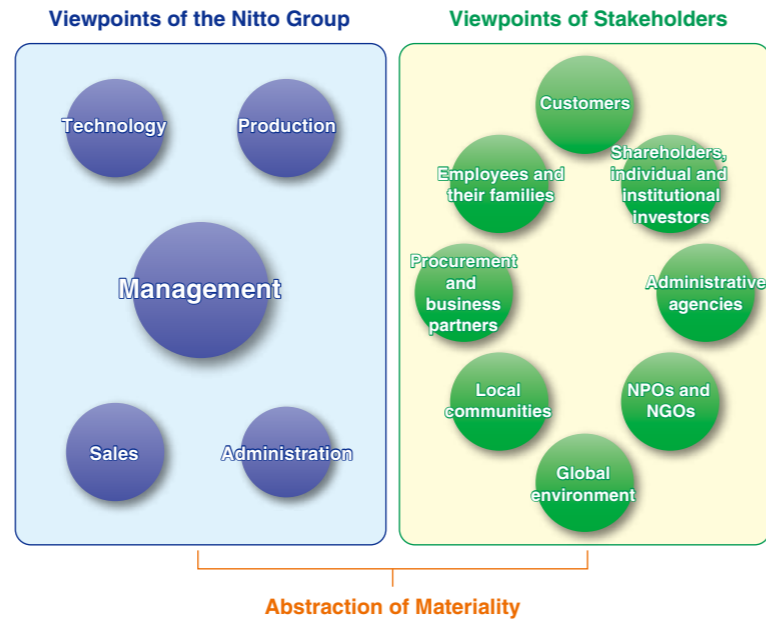


# Materiality

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

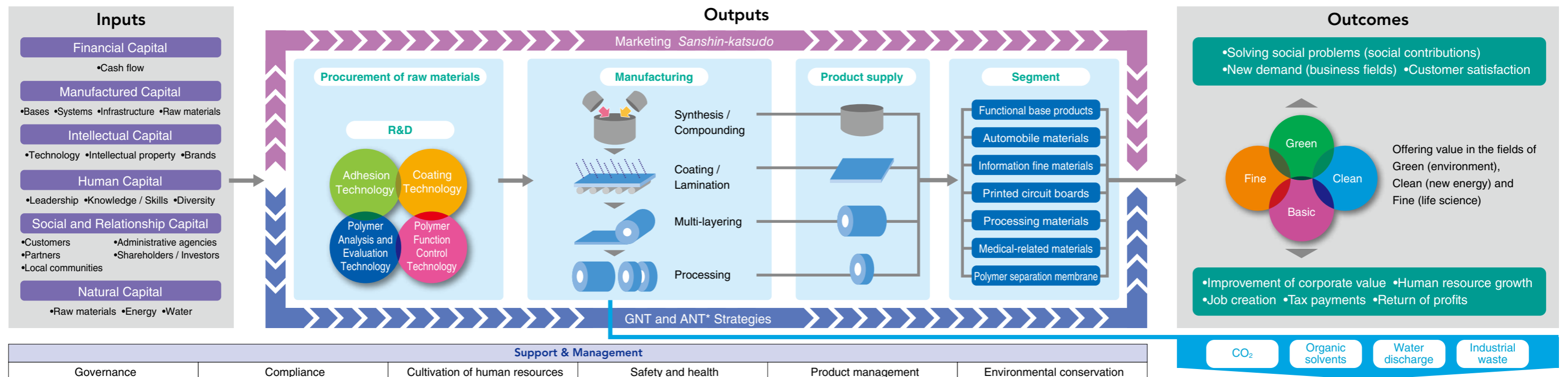
- Abstraction of Materiality**  
The Nitto Group abstracts materiality from the viewpoints of both the Nitto Group and its stakeholders. (Refer to chart to the right)
- Identification of Material Issues in Management**  
Important business challenges are deliberated at management conferences and incorporated 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.



## Materiality in Reporting

Items	Issues	Our Position	Page
Safety and Health	<ul style="list-style-type: none"> <li>Incident management</li> <li>Fostering a safety culture</li> <li>Promoting safety activities</li> </ul>	As our stakeholders take an interest in our employees' safety and health, we recognize these are basic conditions for sound business activities, and place them at the top of our Corporate Philosophy as the most important material issue, and aim to provide a safe and secure working environment.	pp. 9, 13
Reforming Business Portfolio	<ul style="list-style-type: none"> <li>Maintaining our optronics business's high market share</li> <li>Creating new business in Green, Clean and Fine domains</li> </ul>	As stated in the mid-term management plan, Nitto-2018.	p. 10
Consecutive Structural Reform	Practicing <i>Mu, Gen, Dai</i> thoroughly		
Environmental Conservation	<ul style="list-style-type: none"> <li>Enforcement of environmental conservation promotion system</li> <li>Reduction of environmental impact generated by business activities</li> </ul>	As the environmental impact of our business activities is of great interest to our stakeholders, we are tackling environmental impact across whole supply chains.	pp. 11, 14, 31-34
Infrastructure and Resources	Enforcing personnel system and organization supporting growth	As a global enterprise, it is indispensable for us to strengthen our infrastructure and resources and to have a diversity of human resources playing active roles. Furthermore, it is in our stakeholders' interest that employment conditions are in accord not only with the laws and ordinances of each country and region where we conduct business, but also global standards.	p. 15
Employment	Employment and cultivation of diverse human resources and promotion of them		
Compliance and Human Rights	Thoroughly observing compliance and human rights enlightenment across whole supply chains	We not only consider compliance, including ethical behaviors a core value, but also formulate policies for the protection of human rights, obeying global standards across whole supply chains.	p. 16
Risk Management	Abstraction of and countermeasures against risk	The Nitto Group faces various risks. It is indispensable for us to understand and hedge risk for sound business activity.	pp. 25-27
Business Continuity	Approaches to BCM	In order to fulfill our responsibility for the supply of goods and services, we have a secure business continuity management system to respond to various supposed emergencies, including natural disasters.	
Product Management	Management of chemical substances, quality, procurement and logistics	In order to supply the number of products with the quality required by our customers whenever needed, we always optimize product management.	pp. 28-30
Social Contribution	Better relationships with local communities	To co-exist and develop together with local communities, we consider it important to return some of our profits to society, conducting social action programs.	pp. 39-40

# Value Creation Process



\*GNT: Global Niche Top® ANT: Area Niche Top®