

# Reducing the Environmental Impact of our Supply Chain

## Promoting environmental management at suppliers

### Promoting awareness at our suppliers

#### Encouraging suppliers to obtain environmental management system certification

We have made a request to our primary suppliers to obtain environmental management system (EMS) certification such as ISO14001 or its simplified version EcoStage\*<sup>1</sup>.

In fiscal 2007, 12 more suppliers obtained environmental management certification. This means that 85% of our 281 primary suppliers have obtained certification. We have visited each supplier without any plans to obtain certification to tell them about EcoStage certification and its simplified version to them, the “EcoStage entry version\*<sup>2</sup>” and to ask them to obtain certification. We even have a system in which some of our ex-employees act as consultants to help companies to obtain certification.

In these ways, NTN is helping suppliers obtain EMS certification to promote environmental management over our entire supply chain.

The NTN Group is promoting the Household Eco-Account Book (see p. 14) within the group; we also give this booklet to suppliers who request it so their employees’ households can also carry out these practices.

\*<sup>1</sup> EcoStage: The environmental management system of the EcoStage Institute.  
 \*<sup>2</sup> EcoStage entry version: NTN proposed this EMS to the EcoStage Institute for small companies with up to 15 employees. It was adopted as a trial certification level in 2004.



Encourages suppliers to obtain EcoStage certification

### Green procurement

#### NTN distributes the “NTN green procurement standard” and calls on suppliers to keep out environmentally hazardous substances

To prevent the entry of environmentally hazardous substances in our products, we distribute the “NTN Green Procurement Standard” both within and outside the company, and we constantly call on suppliers to thoroughly comply with it.

This standard requests that all suppliers create an environmental management system and to manage and reduce environmentally hazardous substances. Also, for prohibited substances, which are particularly critical, we make requests to suppliers to submit “voluntary check-sheets for management structures related to environmentally hazardous substances,” inspection records, and analysis data.

In December 2007, we held a green procurement meeting to obtain understanding and cooperation from our primary suppliers regarding our procurement policies.

Additionally, to thoroughly establish green procurement standards within the company, we use education and training sessions to notify associated employees about management standards for environmentally hazardous substances at suppliers and about requests that have been made to suppliers.

We plan to continue working to thoroughly establish our green procurement standard both within and outside the company.



Supplier meeting

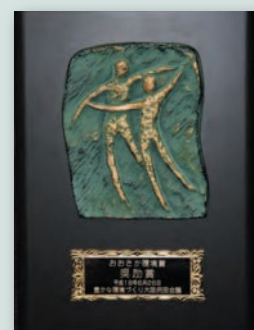
### Column

#### NTN received the “Osaka Environment Prize / Incentive Prize”

In June 2007, NTN received the “2007 Osaka Environment Prize\* / Incentive Prize” administered by the Osaka prefectural government. This prize was awarded for promoting environmental management by suppliers, for helping to make third-party certification realistic for small companies through the “EcoStage entry version” as well as for supporting the creation and certification of environmental management systems in a practical manner.

We will continue to support activities in order to fully realize environmental management at the NTN Group and at suppliers.

\* Osaka Environment Prize: A prize awarded to recognize individuals, groups, and companies for distinguished achievement and for setting an example in environmental conservation and creative activity.



## Managing environmentally hazardous substances

### Strengthened our receiving inspection system

In order to establish thorough management over environmentally hazardous substances, we work hard to strengthen our receiving inspection system. In fiscal 2007, we expanded the capabilities of the fluorescent X-ray analysis unit and we introduced a similar unit for the main operating site.

As our suppliers strengthen their management of environmentally hazardous substances in accordance with the Green Procurement Standard, we are reinforcing our analysis capabilities to have a thorough system in place to prevent environmentally hazardous substances from entering our products.

### Working to be REACH compliant

In June 2007, a regulation known as REACH was put into force in the European Union (EU). This regulation requires manufacturers and importers to register and carry out safety evaluations on all chemicals used within the EU. It came into effect in June 2008.

In fiscal 2007, the NTN Group, focusing mainly on European sites, determined all of the materials, parts, and process substances purchased for our production processes as well as the products that we provide customers for which registration is necessary. We also obtained the assistance of raw material manufacturers to create a pre-registration plan. In order to achieve total compliance with this regulation, we will continue to work together with our raw material manufacturers to address all issues related to compliance.



The fluorescent X-ray analysis unit

## Customer audits

### Responding proactively with customer audits – excellent audit results

We proactively cooperate with audits related to environmentally hazardous substances that are carried out by customers. In fiscal 2007, we were audited by seven customers.

An example of this is the audit of our Nagano Works by FUJITSU LIMITED in May and August 2007. The result was 100% compliance, and we received the comment that “everything from the raw material procurement stage was free of environmentally hazardous substances, and there is no risk of these substances entering the manufacturing processes.”

We will continue to work to thoroughly control environmentally hazardous substances and to intensify our management system.

## Column The “2nd annual NTN Environmental Grand Prize” ceremony

Our company established the “NTN Environmental Grand Prize” in order to recognize suppliers and internal departments that have been active in their environmental preservation activities. In July 2007, we held the second annual ceremony to recognize companies that have actively engaged in acquiring ISO14001 or EcoStage certification, and we recognized four companies that have achieved significant results.

We also recognized the departments of head office that have been contributing to society by doing early-morning cleaning of the walkways around the operating site for over a year.

Supplier / NTN department	Location	Reason
Nakatsuji Iron Works Co., Ltd.	Sakai, Osaka Prefecture	Passionate about environmental management, and despite their small size, obtained ISO14001 certification.
Sonoda Seisakusho	Amagasaki, Hyogo Prefecture	Obtained EcoStage certification and is actively carrying out environmental management.
Futaba Koken	Hamamatsu, Shizuoka Prefecture	
Isobe Seiko	Hamamatsu, Shizuoka Prefecture	Obtained the EcoStage entry version No. 1.
NTN Head Office	Osaka	Carried out monthly early-morning clean-ups of the walkways along Yotsubashi-suji Street.



The award ceremony