

Strengthening our system of cooperative progress with strategic partners

Procurement Policy

Procuring from 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.

Basic procurement policy

1. To pursue stable procurement for best quality/cost and prepare for market fluctuations.
2. To improve corporate value for both sides through mutual cooperation.
3. To create trust with affiliated companies by observing rules, regulations and social precepts.
4. To comply with social duties such as preservation of the global environment through procurement activity.

Fair Dealings

Fair and responsible dealings with suppliers

Our "CSR Policy" states that we shall establish excellent partnerships with our suppliers and engage in appropriate dealings with them.

Supporting Suppliers in Acting Responsibly

Helping responsible suppliers obtain environmental management system certification

We help suppliers to become certified under the "EcoStage,"*1 the "EcoStage entry version,"**2 and other environmental management systems. We visit responsible suppliers that do not plan to obtain certification to tell them about "EcoStage" and the "EcoStage entry version" to them. We even have a system in which some of our ex-employees act as consultants to help companies to obtain certification.

By fiscal 2009, 33 suppliers had received "EcoStage" certification, with another 15 qualifying under the "EcoStage entry version."

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

Helping prevent infections from new strains of influenza

In 2009, we set up a crisis management center to prevent infection from new strains of influenza under the World Health Organization's issuance of its phase 5 pandemic alert. We also asked suppliers to cooperate with precautionary measures. After infections were confirmed in Japan, we provided seven suppliers lacking sufficient masks with 2,900 of these items at no charge.

Maintaining fair and appropriate relationships

Ensuring fair subcontractor dealings

We take thorough steps to ensure fair subcontractor dealings. The Subcontractor Act applies to approximately 80% (by count) of our suppliers, and we consider it essential that suppliers fulfill their responsibility for dealing fairly with their subcontractors.

We therefore established our "voluntary audit manual for subcontractors" in 1997, and carry 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.

We require all of our procurement staff to attend external seminars about dealing with subcontractors fairly.

Communication with Suppliers

Explaining procurement policy and other requirements to suppliers

NTN holds "Responsibility to Suppliers" meetings twice a year. We explain our procurement policy and trends in production volume at each of our operating sites. But we also request the support of responsible suppliers for our production activities and ask them to obtain various types of certification.

Commemorative tree plantings share joys of mutual growth

Since celebrating our 88th anniversary in fiscal 2006, we have held annual commemorative cherry tree plantings with suppliers to share the joys of mutual growth with those companies. In fiscal 2009, 45 suppliers planted trees.



Supporting suppliers in obtaining "EcoStage" certification

Manager,
NTN Technical Service Corporation

Kiyoshi Nakanishi

The suppliers that the NTN Group supports in acquiring environmental certification include many comparatively small-scale suppliers. Our endeavors go beyond merely environmental improvements at these suppliers, they also encompass advising and guiding about reducing the percentage of defective products and fundamentally enhancing production workplace standards. We aim to both expand the sphere of the NTN Group's opening environment and also contribute to improving our suppliers' management.