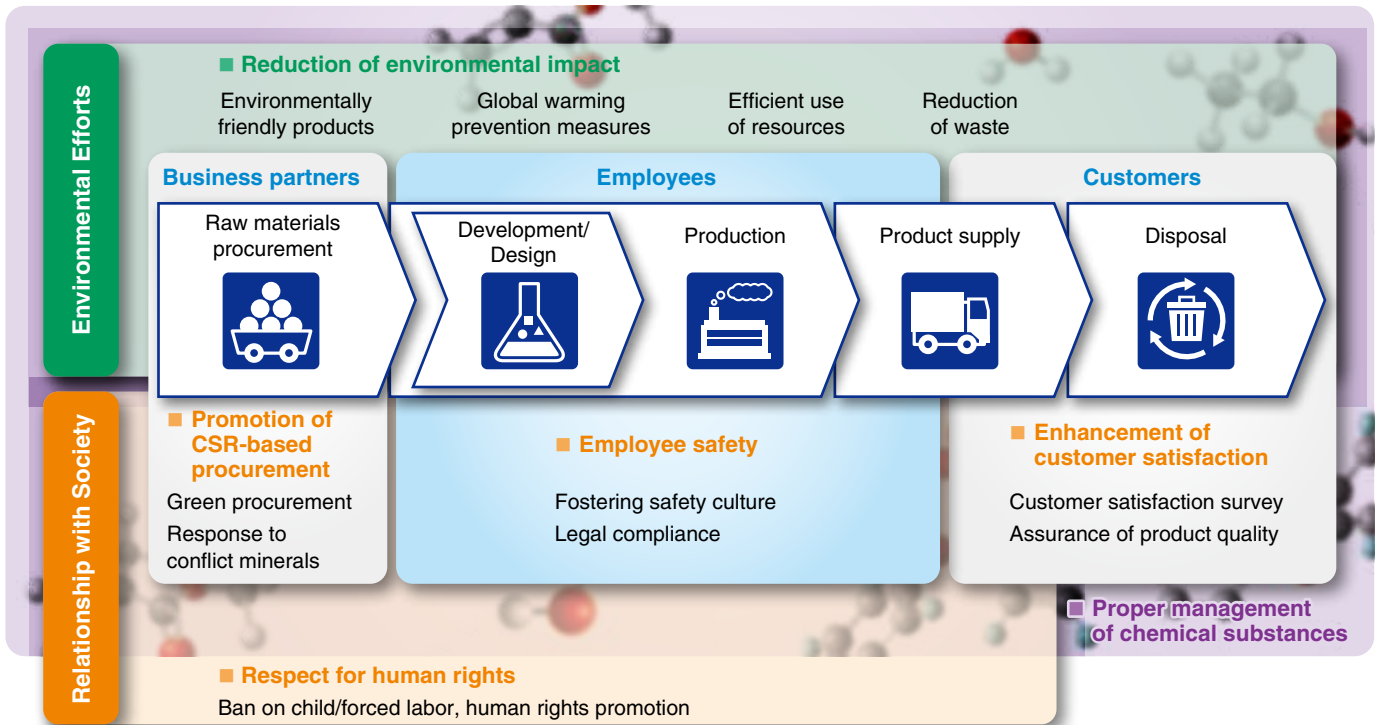


Value Chain Management



When going about its business undertakings, the Nitto Group takes into account any and all social impacts that might be incurred throughout the entire value chain from procurement of raw materials to disposal. We fulfill our corporate social responsibility by complying with the laws and regulations in every country and region that we operate in and by fully respecting the spirit of such legislation.

Relationship with Society

While always bearing in mind the environmental impact of our business activities, we promote the wellbeing of our stakeholders by practicing CSR-based procurement, increasing customer satisfaction, ensuring the safety of our employees, and respecting human rights.

Promotion of CSR-Based Procurement

We at the Nitto Group pursue CSR-based procurement so that we can become an entity that is trusted and chosen by customers, business partners, and other stakeholders. Guided by the Basic Procurement Policy and the Action Guidelines, we make every effort to conduct procurement activities without deviating from corporate ethics or social norms. Under the belief that CSR-based procurement is something that cannot be achieved by the Nitto Group alone, but rather requires the wholehearted cooperation of every party involved in the supply chain, we ask our business partners to engage in fair and equitable trade, comply with corporate ethics and applicable laws, and show consideration for the environment in line with our CSR-Based Procurement Guidelines.

