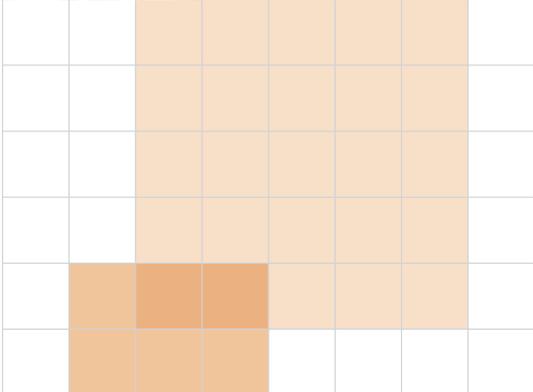




Management system



Actively pursuing CSR activities in order to contribute to society

A company must grow with society. In its business activities, THK pursues the principle of contributing to the creation of an affluent society. In accordance with its corporate philosophy, THK has practiced CSR through its core business ever since the company was founded; THK's corporate philosophy embodies the awareness that a company has to grow together with society. Today, corporate social responsibility is more important than ever. Accordingly, THK has been reexamining its past efforts and reviewing its approach, to once again ensure that employees conducting THK business are acutely aware of CSR.

The various departments involved in the CSR Project have identified 12 subject areas, including corporate governance and compliance, and are working on measures to improve and update THK's efforts in each area. At the same time, employees receive ongoing training and education to ensure that THK continues to be a company deserving of the trust society has placed in it.

THK strives to achieve higher corporate value and contribute to society through its CSR activities, and will continue to actively implement CSR-oriented management policies.

THK's basic approach to corporate governance is to strive to improve the transparency of its operations for shareholders and investors and provide appropriate and effective management to maximize shareholders' returns. In addition to ensuring the sound operation of the organization, THK has begun reinforcing and enhancing internal controls throughout the entire group, including subsidiaries and affiliated companies.

Governance system

THK employs a system of statutory auditors. The management structure, based on a Board of Auditors that includes both THK's Board of Directors and external auditors, establishes an Executive Council as the organization that considers strategy and makes timely and appropriate corporate management decisions.

The Executive Council determines the basic orientation of management and collects and compiles necessary information for discussions by the Board of Directors. The Board of Directors has ultimate authority over corporate management decisions, based on its discussions. The Board of Auditors, which meets every month and attends important meetings of the Board of Directors and other such events, is responsible for ensuring that the directors exercise their functions in compliance with the obligations and limitations prescribed by law and by the articles of incorporation. The Internal Audit Division, the only independent entity in the governance system evaluates the execution of duties, management efficiency, and internal controls, based on internal auditing regulations and in cooperation with the auditors. Our auditing activities also encompass our overseas operations, based on a four-pole approach focusing on Japan, Asia, Europe, and the Americas.

for the purpose of further solidifying its management infrastructure, in full compliance with legal requirements. In accordance with the system for planning and establishing internal controls set up in 2006, THK launched an internal controls project in fiscal 2007 and is now developing a system for ensuring the reliability of financial reporting.

The internal controls project is based on "Japan's Financial Instruments and Exchange Law", which will take effect with the settlement of accounts in March 2009 and will be implemented throughout the entire group, including subsidiaries and affiliated companies. We are currently in the process of designating companies within the group that will undergo evaluation as well as evaluating resources, addressing deficiencies, and implementing improvements.

