

# Responsibility to Suppliers

Working together as a partner that takes responsibility for quality and the environment

## Helping suppliers improve quality

### Sharing knowledge and know-how to improve quality

We continue to support suppliers in their efforts to improve quality. Part of this is our “Supplier quality improvement meeting,” which we hold each year. At this meeting, each supplier presents examples of improvements and attends presentations by external speakers, thus sharing knowledge and know-how to raise awareness of quality improvement issues.

In fiscal 2008, this meeting was held on November 18 and a total of 113 companies participated. We also

recognized suppliers for their contributions to improved quality and we had external speakers give talks on quality.

Additionally, we support suppliers in their efforts to obtain ISO 9001 certification. For those suppliers that carry out special processes (such as forging and heat treatment), we carry out a yearly quality audit, and we request that they review their work procedures and strengthen their quality assurance system. These support measures have resulted in a decreasing number of customer complaints caused by problems at our suppliers.



Supplier quality improvement meeting

### Growing together with our suppliers

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We hold a Supplier quality improvement meeting yearly as part of our support of efforts to raise quality so that we can grow together with our suppliers. This fiscal year, we had a difficult time allocating programs, choosing a theme for our quality talk, and choosing a speaker, but we received warm applause from everyone after the talk, and I was very relieved.

## Procurement Policy

### Strengthening our system of cooperative progress with strategic partners

Suppliers who (1) have strengths in technology and quality, (2) who want to expand overseas, and (3) who are able to jointly spearhead efforts to increase corporate value are considered to be strategic partners. Strategic partners form the core of NTN's parts and services suppliers.

We will continue to strengthen our systems to cooperate with strategic partners. We aim to consider environmentally-friendly green procurement as we improve quality and our technical strengths.

### Maintaining fair and appropriate relationships

#### Continuing our periodic internal audits to maintain fair dealings

Since we established our “voluntary audit manual for subcontractors” in 1997, we have carried out periodic internal audits at each operating site to check that dealings are appropriate and are fair according to the Subcontract Act. The Procurement Dept. gets involved to provide audits and guidance as needed.

To thoroughly establish the importance of fair dealing with subcontractors, we require all of our procurement staff to attend external seminars about dealing with subcontractors fairly.

The Subcontract Act applies to approximately 80% (by count) of our suppliers.

## Dialogue with suppliers

### Sharing important information related to our business plan

NTN holds supplier meetings twice a year.

In fiscal 2008, 85 suppliers participated in these meetings, and we not only explained the trends in production volume at each of our operating sites, but also requested their support for our production activities and asked them to obtain various types of certification. In addition, we recognized 10 companies based on a large number of variables including their excellence (quality, production, and value) and ISO certification status.

We use questionnaires to better understand the business conditions of our suppliers and we help them strengthen their business base when necessary.



Supplier meeting