

# 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

### 1. Corporate Governance System

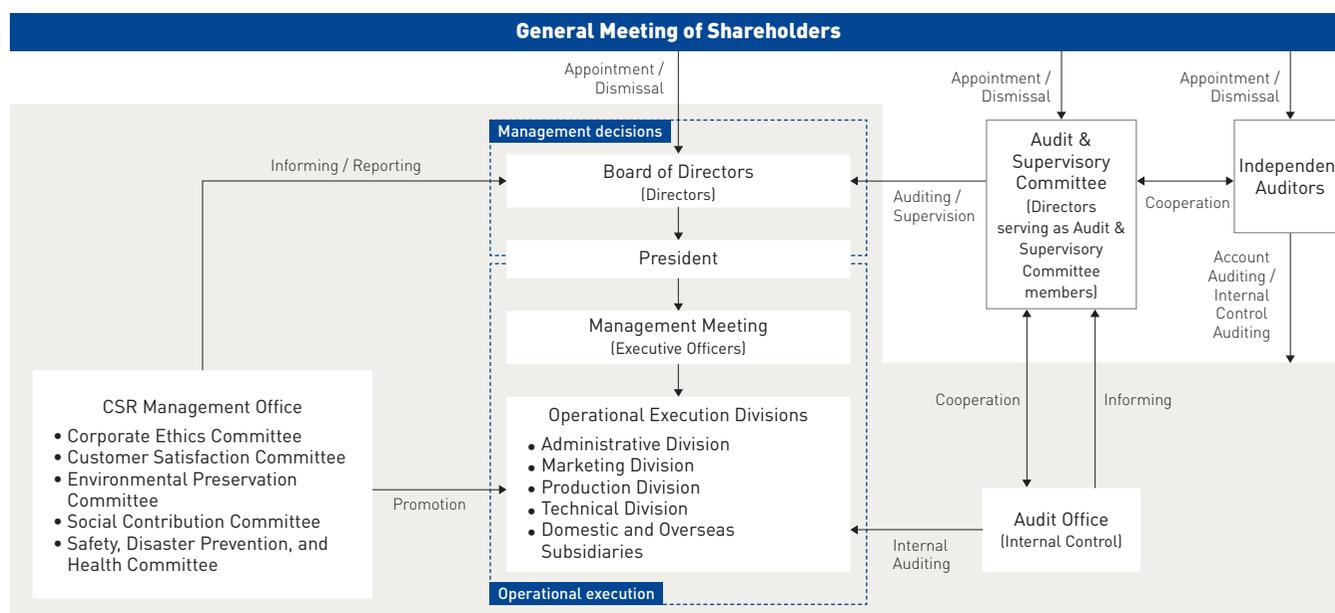
Based on a resolution at the 121st Annual General Meeting of Shareholders held on June 24, 2015, the Company has shifted from being a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. The Company placed directors who are also Audit & Supervisory Committee members with voting rights on its Board of Directors in order to strengthen the Board's supervisory function, with a view to stepping up corporate governance and to streamlining management even further. Following this shift, the Company formed the Board of Directors and the Audit & Supervisory Committee and appointed 16 directors, of which four are Audit & Supervisory Committee members, and four are outside directors.

Held once a month to make important decisions with regard to management, Board of Directors' meetings are also held on an ad hoc basis as necessary and strive for rapid decision making. Primarily comprising executive officers (including directors serving concurrently) responsible for the execution of business, management meetings are also held once a month and endeavor to streamline business operations through the sharing of information among all business divisions.

The Audit & Supervisory Committee meets once a month and conducts monitoring audits that focus on matters reported from the Audit Office, which is the Company's internal control division. In addition to performing audits covering the appropriateness and legality of the execution of directors' duties, each and every Audit & Supervisory Committee member also plays a role in supervising the execution of the directors' duties through the exercise of the voting rights on the Board of Directors.

### 2. Internal Control Systems

With regard to an internal control system to ensure that the execution of directors' duties is in compliance with laws and regulations as well as the Articles of Incorporation, and a system to ensure the appropriateness of the execution of other business, the Company decided on the following internal control systems at the Board of Directors' meeting held on June 24, 2015.



