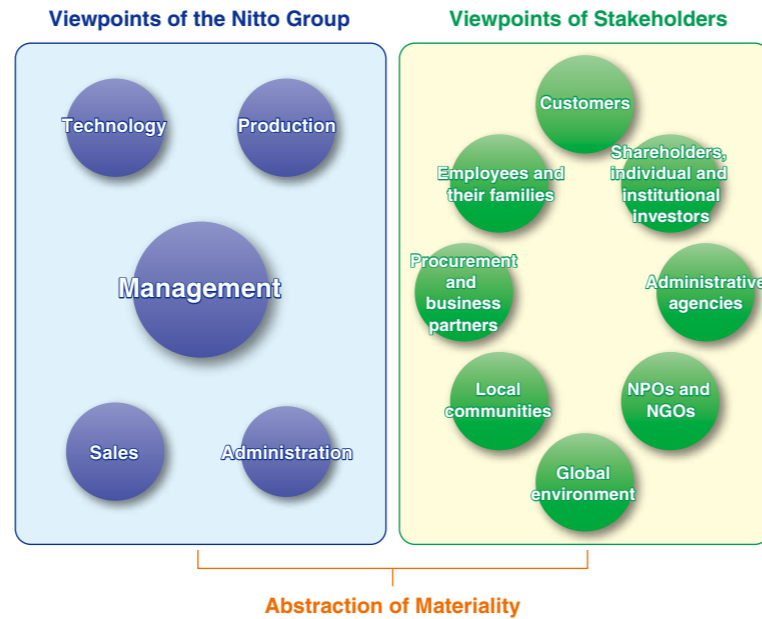# Materiality

The Nitto Group identifies material issues according to the following processes:
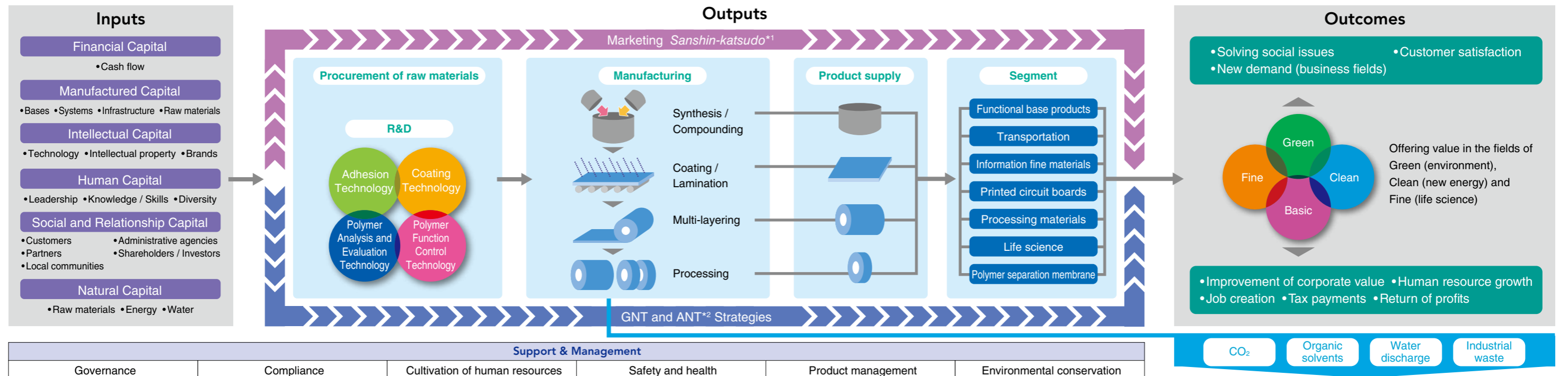
Abstraction of Materiality

The Nitto Group abstracts materiality from the viewpoints of both the Nitto Group and its stakeholders. (Refer to chart to the right)

Identification of Material Issues in Management

Important business challenges are deliberated at management conferences and incorporated into our Mid-term Management Plan.

Identification of Material Issues in Specialized fields

The important challenges which have been defined in each specialized division and committee obtain approval in budgetary discussions and are reflected in each policy and activity plan.

Identification of Material Issues for Reporting

The CSR committee decides items for reporting from the above material issues referring to GRI Guidelines.