In fiscal 2017, we started a new initiative designed to evaluate our business partners' commitment to CSR. The CSR-Based Procurement Business Partner Check Sheet is used to assess the adequacy of new supplier candidates. We have also sent out a questionnaire to our existing business partners on the status of CSR-based management. The questionnaire was first distributed to key business partners in Japan. The evaluation results have been fed back to the respondents so that they can improve their practices accordingly. Going forward, we plan to send out this questionnaire to a greater number of business partners at a higher frequency in order to gather even more substantial data.

We will continue to periodically monitor our business partners' efforts in this regard, thereby promoting CSR-based procurement together with them.

Green Procurement

So far, the Nitto Group has continually pursued green procurement by preferentially procuring materials with low environmental impact from environmentally conscious business partners. In fiscal 2017, we revised the sixth edition of the Green Procurement Standards and the Green Procurement Supplier Evaluation Checklist, which is used to

Value Chain Management

evaluate environmental efforts by new supplier candidates. We also newly introduced chemSHERPA* as a survey form on chemical substances in raw materials. These initiatives are expected to help our business partners to further promote green procurement and facilitate the exchange of information on chemical substances through the supply chain.

* chemSHERPA: Chemical information SHaring and Exchange under Reporting PArtnership in supply chain
chemSHERPA is a scheme that facilitates sharing of information on chemicals in products that has been developed under the lead of the Ministry of Economy, Trade and Industry of Japan.

Enhancement of Customer Satisfaction

We make constant efforts to identify, analyze, and reduce product-related risks in order to deliver products and services that satisfy our customers.

In 2017, following the exposure of Japanese companies' inappropriate practices involving product quality, the Nitto Group ordered all of its production sites to investigate the status of their quality management to confirm that there were no cases of legal violation.

In order to prevent any logistics accidents or delayed delivery, we optimized the operational rules on exports from Japan as a way of reinforcing our global logistics management system. These operational rules are now an integral part of the Group's training program scheme that serves as the basis for all of our training. Started in fiscal

2016, the initiative to attach dashboard cameras to forklifts has been incorporated at all of our plants in Japan and has reduced the number of accidents within internal logistics services by 30% (vs. fiscal 2016).

Thanks to these endeavors, every product and service provided by the Nitto Group is highly regarded by both customers and markets. With the aim of further improving our product quality and services, we periodically conduct customer satisfaction surveys and then feed the survey findings back to the relevant departments.

Environmental Efforts

We are dedicated to reducing the environmental impact generated by our business activities out of consideration for the environment on both a regional and global scale.

Efforts for Stable Use of Renewable Energy

At Nitto's Tohoku Plant, a solar power generation facility with 100% self-consumption went into full-scale operation in February 2018. Equipped with storage batteries, the facility is designed to consume all of the energy that it generates within the Plant and is expected to cut CO₂ emissions by approximately 600 tons per year and significantly reduce the amount of electricity purchased, in addition to cutting peak power demands in the area during the summer months. The facility also features an autonomous power supply system, and thus will play a key role in ensuring business continuity in the event of a major power outage.

