

Corporate Governance

Basic Philosophy

LINTEC believes that the fundamentals of corporate governance are to achieve thorough legal compliance, to increase management transparency and promote corporate ethics, and to make prompt decisions and effectively execute operations. By enhancing and reinforcing corporate governance, we aim to further increase our corporate value and joint profits with shareholders.

Corporate Governance System

LINTEC has set the term of office for directors at one year to make their responsibilities toward shareholders clearer. Also, through implementation of the executive officer system, we have separated the directors, who make important management decisions, from the executive officers, who are responsible for executing operations. The Board of Directors consists of ten directors and two external directors. In order to ensure speedy management decisions and operational execution amid a fluctuating management environment, Board of Directors Meetings are generally held once a month. Further, management meetings are also held once a month, attended by directors, executive officers, and others. Through the holding of such meetings, we are working to develop optimal management strategies.

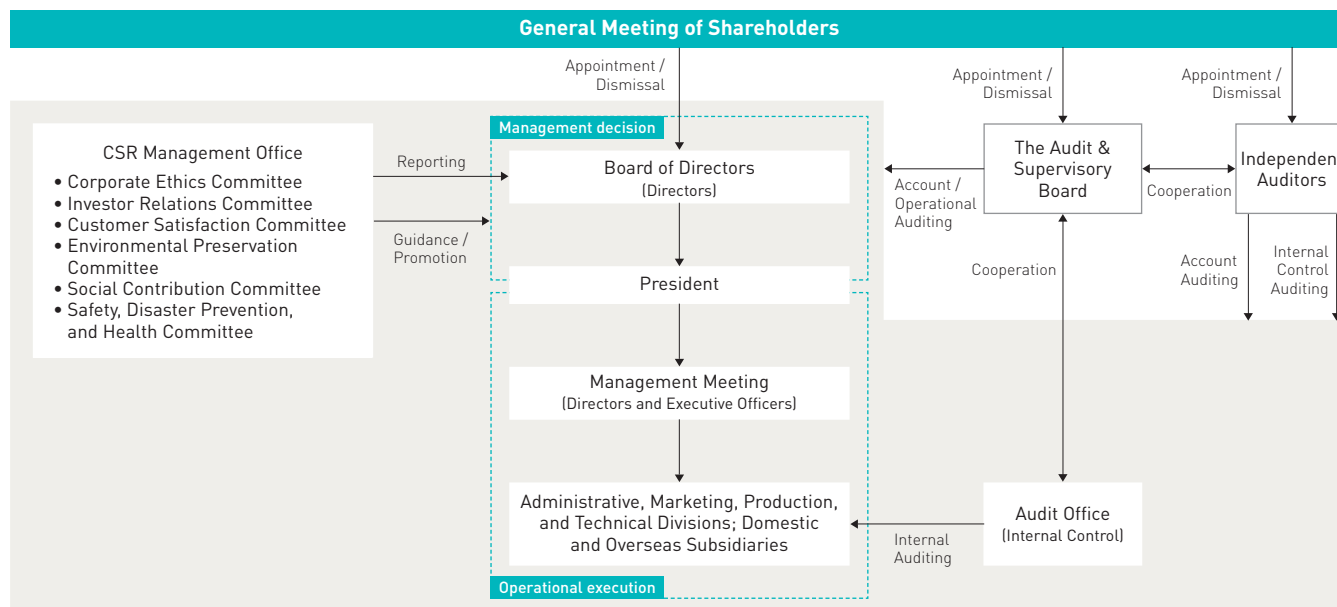
Additionally, LINTEC employs an audit & supervisory board system and ensures swift management and the effectiveness

of its oversight systems. The Audit & Supervisory Board Meeting is held monthly in principle and is attended by the Company's two audit & supervisory board members and two external audit & supervisory board members. In this meeting, by sharing the results of the business audits performed by each auditor, the auditors reinforce checks on the decisions of directors and operational execution of the Company's management.