- System to ensure that the execution of the duties of directors and employees is in compliance with laws and regulations as well as the Articles of Incorporation

To ensure that the execution of the duties of directors and employees is in compliance with laws and regulations as well as the Articles of Incorporation and that a sense of ethics is maintained, the Company established its motto of “Sincerity and Creativity,” on which was based its Code of Conduct. To ensure the effectiveness of the compliance system with regard to laws and regulations as well as the Articles of Incorporation, the Audit Office—an organization under the president’s direct supervision—investigates and verifies, by means of audits based on the Internal Audit Regulations, whether all of the Company’s operations are being appropriately and reasonably implemented legally and pursuant to the Articles of Incorporation and internal rules and regulations. The results of those audits are regularly reported to directors.
- System for storing and managing information related to the execution of directors’ duties

Documents are stored and managed in accordance with rules agreed for each document type, including those documents stipulated by law.
- Regulations and other systems pertaining to management of risks of loss

By promoting the issue of division-specific manuals and facilitating their thorough use, the Company makes preemptive efforts to reduce or avoid risk. In the case of specific risks, the Company promotes reviews of and upgrades to responses as they arise.

For emergency situations, such as the occurrence of a natural disaster, the Company has established the Companywide Crisis Management Regulations, in addition to a BCMS, which is based on these Regulations. These are separate from risk management conducted through normal operations, so that a crisis management organization can be quickly established in the event of an emergency.
- System to ensure that the execution of the duties of directors is efficiently conducted

In addition to setting out the duties for which directors are responsible for and that correspond to the allocation of roles of each organization, based on the Regulations on the Division of Duties, the Company works to separate management from execution and accelerate decision making by the introduction of an executive officer system. In addition, the Company occasionally reviews internal organizations to be able to respond to environmental changes and works to maintain efficiency in the execution of the duties of directors by such means as the setting up of cross-organizational committees on an as-required basis.
- System to ensure the appropriateness of business in the corporate group comprising the Company and its subsidiaries

Based on the Affiliate Company Operational Regulations, the Company works to maintain the appropriateness of its operations as a group entity by having each of its principal business divisions control the operations of Group companies. Based on the Affiliate Company Operational Regulations, the Company works to maintain a system for receiving corporate performance, risk, and other important reports from other Group companies regularly or on an as-needed basis. Providing business management and support from the appropriate division as required, the Company promotes management efficiency in each company. To ensure that Group companies are in compliance with laws and regulations as well as the Articles of Incorporation, audits are conducted by each company’s internal audit system and by the Company’s Audit Office.
- Matters relating to the employees who are tasked to assist the duties of the Audit & Supervisory Committee, matters relating to the independence of said employees from directors, and matters relating to ensuring the effectiveness of Audit & Supervisory Committee instructions with respect to said employees

To further raise the effectiveness of Audit & Supervisory Committee audits and maintain a system to carry out audit duties more smoothly, the Company has established the

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Audit & Supervisory Committee secretariat, which supports and takes on Audit & Supervisory Committee duties. It is assumed that the Audit & Supervisory Committee's consent has to be obtained for transfers of personnel to the Audit & Supervisory Committee secretariat staff, personnel evaluations, and disciplinary action. The instructions and orders given to Audit & Supervisory Committee secretariat staff are also deemed to be given by directors serving as Audit & Supervisory Committee members. With regard to said instructions and orders received from Audit & Supervisory Committee members, with the exception of those instructions and orders that are not necessary for the duties of Audit & Supervisory Committee members, it is assumed that Audit & Supervisory Committee secretariat staff members do not receive instructions and orders from directors or other employees.

- System relating to the reporting of cases to the Audit & Supervisory Committee and system for ensuring that the submitting of such reports is not seen as reason enough for the person who submitted them to be subjected to disadvantageous treatment  
With regard to cases that are likely to significantly damage the Company or a Group company, such as violations of laws or regulations, all Group directors and employees are to report such cases to the Company's Audit & Supervisory Committee. In addition, it is deemed that the Audit & Supervisory Committee will be able to directly demand a report on the case for all Group directors and employees. Under the Company's Internal Notification System Regulations and its Global Internal Notification System Regulations, the Company established a helpline that can be used by all Group directors and employees and endeavors to maintain a system to ensure that the submitting of such reports is not seen as reason enough for the person who submitted the said notification or report to be subjected to disadvantageous treatment. In the event of an internal notification via the helpline, this will be reported to the Audit & Supervisory Committee.

