

For Suppliers

We are working to strengthen our partnerships with suppliers in order to carry out the “Monozukuri” through which we can provide reliability and safety. The “Monozukuri” of each product is directly connected to the reliability and safety required by each of our customer manufacturers. To ensure this reliability and safety, we have to establish a good business relationship and close communication with our suppliers. We are cooperating with our suppliers regarding the procurement of parts and materials necessary for production, ensuring quality, cost, and delivery, as well as environmental conservation, which are all important themes to us.

Promoting good partnerships

Procurement Policy

The procurement of parts and materials is a critical issue for our expanding global production activities. Thus, strengthening our partnerships with suppliers and comprehensively increasing workplace vitality is important for our manufacturing activities.

1. To procure and supply better products more cheaply from and to the world
2. To increase corporate value side-by-side with our suppliers

2006 Procurement Policy

During fiscal 2006, with “securing stable quality of procured components and materials” and “reducing procurement costs” as our themes, we will engage in continuous improvement with our suppliers to “build in” quality from the “Monozukuri” point of view and through VA¹ and VE² activities. In addition, we will promote strategic alliances for mutual development.

***1 VA: Value Analysis**

This is a methodical process in which cost, design, and specifications are changed and alternative products are contemplated based on a consideration of the balance between cost and function.

***2 VE: Value Engineering**

This is a sequence of methods used to realize the required functions of a product with the minimum amount of resources, and in which product value and cost factors are analyzed and product value is increased.

VA/VE activities

Measures

Activities centered on VA/VE

- Increasing forging yields, which also contributes to turning efficiency
- Establishing an optimized processing sequence (from raw material to turning)
- Waste elimination activities done together with suppliers.



Promotion Structure

Primary department: Cost Planning Dept.
Members: Design Dept. and each Plant

Supplier Meetings

To obtain understanding and cooperation from our primary suppliers regarding our procurement policies, we hold a supplier meeting twice a year (in March and September). Suppliers are evaluated in various aspects of procurement, such as quality evaluation, cooperation with production (production increases), cooperation with cost, cooperation with VA, ISO9001 certification, and ISO14001 certification. In fiscal 2005, we presented awards of excellence and awards for contributing to VA.

Through these meetings, we are working to create good linkages with our suppliers and to strengthen our partnerships.



Green Procurement

The cooperation of the suppliers who supply components and materials is critical to provide the market with safe products that are not a burden on the environment.

All raw materials used in the parts and materials used by our company are subject to our green procurement policies. To respond to the European Union’s End-of-Life Vehicle (ELV¹) directive, the RoHS² directive (for electric and electronic products), and the green procurement standards of our customers, we hold supplier meetings to reduce the environmental burden of our procured parts at the parts manufacturing and raw material procurement stages.

¹ Substances targeted by the ELV directive (End-of-Life Vehicles): lead, mercury, cadmium, hexavalent chromium

² Substances targeted by the RoHS directive (Restriction on the use of certain Hazardous Substances in electrical and electronic equipment): In addition to those targeted by the ELV directive, 2 types of brominated flame retardants are included.

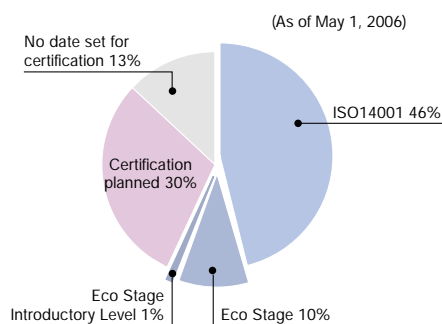
Inclusion of Suppliers in Environmental Management

In an effort to include our suppliers in environmental management, we preferentially procure parts and material from suppliers who are proactively working to improve the environmental aspects of their operations and we request that our primary suppliers obtain ISO14001 certification or the Eco Stage certification, which is meant for small- to medium-sized firms. For those suppliers that request it, our subsidiary NTN Technical Service Corp. carries out certification support for the Eco Stage and the Eco Stage Introductory Level certifications.

Promoting an Introductory Eco Stage

Eco Stage is an environmental management evaluation and support system originally conceived for small- to medium-sized firms. Our company proposed an "abridged version" with an even lighter certification workload and this has been realized as the "Eco Stage Introductory Level" for small-scale businesses, which has been adopted as a trial certification level. Our company promotes this Introductory Level for suppliers with 10 employees or less, and 2 companies have obtained this certification so far.

Environmental Certification Status of our Primary Suppliers (332 companies in total)



Promoting the Introduction of Eco Stage



Mr. Sokoku Nakamura
From Nakamura Seisakusho

"Taking on the challenge of obtaining the 'Eco Stage Introductory Level' certification"

Our company and Nakamura Seisakusho (Nishinari Ward, Osaka City) have had a business relationship for over 20 years. Nakamura primarily machines bearing materials.

"We've always had this preconceived notion that environmental management and ISO certification is something difficult, but the "Eco Stage Introductory Level" has a format that even a small number of people can do. It's also easy to understand and it's easy to get into. From here on, we will be making an effort to improve our management by setting targets to reduce waste products, defect rates, etc., and we want to link this effort to results."