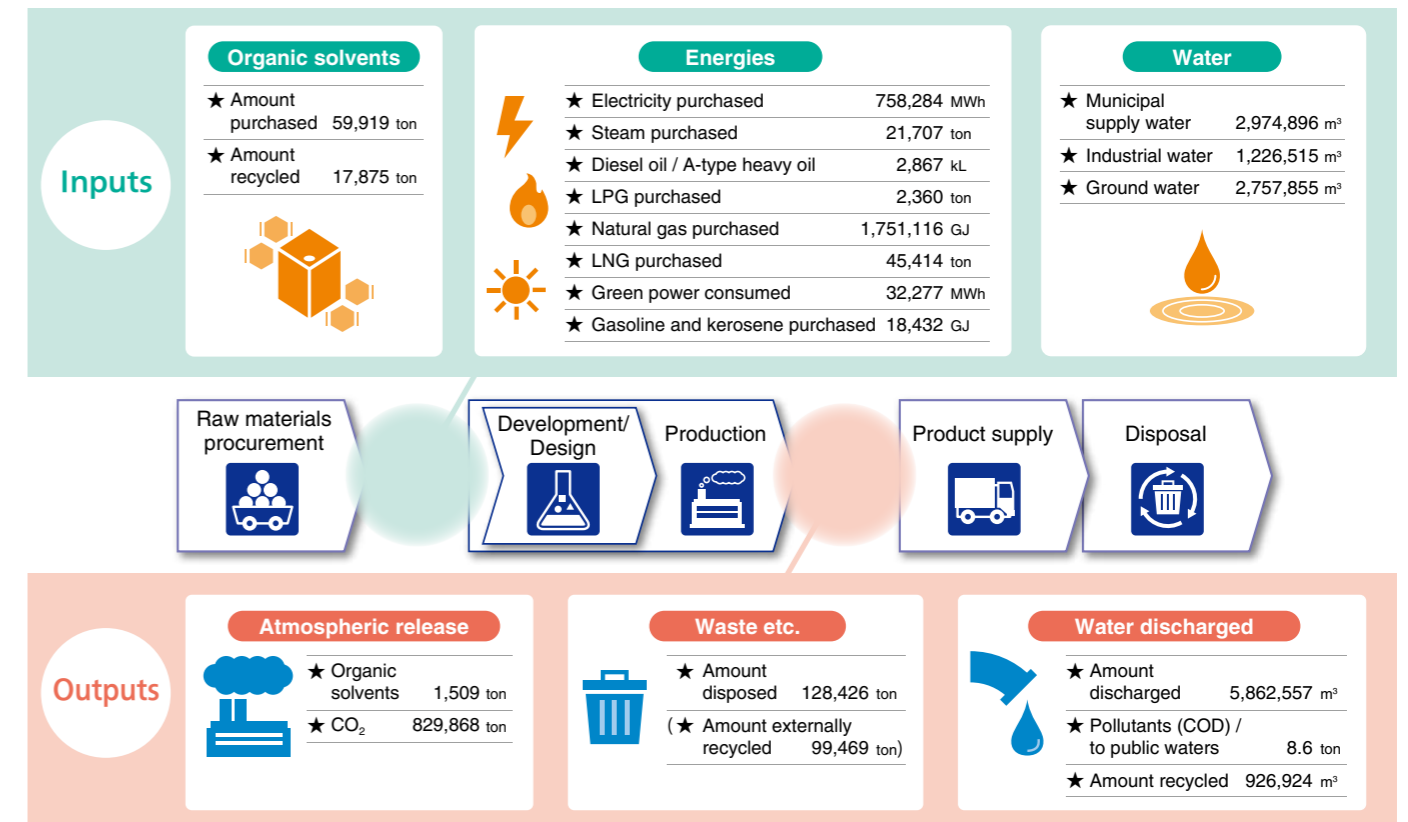
Recycling Process Wastewater and Liquid Waste Using Nitto's Products

Nitto's Shiga Plant aims to make the transition to a "recycling-oriented green plant" that reuses process wastewater and liquid waste generated from its



Solar power generation facility at Nitto's Tohoku Plant

Material Flow



manufacturing processes. Through continual testing and validation of the technologies required for concentrating such process wastewater and liquid waste using Nitto's membrane products, we are planning to not only increase the water recycling rate from the current 50% to 90% over the next five years, but also to promote the reuse of such liquid waste. By utilizing our proprietary technologies, we will continue to take on the challenge of creating new water

environment innovations and reduce the impact of our business activities on the environment.