- Matters concerning policy relating to the handling of costs or liabilities arising from the execution of duties of Audit & Supervisory Committee members

When an Audit & Supervisory Committee member invoices the Company for the prepayment or redemption of expenses incurred for the execution of those duties, the said costs or liabilities will be promptly handled following discussions in the department responsible, with the exception of cases in which said costs have been recognized as being not necessary for the execution of the said Audit & Supervisory Committee's duties. In addition, should Audit & Supervisory Committee members have asked that independent outside experts (such as lawyers, certified public accountants, etc.) be deemed necessary as advisers to Audit & Supervisory Committee, the Company will bear those costs, with the exception of cases in which said costs have been recognized as being not necessary for the execution of the said Audit & Supervisory Committee's duties.

- System for ensuring that the Audit & Supervisory Committee carries out other audits effectively  
With a view to ensuring a system so that Company information reaches the Audit & Supervisory Committee unhindered, the Company works to maintain an environment in which information is received from directors (excluding directors serving as Audit & Supervisory Committee members) and not only from employees but also from independent auditors, corporate lawyers, tax accountants, and other specialists. The Company ensures as a system regular meetings with representative directors and venues for important discussions, such as management and strategy meetings, for Audit & Supervisory Committee members to attend and state opinions.

### 3. Risk Management System

The Company has established the Companywide Crisis Management Regulations, as well as a risk management system for minimizing the possible impact and damage to corporate value if a major problem arises. It has also implemented and oversees the Information Security Management Rules and the Trade Secret Management Rules for the preservation and management of information. There are also Companywide risk assessments centered on the CSR Management Office.

### 4. Limited Liability Contracts

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into a contract with each of its non-executive directors—outside directors Shinichi Sato, Toru Nozawa, Satoshi Ohoka, and Kanako Osawa—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 liability amount stipulated by law, whichever is greater.

## Internal Audits and Audit & Supervisory Committee Audits

### 1. Internal Audits

The Audit Office regularly implements internal audits of divisions, work sites, plants, and affiliated subsidiaries in addition to verifying that operational execution processes and results comply with the law and internal regulations. The status of these internal audits is reported from time to time to the Audit & Supervisory Committee, and opinions are exchanged on the results of the audits.

### 2. Audit & Supervisory Committee Audits

The Company's Audit & Supervisory Committee comprises four directors serving as Audit & Supervisory Committee members, of whom three are outside directors. While utilizing the various systems of the internal control system, Audit & Supervisory Committee cooperate with the Audit Office and the independent auditor, receive the necessary information, and

conduct audits of the Board of Directors' business execution through such methods as exchanges of opinions. Each Audit & Supervisory Committee member attends management and other meetings, obtains the information needed for the audits, attends Board of Directors' meetings as a director, and supervises the Board of Directors in the execution of its duties by stating opinions and participating in resolutions through their voting rights.

Audit & Supervisory Committee members Toshio Yamamoto and Toru Nozawa have considerable knowledge of finance and accounting, having gained many years of experience in their respective roles at the Company's Corporate Strategic Office and Nippon Paper Industries Co., Ltd.'s Administrative Division.

## Outside Directors

The Company has selected Shinichi Sato, Toru Nozawa, Satoshi Ohoka, and Kanako Osawa as its four outside directors. With the exception of Shinichi Sato, the other three are also Audit & Supervisory Committee members.

### 1. Human, financial, and business relationships and other interests between the outside directors and the Company

There are no particular conflicts of interest between the Company and Shinichi Sato, but Nippon Paper Industries Co., Ltd., where he serves as a senior managing executive officer, is a major trading partner of the Company, which purchased ¥2,336 million of raw materials from and sold ¥134 million of products to Nippon Paper (both results from the fiscal year ended March 31, 2015). In addition, Nippon Paper is a major shareholder in the Company, its holding amounted to 21,737,792 shares (28.39% of the total number of Company shares outstanding) on March 31, 2015.