Internal Control Systems

LINTEC is working to ensure the continual effective functioning of internal control systems in order to accomplish appropriate accounting, comply with laws and regulations, protect company property, and increase efficiency of business operations. As part of our efforts, we have set up the Audit Office, which monitors internal control systems, performs process audits, working together with audit & supervisory board members to provide advice on the construction and operation of internal management systems from a position that is independent from operational divisions.

We have also established the CSR Management Office, which reports directly to the president and unifies and promotes a variety of areas, including thorough implementation of corporate ethics, product quality control, environmental preservation measures, and investor relations.



Risk Management System

LINTEC has established Company-wide General Risk Management Rules, as well as a risk management system for minimizing damage to corporate value if a major problem arises. It has also implemented and oversees Information Security Management Rules and Trade Secret Management Rules for the protection and management of information. There are also Company-wide risk assessments centered on the CSR Management Office.

Limited Liability Contracts

In accordance with Article 427, paragraph 1 of the Companies Act, LINTEC has entered into a contract with its individual external directors and audit & supervisory board members that limits liability for compensation for damages under Article 423, paragraph 1 of the Companies Act. Based on this contract, liability for compensation for damages is limited to ¥10 million or the minimum amount stipulated by law, whichever is greater.

Internal Audits and Audit & Supervisory Board Member's Audits

The five members of the Audit Office are responsible for internal audits, regularly performing audits of divisions, work-sites, and plants. They also inspect the legality and compliance with internal regulations of operations processes and results. In accordance with audit policy, planning, and separation of duties, audit & supervisory board members attend Board of Directors meetings and management meetings, expressing opinions and listening to the views of directors and the Internal Audit Division, and also attend other major meetings and review important documents. Additionally, they work together with the Internal Audit Division and accounting auditors to audit all aspects of directors' activities, receiving reports from accounting auditors and traveling to subsidiaries as necessary to receive operations reports.

External Directors and External Audit & Supervisory Board Members

LINTEC has selected Shinichi Sato and Satoshi Ohoka as external directors and Fumio Manoshiro and Kazumi Idogawa as external audit & supervisory board members.

External directors

Name	Reason for selection as external director
Shinichi Sato	Because he is able to apply his accumulated rich knowledge and experience as a current director at Nippon Paper Industries Co., Ltd., to the Company's management
Satoshi Ohoka	Because he is able to apply his long years of policy-based finance experience, his rich international experience, his specialist academic experience, and his knowledge and experience gained as an external director in different industries from the Company to the Company's management

External audit & supervisory board members

Name	Reason for selection as external audit & supervisory board member
Fumio Manoshiro	Because he is able to apply his accumulated rich knowledge and experience as a current director at Nippon Paper Industries Co., Ltd., to the Company's auditing system
Kazumi Idogawa	Because he is able to apply his accumulated specialist knowledge and experience as a certified public accountant to the Company's auditing system

Remuneration of Corporate Officers

Total remuneration by corporate officer type

Corporate officer type	Total remuneration (Millions of yen)	Total remuneration by type (Millions of yen)			Number of people receiving remuneration
		Basic remuneration	Stock options	Bonuses	
Directors (excluding external directors)	305	241	10	53	8
Audit & supervisory board members (excluding external audit & supervisory board members)	36	36	—	—	2
External officers	16	16	—	—	6

Note: Estimated bonus payments were recorded as ¥46 million for the fiscal year under review, but final payments were ¥53 million.

Director remuneration, consisting of basic remuneration, stock options, and bonuses, is decided at Board of Directors Meetings, based on each director's duties and responsibilities within totals approved at the General Meeting of Shareholders. Where necessary, the Remuneration Assessment Advisory Committee assesses and provides advice and makes suggestions to the president and CEO about decisions regarding the assessment and remuneration of directors.

Audit & supervisory board member remuneration is decided through the collective deliberation of the auditors, based on each member's duties and responsibilities within totals approved at the General Meeting of Shareholders.