Collection of Solvents

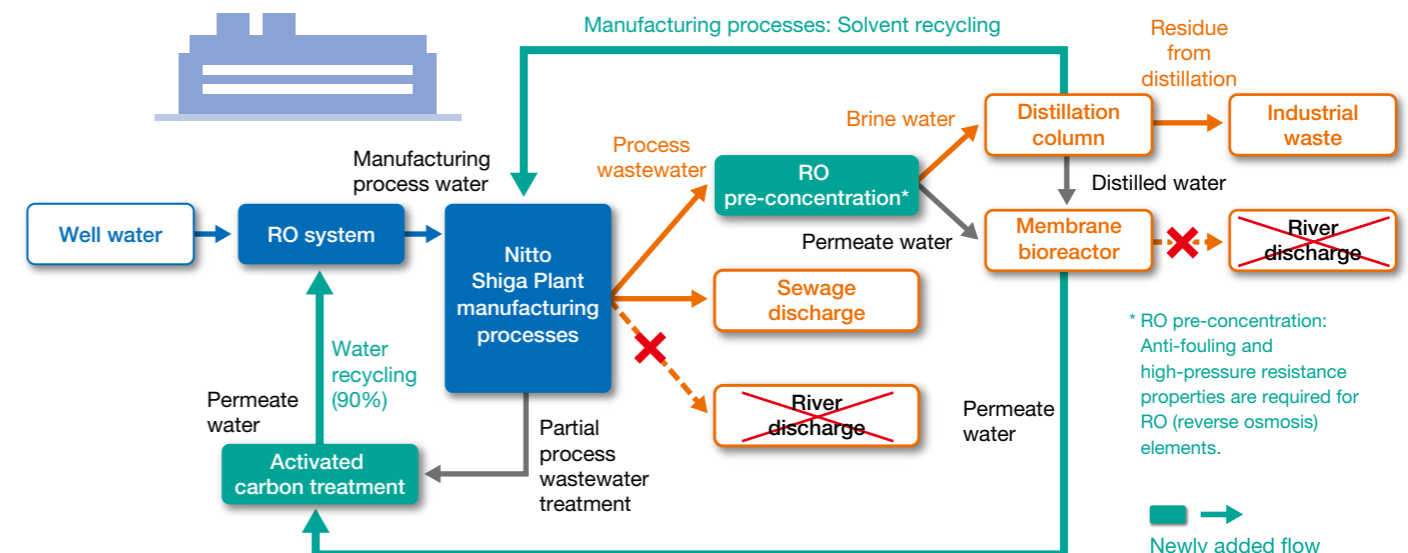
For about four decades, the Nitto Group has used activated carbon to absorb, collect, and recycle organic solvents contained in exhaust gases from production process at its

Introduction of the New Chemical Substance Management System SACRA*

At the Nitto Group, a multifunctional chemical substance management system has been in use for approximately ten years to manage information on the compositions of products and raw materials and search for laws and regulations concerning chemical substances. With the rapid globalization of our business in recent years, however, it has become difficult for the system to cope with changes in chemical substance management by the Nitto Group and transformations in operating environments. Furthermore, the increase in registration data has caused various technical difficulties, including unstable system operations. In an attempt to solve these problems, we have implemented SACRA, our new chemical substance management system, which has been implemented starting with Group companies in Japan since April 2018.

* Smart Application for Chemical Regulation in All Nitto Group

Water Supply and Drainage System Flow Chart (Goal)



Value Chain Management

main sites, thereby achieving efficient use of resources. In Japan, where some 70% of such solvents are used, the recycling rate within the plants is approximately 20%. We are planning to increase this recycling rate by continuing to expand the scope of collection and recycling of renewable solvents.



Solvent recycling equipment at Nitto Belgium NV

A new solvent recycling facility was installed at Nitto Belgium NV in fiscal 2017 as part of our bid to roll out this initiative on a global basis.

Rapid Remediation of Environmental Law Violation in Shanghai

In response to the tightening of China's Environmental Protection Law and the Regulations of Shanghai Municipality on Environmental Protection that has occurred since 2015, Nitto Denko (Shanghai Songjiang) Co., Ltd. introduced high-performance exhaust gas treatment equipment to remain compliant with the local environmental requirements.

In March 2017, however, they were fined by the local authorities for the possible leakage of air pollutants (VOCs) into the atmosphere from windows and other openings that were not exhaust vents. They have since installed an anti-leakage system and completed the introduction of high-performance exhaust gas treatment equipment. They now boast one of the most advanced VOC control strategies within the Group.