There are no particular conflicts of interest between the Company and Satoshi Ohoka, who is an independent committee member as stipulated in the Company's rules of large-scale purchase to deal with an act of large-scale purchase.

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There are no particular conflicts of interest between the Company and Toru Nozawa, but Nippon Paper Industries Co., Ltd., where he serves as a director and executive officer, is a major trading partner of the Company, which purchased ¥2,336 million of raw materials from and sold ¥134 million of products to Nippon Paper (both results from the fiscal year ended March 31, 2015). In addition, Nippon Paper is a major shareholder in the Company, its holding amounted to 21,737,792 shares (28.39% of the total number of Company shares outstanding) on March 31, 2015.

There are no particular conflicts of interest between the Company and Kanako Osawa, who is an independent committee member as stipulated in the Company's rules of large-scale purchase to deal with an act of large-scale purchase.

### 2. Functions performed and roles served by outside directors in the Company's corporate governance

Shinichi Sato is able to apply his accumulated rich knowledge and experience as a current officer at Nippon Paper Industries Co., Ltd., to the Company's management and is thus considered qualified as an outside director.

Satoshi Ohoka 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 outside director in industries different to that of the Company to strengthen the Company Board of Directors' supervisory function. Thus considered qualified as a director serving as an Audit & Supervisory Committee member, he is also designated as an independent director, as stipulated by Tokyo Stock Exchange, Inc.

Toru Nozawa is able to apply his knowledge and experience from his directorship experience, and many years of business experience at Nippon Paper Industries Co., Ltd.'s Administrative Division to strengthen the Company Board of Directors' supervisory function. He is thus considered qualified as a director serving as an Audit & Supervisory Committee member.

Kanako Osawa is able to apply her specialist expertise and extensive knowledge she gained as an attorney, along with the knowledge and experience gained through her career in corporate legal affairs both at home and abroad, to strengthen the Company Board of Directors' supervisory function. She is thus considered qualified as a director serving as an Audit & Supervisory Committee member. She is also designated as an independent director, as stipulated by Tokyo Stock Exchange, Inc.

### 3. The Company's basic way of thinking with regard to the independence of outside directors

The Company does not have its own set standards and policies with regard to the independence of outside directors, and refers instead to the standards stipulated by Tokyo Stock Exchange, Inc. Since appointment is based on a request from the Company, we recognize that the independence from management is to be ensured.

### 4. Outside directors' supervision and internal auditing of directors' execution of duties, mutual cooperation with Audit & Supervisory Committee audits and accounting audits, and relationship with the Internal Control Division.

In addition to attending Board of Directors' meetings and making necessary and effective remarks during agenda deliberations, outside directors cooperate with the Internal Audit Division and the independent auditor as well as oversee directors in the execution of their duties.

## Remuneration of Corporate Officers

### 1. 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 outside directors)	474	341	21	111	10
Audit & Supervisory board members (excluding outside Audit & Supervisory board members)	36	36	—	—	2
Outside officers	16	16	—	—	5

## 2. Policy regarding decisions on amounts of director remuneration

(1) Director remuneration (excluding Audit & Supervisory Committee members)

Consisting of basic remuneration, stock options, and bonuses, director remuneration (excluding Audit & Supervisory Committee members) is decided at Board of Directors' meetings in accordance with the Company's internal rules on director remuneration and based on the duties and responsibilities of each director (excluding Audit & Supervisory Committee members), within totals approved at the General

Meeting of Shareholders. Where necessary, the remuneration assessment advisory meeting provides advice and makes suggestions to the president and CEO about decisions regarding the assessment and remuneration of directors (excluding Audit & Supervisory Committee members).

(2) Audit & Supervisory Committee member remuneration  
Audit & Supervisory Committee member remuneration is decided by the Audit & Supervisory Committee in accordance with the Company's internal rules on director remuneration and based on each member's duties and responsibilities, within totals approved at the General Meeting of Shareholders.

## CSR Basic Approaches and Promotion System

Having set its basic CSR approaches as "thorough implementation of corporate ethics and compliance," "improved customer satisfaction," "environmentally friendly operations," "social contribution," "safety- and health-related activities," and "shareholder- and investor-oriented management," the LINTEC Group conducts CSR activities throughout the Company centered on the CSR Management Office, which reports directly to the president, and its five subcommittees, which consist of members from all areas of the Company.

