

## Ensuring thorough and proper management by working with suppliers to strengthen reporting and inspections

### Green Procurement and Customer Audits

#### Developing internal auditing systems and accepting customer audits

The NTN group has established a "Green Procurement Standard" and is working with suppliers to preserve the environment and improve the environmental performance of products.

Promoting green procurement was a priority for our environmental activities policy in fiscal 2009. Particularly to comply with restrictions, laws, and regulations related to environmentally hazardous substances such as the European Union's (EU) RoHS Directive, ELV Directive, and REACH\*, we have created analytical systems for incoming parts and materials, and specialized internal auditing systems for environmentally hazardous substances.

On the other hand, we also respond positively to requests for customer audits. In fiscal 2009, eight operating sites received such audits related to the management of environmentally hazardous substances. Every site passed.

One of the customers, Canon Inc., in a follow-up from two years ago, again conducted what it calls "Canon Green Procurement Activity Certification." Canon performs environmental audits of all suppliers every two years, granting certification to those suppliers with systems for managing environmentally hazardous substances that meet its desired criteria. Canon, as a rule, conducts business only with those suppliers that receive this certification. The audit included both verification of substance management status companywide and audits of specific sites, and resulted in NTN having its certification renewed for another two years.

\*REACH: This regulation deals with the Registration, Evaluation, Authorization, and registration of Chemicals.

### Our Response to REACH

#### Sharing data on substances of very high concern with suppliers

REACH is an EU regulation that came into effect in June 2007 that requires manufacturers and importers to register and evaluate the safety of chemicals in any product used in the EU.



Customer audits

In a follow up to 2008, in December 2009 the European Chemicals Agency announced more additions to a list of 15 substances of very high concern (SVHCs) that are carcinogenic and tend to bioaccumulate.

NTN investigated the documentation related to these substances at companies that supply us with materials and components. This investigation confirmed the presence of phthalate esters, a substance announced as SVHCs in 2008, in rubber components. Suppliers have also responded that their products currently contain none of the SVHCs additions announced in December 2009 (as of June 2010). Regarding the rubber components containing phthalate esters, we intend to promote the use of substitutes from the standpoint of proper risk management.

NTN's customers are found across a wide range of industries. For this reason, NTN is a member of the Joint Article Management Promotion-consortium (JAMP), an organization that promotes a uniform investigation format applicable across industries. Membership in JAMP has allowed NTN to develop a framework for responding smoothly to investigations by customers of our possible use of any hazardous substances.

### Reducing Substances Designated by the PRTR Law

#### Fulfillment beyond the targets

The NTN group works to reduce the amount of designated chemicals that we emit and transfer into the environment—substances that we are required by the PRTR Law to track and report. Specifically, our fiscal 2009 goal was to achieve a 38% reduction over the fiscal 2006 level in the use of these substances, and our fiscal 2010 target is a 45% reduction. In fiscal 2009, we were able to meet our target with a robust 55% reduction.

Due to November 2008 amendments to the PRTR Law, the number of substances that we must track and manage will increase from fiscal 2010. Because of this impending change, in fiscal 2009 we took steps to clarify the volume of such substances that we use.

#### Usage of substances designated by the PRTR Law