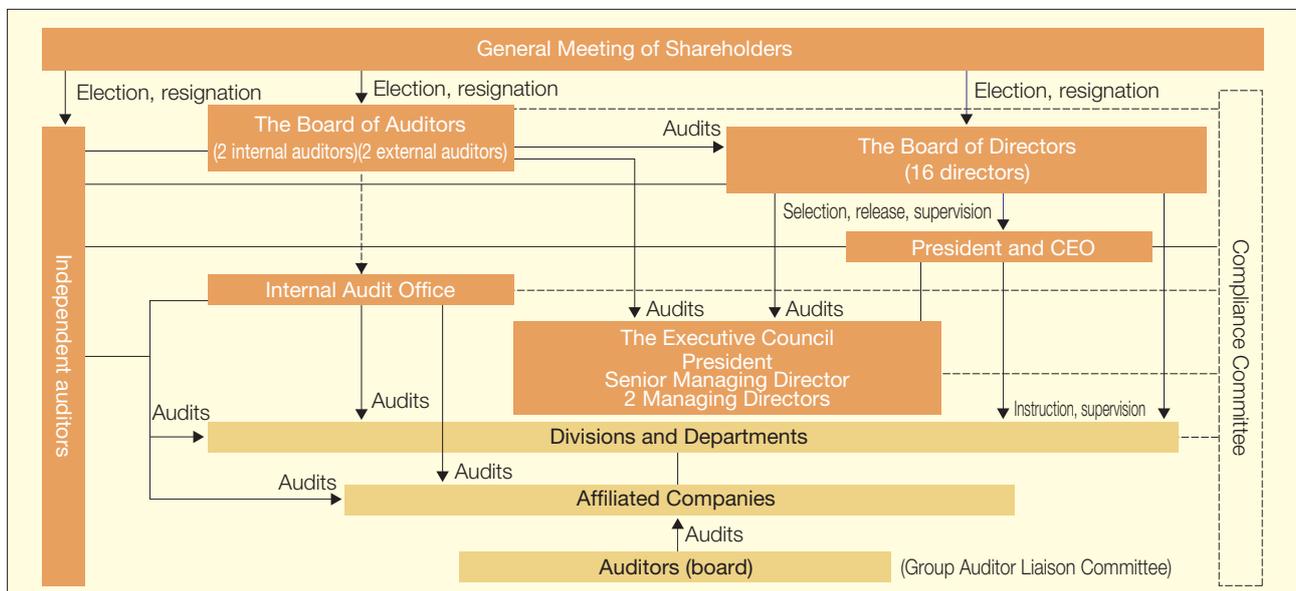
Security-related trade controls

Despite calls for stricter security-related trade controls in Japan and throughout the world in recent years violations of foreign-exchange laws are rampant. This cannot be ignored. At THK, we are creating a system to ensure that security-related trade controls are obeyed. To this end, we have set up a Security Export Control Department within the Risk Management Division under the authority of the CEO, drawn up a compliance program, and registered the program with the Ministry of Economy, Trade and Industry. Requests for confirmation of export controls from the Ministry have sharply increased, so we are establishing a mechanism to enable us to respond to client requests by posting the necessary information on our website and quickly producing the relevant documents.

Internal controls

THK is enacting measures to reinforce internal controls

Corporate Governance Framework



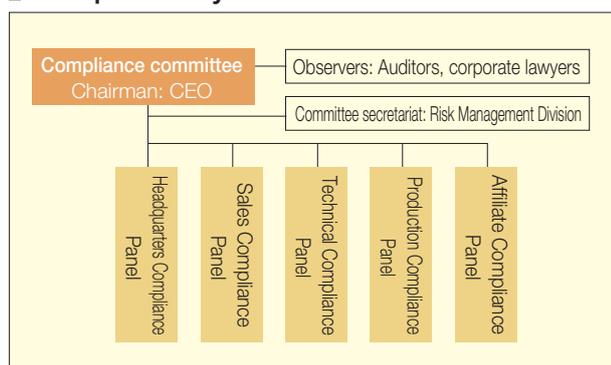
In order for us to continue to be a company deserving of the trust society has placed in us, every one of our employees must act in a compliance-conscious manner at all times. THK is establishing a system designed to ensure thorough compliance and provide employees with ongoing training and educational activities.

Compliance system

Since 2005, THK has had a standing “Compliance Committee”, chaired by the CEO. The Compliance Committee discusses and approves all policies, rules and regulations, and training programs related to compliance, and deals with compliance violations and internal reporting. “A Compliance Panel”, with representation from each business department, has also been established under the committee’s jurisdiction. A Compliance Panel member is assigned for each area and business location to organize regular workshops presided over by specialists, promote the compliance system, and serve as a consultant and liaison. Panel members also present progress reports on a regular basis, work out solutions to problems, and take countermeasures. For example, as a countermeasure against so-called disguised contract labor, checklists were distributed to all plants and labor contracts were reviewed. The Risk Management Division proposed other countermeasures and dispensed advice on how to avoid problems.

As another example, an internal “THK helpline” has been set up to help deter board members and employees from committing compliance violations and help ensure that appropriate actions are taken quickly if a violation occurs. These services are being publicized to make them better known throughout the corporation.

Compliance system



Training and educational activities

To further promote compliance, THK has initiated educational activities aimed at supervisory staff (assistant managers, group leaders, and team leaders). A total of 441 production employees including some at affiliated companies, had taken part in such activities as of February 2008.

THK has also incorporated compliance-related ed-

ucational materials (48 drill-type questions, 15 case studies) into the in-house educational resource known as e-learning*, to help employees become more aware of compliance in their daily work. In addition, management personnel attend mandatory lectures in an effort to better their understanding of compliance.

