

Message from the President



Yasunobu Suzuki, President

About this report

With the objective of carrying out a structural overhaul of the NTN Group's CSR activities and improving these activities, we have established a CSR Department at our Head Office. We began strengthening NTN's CSR activities by setting out basic policies and establishing a committee.

To report NTN's social responsibility management, we have expanded our previous "Environmental Action Report" to create this "CSR Report". It is my sincere wish that it helps you gain a deeper understanding of the NTN Group.

The corporate operating environment

As you know, corporations including NTN are in a constantly changing environment. Increased digitization and computerization is driving the globalization of corporate activities, and competition between corporations is intensifying.

Additionally, various environmental problems, including the concern about global warming, are affecting our corporate activities significantly. Issues range from energy conservation and resource conservation activities on a corporate level to energy-saving activities for society as a whole.

Recent economic development and globalization are creating a worldwide trend toward deregulation and vastly expanding the scope of corporate activities, that trends greatly affect the global environment.

Corporate stakeholders have become extremely diversified, and their demands have become more varied than before.

In terms of corporate activities, self-responsibility is becoming increasingly expected, and it is no longer enough to simply follow the law and provide good products; but it has also become expected for the corporation to have an outlook to improve society and to contribute to society. This is why CSR is something extremely important to corporations including NTN.

NTN's social responsibility activities

NTN operates with the following as our corporate philosophy "We shall contribute to international society through creating new technologies and new products." In terms of our corporate development, we believe it is important to respect the countries and regions of the world as well as their cultures and practices, while at the same time to enrich these countries and regions through the creation of a sense of purpose in the work carried out by our employees. We further believe that it is important to carry out business activities that value the natural environment and ecosystem.

We are grateful that NTN has reached the 88th year in business.

Currently, we are concluding a 3-year management plan called "Rapid Advance 21" to expand our business globally and to strengthen our management system.

Fiscal 2006 is the final stage of "Rapid Advance 21". Through "Hito-Monozukuri innovation" (developing capable employees and an innovative production system), the enhancement of further global management by strategic alliances, and speeding up product development, we intend to achieve our plan.

By increasing NTN's corporate value, we hope to strengthen our brand power worldwide.

Environmental activities

On the environmental side, we are proactively acting on various regulatory requirements, while at the same time reducing our impact on the environment and making every effort to create a recycling society.

Global problems such as global warming, environmental pollution, and the destruction of the natural world are becoming more serious. NTN regards co-existence with the environment as an issue of utmost importance and we are promoting the reduction of CO₂ emissions and total recycling on a global level. We are aiming to eliminate environmentally hazardous substances in our products and manufacturing processes, while at the same time proactively striving to develop environmentally responsive products.

Additionally, we are exporting our environmental management programs or philosophy overseas and including our suppliers.

The sites that received ISO 14001 certification last fiscal year were NTN Mie Corporation in Japan and Shanghai NTN Corp. overseas, bringing the total number of certified sites to 14 domestically and 13 overseas. To expand the scope of environmental stewardship, we have also requested our suppliers that they receive certification.

Furthermore, we are supporting our smaller suppliers in their attempts to gain the "Eco Stage" certification, in order to reduce the environmental burden throughout NTN's entire supply chain.

NTN's bearings and constant velocity joints are "eco-friendly products" in that they reduce losses during transmission of energy in the form of rotation and torque. At NTN, we are aiming to further improve transmission efficiency, and based on the technology we have developed so far, we are developing our very own next-generation products that have a wide range of applications in the environmental and energy fields. We are actively introducing wind and solar power generation systems at various sites, recognizing that the utilization of natural energy is one solution to promote environmental conservation.

Social activities

From a social standpoint, we routinely conform to legal and regulatory requirements in the course of our corporate activities. We also intend to deepen our communication with our stakeholders and respond to various expectations.

Through locally-based activities to contribute to society -- such as the promotion of greening, environ-

mental beautification, and sports at the various sites of the NTN Group -- we intend to have an active relationship with local residents as a corporate citizen in addition to carrying out our business activities. Also, we supply our products free of charge and give technical advice to university clubs related to motor sports to support Monozukuri activities at the student level.

With respect to our employees, we have established a "Human Resource Training Center" at our Monozukuri Headquarters based on the belief that "Monozukuri is based on activities to develop capable employees". At this center, technical knowledge and skills are passed on and safety education is carried out to actively develop the people who will be taking on the Monozukuri of tomorrow, as well as to create a safe and exciting workplace. Also, at our Iwata, Kuwana, and Okayama Works, we have "Ideal Workshops" (social welfare plants) where we support disabled persons in their efforts to become independent and to give them a sense of purpose in their work through our active efforts to employ disabled people.

Lastly

The spirit of CSR already permeates society. However, we believe that making CSR a core management priority and actually putting it in practice will become a more substantial issue for corporations. NTN has acted to incorporate CSR into our management practices through strengthening our structure by creating a CSR Department and establishing a basic policy. We believe that CSR is a never-ending effort on the part of a corporation to determine its responsibilities, to create its own range of action, and to act accordingly.

NTN is putting CSR into practice based on the conception described above and we have created our first "CSR Report" here. It is far from being totally complete but we will strive to satisfy our social responsibilities as a corporation while listening to your views and we hope you will not hesitate to share them with us.

Yasunobu Suzuki
President
NTN Corporation