

Materiality refers to the identification and prioritization of social issues, risks, and opportunities that impact a company or an organization. It represents key issues on which a company or organization is placing a particular focus on.

The LINTEC Group also identifies priority issues to be addressed to help create a sustainable society and determines key performance indicators (KPIs) to monitor the progress of its efforts.*

With the external environment surrounding the group changing dramatically, we have decided to review our materiality and associated KPIs to align them with the new medium-term business plan, "LSV 2030 – Stage 2."

* Key performance indicators (KPIs): KPIs are important indicators related to organizational strategies and are set to quantitatively measure progress toward targets.

Review of Materiality

Amid the changing sustainability reporting landscape, including the recent successive release of the IFRS* Sustainability Disclosure Standards and the European Sustainability Disclosure Standards, companies are being called on to change their approach to sustainability and information disclosure as well as their concept of materiality, which forms the basis of such approach.

While the prevailing concept has traditionally been "single materiality," which focuses solely on social and environmental sustainability issues that could greatly impact a company's financial performance, the concept of "double materiality" is now emerging. Double materiality also takes into account how the company might affect society and the environment. Based on this new concept, companies are required to re-examine their materiality and make disclosures accordingly.

Against this background, we have adopted the double materiality approach to review our materiality.

* IFRS: International Financial Reporting Standards

Materiality Identification Process

We have identified our materiality by following a four-step process: (1) analysis of impact of and extraction of sustainability issues; (2) consolidation; (3) assessment of the level of significance of impacts (our impact on society and the environment, and impact of sustainability issues on our financial performance); (4) identification and finalization of materiality.

(1) Analysis of impact of and extraction of sustainability issues

In the first step of the process, four different analyses (value chain analysis, stakeholder analysis, megatrend analysis, and corporate management and business analysis) were performed to assess impacts of sustainability issues. As a result, 209 issues representing a wide range of perspectives were extracted.

(2) Consolidation

Since the issues were extracted through four different analyses conducted separately, some of them overlapped or were largely the same. We therefore consolidated the 209 identified issues into 35 distinct issues.

Value chain analysis	Analysis performed to assess our sustainability impact at each level of the value chain from raw material procurement to sale, use, and disposal/recycling of products in each business segment with the aim of extracting key issues
Stakeholder analysis	Analysis of our employees, customers, business partners, and shareholders and investors, as well as of society and the economy, to identify stakeholder interests, problems, and expectations with the aim of extracting key issues
Megatrend analysis	Analysis of climate change, loss of natural ecosystems, demographic and age composition, resources and energy, technology, and other trends to examine their changes and impacts on our business with the aim of extracting issues that need to be addressed to fulfill the group's social role
Corporate management and business analysis	Analysis of our Corporate Motto and Mission Statement, messages from the President, code of conduct, various policies, LSV 2030, presentation materials from financial results briefings, and other corporate management information with the aim of extracting existing and possible future issues



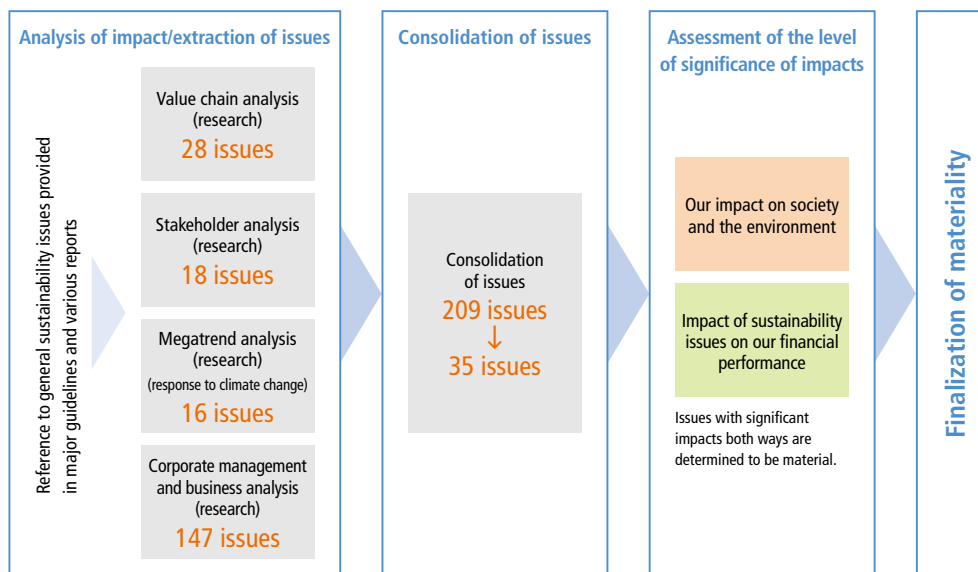
(3) Assessment of the level of significance of impacts (our impact on society and the environment, and impact of sustainability issues on our financial performance)

Prior to finalizing our materiality, for each of the 35 consolidated issues we assessed the significance of both our impact on society and the environment and the impact of each issue on our own financial performance.

For our impact on society and the environment, we examined the magnitude of the impact and the likelihood of occurrence of each issue to determine the significance. For the impact of the issues on our financial performance, we assessed the level of significance by examining risks (impact on our financial performance that may occur if we fail to address the issue) and business opportunities (benefit for our revenue development that we may gain by addressing the issue).

(4) Identification and finalization of materiality

After identifying sustainability issues with significant impacts on society and the environment as well as on our own financial performance, we further consolidated related issues and finalized our materiality, which comprises five key issues.



LINTEC's Materiality

Our finalized materiality is as follows:

- Work to solve social issues through business activities
- Foster innovation to build a robust corporate structure and drive sustainable growth
- Fulfill responsibilities associated with the environment, society, and customers
- Develop and secure human resources for the future
- Maintain LINTEC's favorable reputation

Establishment of Key Performance Indicators (KPIs)

We have established key performance indicators (KPIs) for the finalized materiality to keep track of the progress of planned measures. The KPIs are aligned with initiatives taken by each department and are based on effective measures for achieving the materiality.



LINTEC Corporation

▼ Materiality and KPI

Materiality	KPI
<p>Work to solve social issues through business activities</p> <ul style="list-style-type: none"> • Help shape a carbon-free world • Respect human rights of all stakeholders • Enhance governance and risk management 	<ul style="list-style-type: none"> • Reduction in CO₂ emissions relative to FY2013 levels [reduction of 67% or more by March 2027, 75% or more by March 2030, and achievement of carbon neutrality by 2050] • Scopes 1, 2, and 3 emissions • Non-fossil energy ratio • Implementation of CSR study sessions for such purposes as raising employee awareness and understanding of the Human Rights Policy • Number of themes adopted by the Corporate Risk Management Committee for deliberation • Total hours of discussion at high-level meetings (meetings of the Business Deliberation Council, Nomination and Compensation Committee, and Sustainability Committee)
<p>Foster innovation to build a robust corporate structure and promote sustainable growth</p> <ul style="list-style-type: none"> • Create market-leading innovative new products and businesses • Reform development, manufacturing, transportation, operations, and other processes to improve profitability • Protect and utilize intellectual property 	<ul style="list-style-type: none"> • Target percentage of new product sales to total sales [27% by March 2027] (At least 30% by March 2030) • Number of products developed • Number of development projects with external institutions • Number of LDX 2030 transformation themes implemented out of seven • Number of patent applications/patents held
<p>Fulfill responsibilities associated with the environment, society, and customers</p> <ul style="list-style-type: none"> • Reduce impact on natural ecosystems • Increase development of environmentally friendly products • