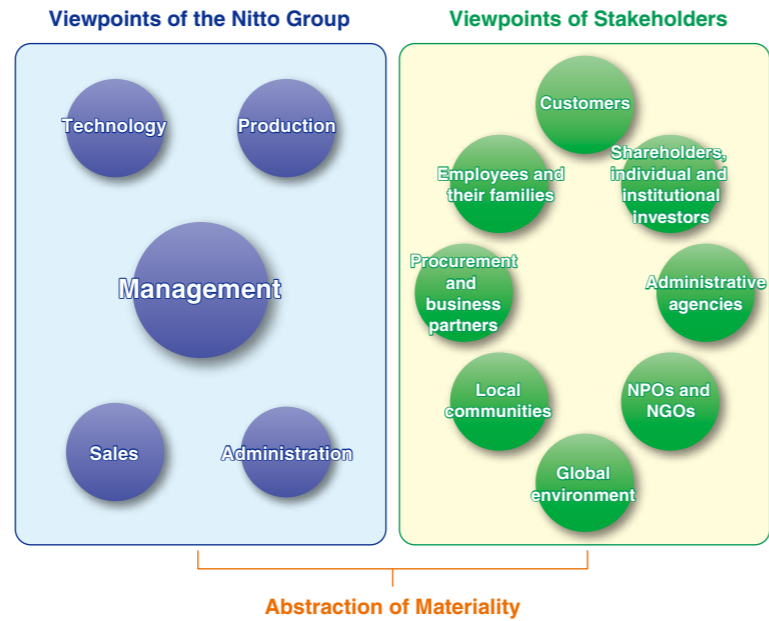


Materiality

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

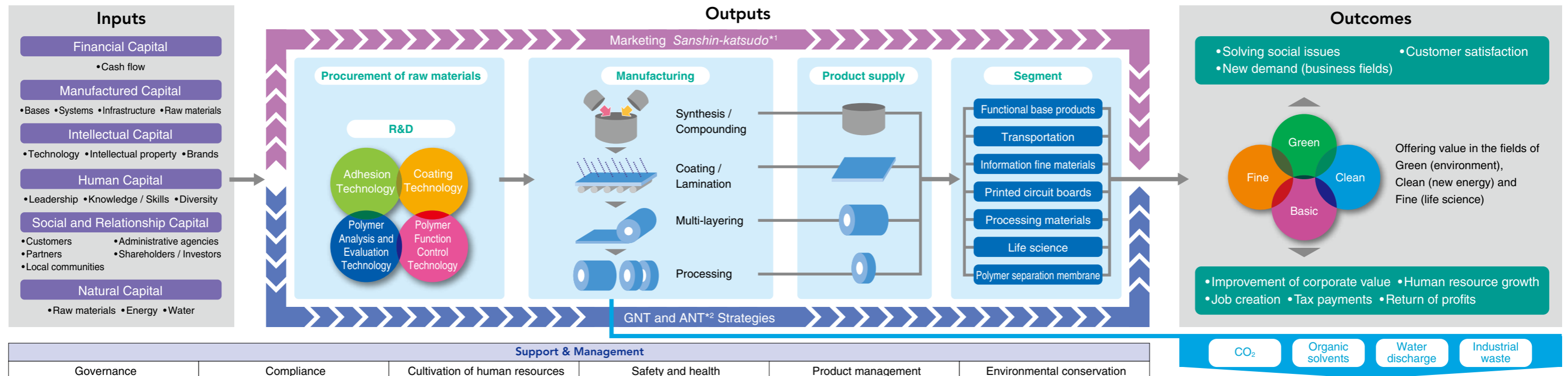
- Abstraction of Materiality**
The Nitto Group abstracts materiality from the viewpoints of both the Nitto Group and its stakeholders. (Refer to chart to the right)
- Identification of Material Issues in Management**
Important business challenges are deliberated at management conferences and incorporated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

	Initiatives to Address Materiality	Goals/Aspirations for the Future	References for Action/Progress	
			Reports	Websites
Business	<ul style="list-style-type: none"> Business portfolio reform Consecutive structural reform Investment plan: 400 billion yen 	Promoting business portfolio reform, aiming for sustainable growth in the "Nitto-New Century"	Pp. 9-13 Pp. 19-26	Mid-Term Management Plan Business report
Governance	Prompt decision-making and transparency	Sustaining perpetual growth by maximizing corporate value	P. 13	Governance
Occupational Safety and Health	<ul style="list-style-type: none"> Fostering of Safety Culture Securement of employees' safety and health 	Achieving zero accidents and injuries by creating a workplace in which people can work safely and in good health	P. 14	Relationship with Society
Environmental Management	<ul style="list-style-type: none"> Setting of environmental goals linked to business plans Comprehension of environmental risks and attainment of opportunities 	Contributing to the sustainable growth of society in an environmentally friendly manner	P. 15 Pp. 32-34	Environmental Efforts
Compliance and Human Rights	Thorough observance of compliance and human rights enlightenment across entire supply chains	Having all employees fully comprehend the "Nitto Group Business Conduct Guidelines" and act according to those common criteria	P. 16	Governance Relationship with Society
Employment and Human Resources Cultivation	<ul style="list-style-type: none"> Employment and cultivation of diverse human resources and promotion of them Proper labor management 	Contributing to business growth by building a solid personnel base through optimal allocation of people across the globe	Pp. 17-18	Employment
Risk Management	<ul style="list-style-type: none"> Identification of key risks and actions against them Information security management 	Ensuring business continuity by responding proactively to perceived risks and taking proper actions during times of emergency	Pp. 27-29	Governance
Business Continuity	Disaster mitigation and preparations for quick recovery	Protecting lives and fulfilling responsibilities for product supply	P. 29	Governance
Value Chain Management	<ul style="list-style-type: none"> Promotion of CSR-based procurement Increased 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



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