Viewpoints of the Nitto Group

- Technology
- Production
- **Management**
- Sales
- Administration

Viewpoints of Stakeholders

- Customers
- Shareholders, individual and institutional investors
- Employees and their families
- Administrative agencies
- Procurement and business partners
- Local communities
- NPOs and NGOs
- Global environment

Abstraction of Materiality

■ Materiality

	Initiatives to Address Materiality	Goals/Aspirations for the Future	References for Action/Progress	
			Reports	Websites
Business	•Propelling of growth strategies •Reinforcement of business foundations •Resource allocation: 400.0 billion yen	Steadily implementing growth strategies and accelerating the creation of new project themes in the three focus domains, thereby building the foundations toward the next stage of growth	Pp. 9-13 Pp. 19-26	Management Concepts Investor Relations
Governance	•Appropriate disclosure and transparency •Auditing and internal control •Constructive dialogue with stakeholders	Sustaining perpetual growth by maximizing corporate value	P. 13	Corporate Governance
Occupational Safety and Health	•Fostering of safety culture •Maintenance and improvement of employees' safety and health	Achieving zero accidents and injuries by having everyone contribute to the creation of workplaces in which they can work safely and in good health	P. 14	Relationship with Society
Environmental Management	Recognition of the four types of risk (climate change, resource depletion, the water crisis, and decrease of biodiversity) and countermeasures against them	Offering solutions to society that contribute to environmental conservation for the sake of protecting our planet for future generations	P. 15	Environmental Efforts
Compliance and Human Rights	Thorough observance of compliance and human rights enlightenment	Observing the "Nitto Group Business Conduct Guidelines" and "CSR-Based Procurement Guidelines" across entire supply chains	P. 16	Corporate Governance Relationship with Society
Employment and Development of Human Resources	•Labor management •Promotion of diversity •Wide-range training scheme	Contributing to business growth by building a solid personnel base through optimal allocation of people across the globe	Pp. 17-18	Employment
Risk Management	•Risk identification and countermeasures •Reinforcement of information security management	Responding proactively to perceived risks and ensuring business continuity by taking proper actions during emergencies	Pp. 27-29	Corporate Governance
Business Continuity	Disaster mitigation and preparations for quick recovery	Protecting lives and fulfilling responsibilities for product supply	P. 29	Corporate Governance
Value Chain Management	•Promotion of CSR-based procurement •Enhancement of customer satisfaction •Reduction of environmental impact	Ensuring stakeholders' wellbeing by way of product management throughout the value chain	Pp. 30-34	Relationship with Society Environmental Efforts Procurement
Social Contributions	Support for solutions to issues in host communities	Achieving harmony with society and host communities	Pp. 39-40	Relationship with Society

Value Creation Process

Inputs

- **Financial Capital**
  - •Cash flow
- **Manufactured Capital**
  - •Bases •Systems •Infrastructure •Raw materials
- **Intellectual Capital**
  - •Technology •Intellectual property •Brands
- **Human Capital**
  - •Leadership •Knowledge / Skills •Diversity
- **Social and Relationship Capital**
  - •Customers •Administrative agencies •Partners •Shareholders / Investors •Local communities
- **Natural Capital**
  - •Raw materials •Energy •Water

Outputs

Marketing *Sanshin-katsudo**1

Procurement of raw materials

R&D
- Adhesion Technology
- Coating Technology
- Polymer Analysis and Evaluation Technology
- Polymer Function Control Technology

Manufacturing
- Synthesis / Compounding
- Coating / Lamination
- Multi-layering
- Processing

Product supply

Segment
- Functional base products
- Transportation
- Information fine materials
- Printed circuit boards
- Processing materials
- Life science
- Polymer separation membrane

GNT and ANT*2 Strategies

Outcomes

- •Solving social issues
- •Customer satisfaction
- •New demand (business fields)

- Green
- Fine
- Clean
- Basic

Offering value in the fields of Green (environment), Clean (new energy) and Fine (life science)

- •Improvement of corporate value •Human resource growth
- •Job creation •Tax payments •Return of profits

- CO₂
- Organic solvents
- Water discharge
- Industrial waste

Support & Management					
Governance	Compliance	Cultivation of human resources	Safety and health	Product management	Environmental conservation

*1 *Sanshin-katsudo*: Please refer to the *Nitto Group Report 2016* on our website. *2 GNT: Global Niche Top® ANT: Area Niche Top®