THK has engaged a lawyer to act a guest lecturer at regular study sessions for Compliance Panel members. These sessions deal with issues such as “disguised contract labor”, the Japanese law known as the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors”, “sexual harassment, and power harassment”.

* e-learning: Accessing and utilizing educational resources by computer or via a computer network



A compliance study session at THK Headquarters

Distribution of Fundamentals for the THK Group Employees

As part of THK’s efforts to perfect its compliance system, the booklet “Fundamentals for the THK Group Employees” is distributed to all employees to help them understand the company’s basic policies and perform their work properly. This booklet explains the “THK Corporate Philosophy”; “THK’s Basic Policies” defining social contributions; customer-oriented business practices; adherence to laws and regulations; and the “THK Companies Action Charter”, which sets forth action guidelines for performing one’s daily work. It also includes an abridged version of THK’s “Company Regulations”. Employees are required to carry this booklet on their person at all times and refer to it in the workplace and when working on their own.



“Fundamentals for the THK Group Employees”, published in five languages

As a basic requirement for business survival, it is essential to practice stringent risk management to minimize damage, whatever situation may arise, so that our stakeholders can have complete confidence in us. Meanwhile, we are working to establish a world-class information security system.

Commitment to Business Continuity Plan

Earthquake damage would disrupt production activities at THK plants. To protect IT equipment against damage from earthquakes, we installed a seismic isolation table at our MIE Plant in February 2008, our GIFU Plant in March 2008, and our YAMAGATA Plant in March 2008. For the same reason we plan to install a seismic isolation table at our KOFU Plant in fiscal 2008 and at our YAMAGUCHI Plant thereafter.

At THK Headquarters, we have stocked food and drinking water, a three-day supply for 165 people, as part of our BCP efforts*. Naturally, we are also devising other measures and arranging disaster-relief supplies, including rescue equipment, medical goods, and portable toilets, to ensure the physical safety of our employees and nearby residents.

* BCP: Business Continuity Plan

Preventing unauthorized access

In order to reinforce measures to protect our core systems from unauthorized access, we have reviewed our access control system and consolidated our work processes, with the cooperation of the principal departments involved. Operations began under the new system in December 2007.

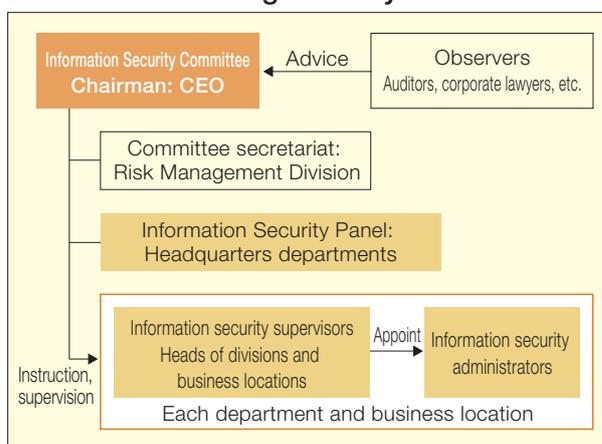
Information security system

“The Information Security Committee”, chaired by the CEO, holds discussions on regulations and educational programs concerned with information security and oversees our progress in this area. The reviewing of security-related rules was the priority task for 2007. “Regulations for managing classified Information” and “Regulations for managing Information Equipment” were thoroughly revised, and a new “Standard for managing classified Information” and “Standard for managing Information Equipment”, detailing business processing procedures, were drawn up. When the new rules were put into effect, explanatory sessions were held for security administrators in every section at every major site. Starting in 2006, information security workshops were held for management personnel, but these activities have now been completed.

Our personal data protection system is constantly being monitored and improved as part of our information security activities, to ensure that it operates in accordance with the laws and regulations governing personal data protection as well with as THK’s internal regulations.

For transactions with major cooperating companies and suppliers, conventional confidentiality agreements have been replaced by more detailed confidentiality procedures. Efforts to reinforce information security along the entire supply chain, including among suppliers, are currently underway.

Information management system



Attendance at information security workshops

	2006		2007	
	Classes	Participants	Classes	Participants
Plants	8	155	1	59
Sales	2	26	5	94

Declaration on the elimination of antisocial forces

In keeping with our basic policy of abiding by laws, THK has declared its intention to take a zero-tolerance posture against so-called antisocial forces. As a concrete example of how THK adamantly rejects any connection with antisocial forces, we have required each of our main suppliers, 311 cooperating companies and suppliers in all, to submit their own “declarations on the elimination of antisocial forces”, after first explaining the general meaning of the declaration to them.