

# Report on Social Aspects

The company group recognizes its responsibility to all stakeholders and endeavors to abide by that responsibility in its corporate activities.

- 22 Responsibility to Customers
- 25 Responsibility to Suppliers
- 26 Responsibility to Employees
- 29 Responsibility to Shareholders
- 30 Responsibility to Local Communities



# Aiming to Provide Optimum Quality and Service

The company made “improvement of corporate value” as the basic policy for the medium-range management plan. One part gives importance to customer satisfaction – provision of optimum quality and service. In 2006, we promoted continuous activity to ensure customer satisfaction as well as to maintain safety and quality.

## Basic quality policy

### Quality improvement for customer satisfaction

This company thinks the most important thing for customers is to maintain and improve quality.

Under NTN’s “basic quality policy,” we pursue appropriate quality for customers from three points of view, “applicable quality,” “competitive quality” and “economic quality.”

### Basic Quality Policy

Pursuit of appropriate quality satisfying performance and specification requested by customers

- Quality applicable to the various requests of customers (applicable quality)
- Superior quality in the marketplace (competitive quality)
- Quality profitable to the enterprise (economic quality)

## Quality control policy for 2006

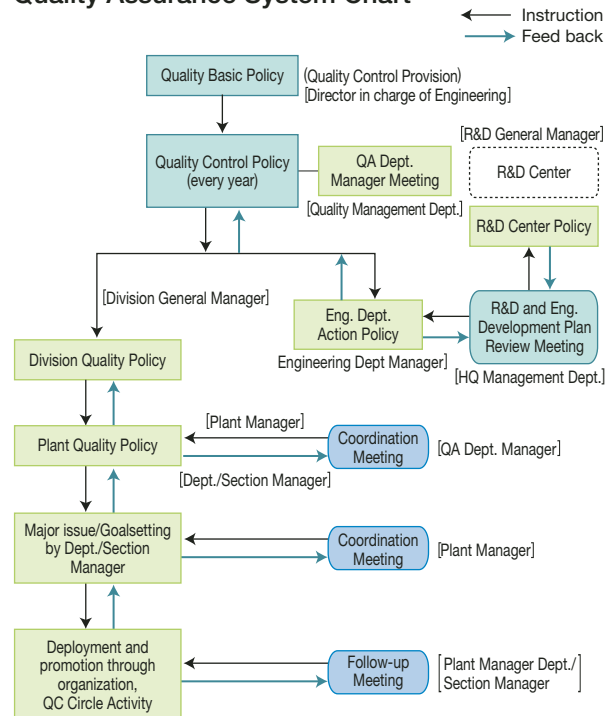
### Aiming at top quality with zero claims

Based on its basic quality policy, the company determines an annual “quality control policy” in the Engineering, Production and Sales departments.

The Policy and details for each department for 2006 are as shown below.

In 2006, for manufacturing quality that satisfies

## Quality Assurance System Chart



customers, the annual theme was “Quality is NTN’s brand power. We will achieve zero claims and attain No.1 global quality by building quality into the manufacturing process.” The theme was posted and engaged in by the NTN group.

We set a new theme for 2007, aiming at further improvements in quality.

### Quality Control Policy for 2006

#### Engineering : “Design determines all” will be continued

Continued from 2005, this concept aims at claim prevention at the root source, with enhanced verification at the design stage, with drawings conforming to production needs. We promote the following views: 1 ) to understand the performance demanded by customers and service conditions, 2 ) robust design\* aimed at eliminating claims in the market, 3 ) designs easy to understand, easy to manufacture and difficult to mistake.

#### Production : Prevention of claim recurrence and ensuring quality of new products

For newly launched products, to improve quality through building quality into the product and preventing claim recurrence, we promote the following points, 1 ) reorganization of the domestic quality control system, 2 ) construction of a global quality control system, 3 ) handing down of quality-oriented technology and skills, 4 ) guidance to affiliated companies.

#### Sales : Provide what the customer demands

To satisfy customers, we promote, 1 ) better evaluation of and knowledge of what satisfies customers 2 ) knowing customer requirements and communicating them.

\* robust design: design not affected by variations in production and the environment during service.

## Quality management system

### Quality management system conforming to international standards

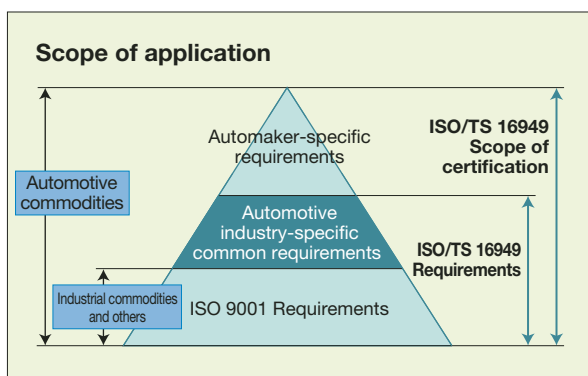
NTN has devised a quality management system conforming to the requirements of ISO 9001:2000 in all business divisions. Moreover, in business divisions manufacturing automotive products, we also acquired ISO/TS 16949:2002 certification\*.

