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 on the right)

**Identification of Material Issues in Management**

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

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

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

**Value Creation Process**

**Inputs**
- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

**Outputs**
- Sales
- Manufacturing
- Product supply
- Segments

**Outcomes**
- Customer satisfaction
- Improvement of corporate value
- Human resource growth
- Job creation
- Tax payments
- Return of profits

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

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**Materiality**

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

1. **Abstraction of Materiality**
2. **Identification of Material Issues in Management**
3. **Identification of Material Issues in Specialized fields**
4. **Identification of Material Issues for Reporting**

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

**Identification of Material Issues in Management**

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

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

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

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**Value Creation Process**

**Inputs**
- **Financial Capital**
- **Manufactured Capital**
- **Intellectual Capital**
- **Human Capital**
- **Social and Relationship Capital**
- **Natural Capital**

**Outputs**
- **Procurement of raw materials**
- **R&D**
- **Manufacturing**
- **Product supply**
- **Segment**

**Outcomes**
- **Solving social issues**
- **New demand (business fields)**

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

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*Please refer to the Nitto Group Report 2018 on our website.*