the THK Education Outreach Program began in 2017 as a special project in anticipation of our 50th anniversary in 2021 and with the desire to introduce children to the joy of manufacturing. The objective of this project is to use manufacturing education to foster talent that can create and develop, thinking about issues with classmates and arriving at solutions.

The coronavirus caused a number of events to be canceled or postponed in 2020. Many schools were closed for about three months between March and May, which meant that we did not conduct our middle school visits as we had done in the past.

However, we decided to hold virtual interviews for the 4th Science Castle Grant THK Prize, which is aimed at students

pursuing manufacturing-related research and development. Although the application period was during the school closures, we received submissions from 20 schools. Ten of those were selected, and those students spent half a year developing their project. The annual gathering at the end of December to present everyone's results was held online, but we made use of the meeting chat to liven things up in a different way than an in-person event. Among the ten entries, Okayama Junior and Senior High School was selected for the Best Development Prize.

We will resume our school trips and continue the Science Castle Grant THK Prize in 2021, and we are also planning to release new learning materials that can be used in middle school engineering curricula.

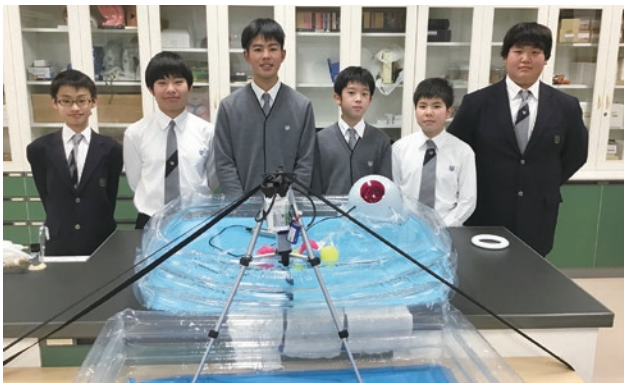
Winner of the Science Castle Grant THK Prize for Best Development: Okayama Junior High School (Okayama City)

Seeing the 2018 floods damage our friends' houses and watching the rescue teams saving people from the widespread flooding downtown after the levees collapsed made us realize our limitations. That is how we came up with the concept of creating a disaster prevention robot to minimize damage immediately after a levee collapses.

We named it the Megaslime 39. First, it uses an air pump to cause balloons to float, then an electromagnetic valve is used to release the air so the balloons can be filled with water. After that, a submersible pump adds the water so the balloons will sink from the weight of the liquid. The six water-filled balloons then plug the space where the river has broken its bank. The current robot is a miniature, indoor model. Because the battery runs out quickly and it cannot be used outside of the re-

mote control range, it is 70% complete. However, we should make a breakthrough if we can come up with solutions like adding a solar cell to keep it from losing power or putting a cellphone inside the robot to operate it remotely by using the electric current from when the phone produces sound.

When we started on this project, we were unsure if we would be successful, but our advisor supported us over those six months and gave us very reassuring advice whenever we ran into trouble. Because of the pandemic, we ran into issues with the audio and frozen screens when meeting online, but we ended up with an amazing creation. There are big challenges ahead, but we hope to see this disaster prevention robot in action.



Okayama Junior High School students who developed the disaster prevention robot



Megaslime stopping the breach

Local Communities

THK's Approach

As a good corporate citizen, our company actively contributes to society. Our activities include:

- 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

In 2020, we provided financial support to our local communities in Japan and around the world.

Additionally, although many production facilities had to forgo offering internships due to the coronavirus, five plants outside of Japan hosted a total of 74 interns.

Charitable Contributions

Date	Purpose	Recipient
1/2020	Japan Science Foundation support/membership dues	Japan Science Foundation
7/2020	Activity funds	Japanese Red Cross
9/2020	Japan Philharmonic Orchestra special member fee	Japan Philharmonic Orchestra
10/2020	The Disaster Relief Fund for Victims	Central Community Chest of Japan
12/2020	Holiday meal program	Portland Community Fund Association

Community Outreach in Response to the Pandemic

As part of our response to the coronavirus, we provided appropriate assistance to medical institutions and health care

workers who treat and care for patients, and we also aided local schools and suppliers.

Activities

Facility	Beneficiary	Details
THK Headquarters	Ministry of Health, Labour and Welfare's mask team	Donated 12,900 medical N95 masks
THK Headquarters	National Cancer Center Japan	Donated 3,120 medical N95 masks
THK Singapore	Health care workers	Joined "Clap For #SGUnited" at 8 p.m. to express gratitude
THK Singapore	Health care workers	Joined "Sing Together Singapore" to sing the Singapore National Day song "Home" at 7:55 p.m.
THK Changzhou (China)	Two machining parts suppliers	Shared documents to prepare for reopening and helped the suppliers meet government requirements for reopening
THK Changzhou (China)	Xuejiazhen government	Donated 300 masks
TMA (USA)	Perry County Family Practice	Donated five 3D-printed face shields
TMA (USA)	Licking Memorial Hospital	Donated fifty 3D-printed ear guards for masks
TMA (USA)	Licking Memorial Hospital	Donated 200 coveralls, 400 shoe coverings, and 8 face shields with headgear
TRA Michigan (USA)	St. Patrick School	Donated 24 desktop plastic barriers made in-house to prevent the spread of droplets



Face shield made at TMA



Ear guard made at TMA



Plastic barrier made at TRA Michigan

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.



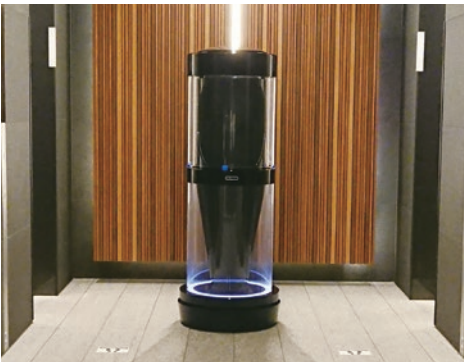
Transfer Robot: SEED-Mover with Lifter

This transfer robot combines an autonomously moving trolley and the 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 and turn 360°, even in tight spaces, and the versatile display can be used for showing advertisements, contact-free temperature checks, and more.



* 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.