In 2011, LINTEC announced its participation in the United Nations Global Compact. Over the years to come, we will continue to promote CSR management in conformity with global standards—including ISO 26000, which provides guidance on how organizations can operate in a socially responsible way—in such areas as the protection of human rights, the maintenance of labor standards, environmental friendliness, and the prevention of corruption.

CSR Promotion System As of April 1, 2015



Please see our CSR website for detailed information about our CSR activities.  
<http://www.lintec-global.com/csr/>

# Corporate Officers

As of June 24, 2015

## Representative Director, Chairman and CEO

**Akihiko Ouchi** (Date of Birth: Jan. 2, 1945)



Mar. 1967 Joined the Company  
 Apr. 1994 General Manager, Nagoya Branch Office  
 Jun. 2000 Director, Plant Manager, Tatsuno Plant, Production Div.  
 Jun. 2004 Representative Director, President  
 Apr. 2014 Representative Director, Chairman and CEO  
 (current position)

## Representative Director, President, CEO and COO

**Hiroyuki Nishio** (Date of Birth: Oct. 18, 1954)



Apr. 1978 Joined the Company  
 Jun. 2010 Director, General Manager, Corporate Strategic Office  
 Apr. 2014 Representative Director, President, CEO and COO  
 (current position)

## Director, Vice President Executive Officer, CFO

**Hitoshi Asai** (Date of Birth: Mar. 7, 1948)



Feb. 1985 Joined the Company  
 Jun. 2002 Director, Assistant General Manager, Administration Div., General Manager, Finance & Accounting Dept.  
 Apr. 2015 Director, Vice President Executive Officer, General Manager, Administration Div. and Corporate Strategic Office (current position)

## Director, Vice President Executive Officer

**Shigeru Kawasaki** (Date of Birth: Dec. 24, 1949)



Apr. 1972 Joined the Company  
 Jun. 2005 Director, General Manager, Printing & Variable Information Products Operations, Business Administration Div.  
 Apr. 2013 Director, Vice President Executive Officer, General Manager, Business Administration Div. (current position)

## Director, Senior Managing Executive Officer

**Koji Koyama** (Date of Birth: Nov. 5, 1951)



Mar. 1976 Joined the Company  
 Jun. 2008 Director, General Manager, Production Div.  
 Apr. 2013 Director, Senior Managing Executive Officer, General Manager, Production Div., and in charge of Quality Assurance & Environmental Protection Div. (current position)

## Directors, Managing Executive Officers

**Kazuyoshi Ebe** (Date of Birth: Jan. 26, 1953)



Mar. 1975 Joined the Company  
 Jun. 2008 Director, Assistant General Manager, Research & Development Div., General Manager, Research Center and Intellectual Property Dept.  
 Apr. 2015 Director, Managing Executive Officer, Assistant General Manager, Business Administration Div., General Manager, Optical Products Operations, Business Administration Div., and in charge of Shingu Plant, Production Div. (current position)

**Takashi Nakamura** (Date of Birth: Dec. 23, 1953)



Apr. 1976 Joined the Company  
 Jun. 2011 Executive Officer, General Manager, Fine & Specialty Paper Products Operations, Business Administration Div., and in charge of Converted Products Operations  
 Apr. 2015 Director, Managing Executive Officer, Assistant General Manager, Business Administration Div. (current position)

**Gohei Kawamura** (Date of Birth: Jan. 12, 1956)



Apr. 1979 Joined the Company  
 Jun. 2011 Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)  
 Jun. 2015 Director, Managing Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded) (current position)

**Tsunetoshi Mochizuki** (Date of Birth: May 12, 1958)



Jan. 1983 Joined the Company  
 Jun. 2011 Executive Officer, General Manager, General Affairs & Human Resources Div., General Manager, General Affairs & Legal Dept. and Human Resources Dept.  
 Jun. 2015 Director, Managing Executive Officer, General Manager, General Affairs & Human Resources Div. (current position)