By operating such a management system and stressing continuous improvement, we prevent nonconformances and provide products that can be relied on by customers.

\* ISO/TS 16949:2002: The highest quality standard system incorporating specifications established by American and European manufacturers based on ISO 9001:2000.

### Highest quality certification in the automotive industry

The company acquired certification of ISO/TS 16949:2002 in its 5 domestic business divisions in 2004 and has



### Major customers who require conformity to ISO/TS 16949:2002, sites and commodities

Customer	Customer-specific requirement	Site in charge	Commodity
Ford	Ford Motor Company Customer-Specific Requirements For Use With ISO/TS 16949	Kuwana Works	Cylindrical roller bearings for automobiles
		Iwata Works	Belt-tensioners
		Okayama Works	Axle bearings
Daimler Chrysler	Guideline for Quality Assurance in Product Realization (Europe)	Iwata Works	Ball bearings for automobiles Needle roller bearings for automobiles
		Kuwana Works	Ball bearings for automobiles Cylindrical roller bearings for automobiles
		Okayama Works	Tapered roller bearings for automobiles Axle bearings
		NTN Kongo Corp.	Ball bearings for automobiles
	Customer-Specific Requirements for use with ISO/TS 16949 (US)	Nagano Works	Autotensioners
GM	Customer Specific Requirements For Use With ISO/TS 16949	Iwata Works	Needle roller bearings for automobiles

expanded it to 10 sites including 9 overseas business divisions.

Under this quality management system, which satisfies requirements for automotive products, we are continuously addressing the prevention of nonconformities and troubles in the supply chain and the reduction of quality variation and waste to provide the highest quality product to automobile manufacturers worldwide.

## User support system

### The importance of information provision and direct communication

NTN, as part of promoting an “increase in customer satisfaction by providing the highest quality and service,” allocates fulltime sales personnel and sales engineers for major customers and sales agents so as to be able to directly respond to all requirements. As to basic product information, we distribute product catalogues and handbooks by product and provide technical information directly.

We seek to increase opportunities to hold exhibitions of products at customers’ facilities and for engineers to go and hear directly from customers. In 2006, we held 8 exhibitions at customers’ facilities. The results of questionnaires after exhibitions have been favorable and we are judging that we have been successful.

For questions and claims from customers after delivery, we have a system to receive them at each branch and respond quickly to them.

## Response to major problems

### Sales, Quality Assurance and Engineering/Research divisions combine

For any major quality problem, the company has a system that will immediately organize a special emergency structure across the Sales, Quality Assurance and Engineering/Research divisions to handle and settle it as soon as possible.

In 2006, we had no major quality problems.

## Appropriate control and protection of customer information

### Thorough education of employees

Since the establishment of confidentiality rules in 1991, the company has endeavored to make it known to employees to protect information obtained from customers.

To those who are transferred or dispatched to departments handling much customer information, we explain our policy of how to respond based on confidentiality rules as introductory training. In 2006, 54 people assigned to the Sales Division were trained on confidentiality rules and document control.

As a result, there were no violations of proprietary information procedures in the company or at affiliates.

## Asking affiliates for cooperation

### Addressing quality improvement with suppliers

This company holds annually quality audits or “affiliate quality improvement meetings” with business partners (suppliers) from whom we receive parts and materials. At affiliate quality improvement meetings, the top management of affiliates are invited to participate and the results of activities are presented.

In 2006, under the theme “Quality shows NTN’s brand power to customers,” 128 companies participated. Quality improvement successes were presented by 3 companies with customers participating and giving lectures on quality.



Awards Ceremony for successful results



Affiliate quality improvement meeting

### Educating sales agents on product technology

The company uses a Sales Agent System and organized a Domestic Sales Agent Association consisting of 65 companies. NTN periodically holds exhibitions and training courses. It also educates about product technology in order to improve the understanding of the construction and performance of products and how to handle them.

In 2006, we held a domestic sales agent meeting and conducted a technological class at that meeting as well as at each area. We received favorable evaluations and judged that certain results were obtained regarding technological understanding. In the future, we plan to continue and enhance this technological class.



Domestic Sales Agent Meeting Awards Ceremony for overall excellence

From left: Daijiku Co.  
Nitto Shokai Co., Ltd.  
NTN President Suzuki  
Toamec Inc.  
Hamasho Corp.

## Contact windows for customers

### Aiming to improve customer satisfaction

Communications from customers are received through telephone as well as through the internet homepage and the sales agent order system (e-Wings). A system has been prepared so that the person in charge of the contact window immediately responds to any communication.

The company included “brand power improvement” in its medium range management plan, and to realize this, is especially promoting the improvement of customer satisfaction as the most important activity. As one project, a system was constructed so that a fulltime sales person and engineer are assigned to respond directly to inquiries from major customers and sales agents. We strive to hold exhibitions or engineering seminars at customers’ facilities to increase the opportunities for NTN engineers to hear from customers.