Third-Party Assurance

In order to enhance the reliability of its disclosed information, the Nitto Group has such information assured by a third-party organization. In this Report, environmental performance indicators marked with a ★ have been assured accordingly.



Independent Assurance Report

To the President, CEO & COO of Nitto Denko Corporation

We were engaged by Nitto Denko Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the "Indicators") for the period from April 1, 2017 to March 31, 2018 included in its Nitto Group Report 2018 (the "Report") for the fiscal year ended March 31, 2018.

The Company's Responsibility
The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Company's website.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the "International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the "ISAE 3410, Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's factories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
July 18, 2018

Environmental Data

Total Energy Input

GJ

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	4,385,508	4,218,336	4,384,177	4,551,713
The Americas	245,444	377,032	486,766	527,447
Europe	342,474	353,345	443,864	456,242
Asia and Oceania	1,781,411	1,732,841	1,870,231	1,864,447
Total	6,754,837	6,681,554	7,185,038	7,399,849

CO₂ Emissions (Scope 1: Direct emissions)

ton

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	310,316	265,958	252,119	250,736
The Americas	11,053	16,659	18,071	19,022
Europe	36,836	37,905	41,131	43,196
Asia and Oceania	81,207	76,622	68,829	67,468
Total	439,412	397,144	380,150	380,422

CO₂ Emissions (Scope 2: Energy indirect emissions)

ton

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	230,373	255,604	265,949	262,029
The Americas	16,006	20,771	24,224	25,649
Europe	7,253	7,014	7,455	7,278
Asia and Oceania	160,088	157,361	161,462	154,490
Total	413,720	440,750	459,090	449,446

CO₂ Emissions (Scope 3: Other indirect emissions)

ton

Purchased goods and services ★	396,698	Upstream leased assets	—
Capital goods	57,791	Downstream transportation and distribution	—
Fuel-and-energy-related activities (not included in Scope 1 or 2) ★	44,380	Processing of sold products	—
Upstream transportation and distribution	9,789	Use of sold products	—
Waste generated in operations ★	36,103	End of life treatment of sold products ★	74,536
Business travel	790	Downstream leased assets	—
Employee commuting	2,515	Franchises	—
		Investments	—

Water Withdrawal

m³

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	4,328,713	4,171,581	4,140,776	4,445,897
The Americas	580,896	719,810	666,324	643,168
Europe	85,351	88,057	82,641	78,488
Asia and Oceania	2,202,531	1,966,708	1,818,916	1,791,713
Total	7,197,491	6,946,156	6,708,657	6,959,266

For the sake of accuracy, figures from fiscal 2016 have been partially altered.

COD Discharge / to Public Waters

ton

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	15.1	11.4	9.3	6.2
The Americas	0	0	0	0
Europe	0	0	0	0
Asia and Oceania	2.2	2.0	2.1	2.4
Total	17.3	13.4	11.4	8.6

Total Waste etc.

ton

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	74,658	73,365	69,518	68,214
The Americas	7,532	8,370	11,423	9,468
Europe	9,697	10,426	10,902	9,789
Asia and Oceania	66,040	57,893	51,905	40,955
Total	157,927	150,054	143,748	128,426

Percentage of Waste etc. Recycled

%

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	92	93	98	98
The Americas	23	17	20	24
Europe	57	56	97	97
Asia and Oceania	31	28	41	50
Total	61	61	71	77

Hazardous Waste

ton

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Japan	6,114	6,248	10,071	9,416
The Americas	438	495	2,033	1,186
Europe	656	654	597	620
Asia and Oceania	37,311	30,055	23,823	15,184
Total	44,519	37,452	36,524	26,406

Atmospheric Release of PRTR Substances (non-consolidated)

ton

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017★
Toluene	437.1	585.7	590.3	276.9
Xylene	8.9	9.0	5.1	3.1
N-hexane	10.6	11.5	10.1	8.7
Butyl acrylate	2.6	3.1	0.3	0.3
2-hydroxyethyl acrylate	0.2	0.1	0.0	0.0

Atmospheric Release of NO_x and SO_x (non-consolidated)

ton

	Fiscal 2016	Fiscal 2017★		Fiscal 2016	Fiscal 2017★
NO _x	206.2	224.8	SO _x	3.8	0.2