## Directors, Executive Officers

**Shuji Morikawa** (Date of Birth: Dec. 30, 1955)



Apr. 1979 Joined the Company  
Apr. 2013 Executive Officer, General Manager, Industrial & Material Operations, Business Administration Div.  
Jun. 2015 Director, Executive Officer, General Manager, Industrial & Material Operations, Business Administration Div. (current position)

**Makoto Hattori** (Date of Birth: Oct. 12, 1957)



Apr. 1980 Joined the Company  
Apr. 2014 Executive Officer, General Manager, Advanced Materials Operations, Business Administration Div.  
Jun. 2015 Director, Executive Officer, General Manager, Advanced Materials Operations, Business Administration Div. (current position)

## Outside Director

**Shinichi Sato** (Date of Birth: Nov. 13, 1953)



Apr. 1978 Joined Jujo Paper Co., Ltd.  
Jun. 2008 Director, Deputy General Manager, Fine & Specialty Paper Products Sales Div., Nippon Paper Industries Co., Ltd.  
Jun. 2011 Outside Director of the Company (current position)  
Jun. 2014 Managing Executive Officer, General Manager of Printing Paper Sales Div., and in charge of International Sales Management & Planning Dept., Nippon Paper Industries Co., Ltd. (current position)

## Director / Audit & Supervisory Committee Member

**Toshio Yamamoto** (Date of Birth: Dec. 27, 1948)



Apr. 1972 Joined the Company  
Oct. 2006 Chief Associate Adviser, Corporate Strategic Office  
Jun. 2010 Audit & Supervisory Board Member  
Jun. 2015 Director / Audit & Supervisory Committee Member (current position)

## Outside Directors / Audit & Supervisory Committee Members

**Toru Nozawa** (Date of Birth: Mar. 10, 1959)



Apr. 1981 Joined Jujo Paper Co., Ltd.  
Jun. 2014 Outside Audit & Supervisory Board Member of the Company  
Jun. 2014 Director, Executive Officer, General Manager, Corporate Planning Div., and in charge of Subsidiaries and Affiliated Companies, Nippon Paper Industries Co., Ltd. (current position)  
Jun. 2015 Outside Director / Audit & Supervisory Committee Member of the Company (current position)

**Satoshi Ohoka** (Date of Birth: Apr. 24, 1951)



Apr. 1975 Joined Japan Development Bank  
Apr. 2003 Lecturer, Chuo University, Graduate School of Commerce (current position)  
Jun. 2006 Outside Director, Ryobi Limited (current position)  
Jun. 2007 Member of LINTEC Independent Committee (current position)  
Jun. 2012 Outside Director of the Company  
Jun. 2015 Outside Director / Audit & Supervisory Committee Member of the Company (current position)

**Kanako Osawa** (Date of Birth: Dec. 22, 1970)



Apr. 1998 Certified as an attorney, joined Kajitani Law Offices (to present)  
Oct. 2005 Admitted to practice law in the State of New York, U.S.  
Jun. 2015 Outside Director / Audit & Supervisory Committee Member of the Company (current position)  
Jun. 2015 Member of LINTEC Independent Committee (current position)

## Managing Executive Officers

**Seiji Takemura**

General Manager, Cost Innovation Office

**Toshikazu Yamada**

Plant Manager, Tatsuno Plant, Production Div.

**Koichi Kimura**

General Manager, Quality Assurance & Environmental Protection Div.

## Executive Officers

**Takehiko Wakasa**

Plant Manager, Chiba Plant, Production Div.

**Junichi Nishikawa**

Plant Manager, Kumagaya Plant, Production Div.

**Toru Onishi**

Plant Manager, Mishima Plant, Production Div. and General Manager, Administration Dept.

**Norio Murata**

General Manager, Osaka Branch Office, Business Administration Div., in charge of Western Japan

**Shigeru Uematsu**

General Manager, Public Relations Office

**Yutaka Iwasaki**

General Manager, Converted Products Operations, Business Administration Div.

**Masahiro Oshima**

Plant Manager, Agatsuma Plant, Production Div.

**Sumio Morimoto**

General Manager, Printing & Variable Information Products Operations, Business Administration Div.

**Tatsuya Tsukida**

General Manager, Research & Development Div. and Research Center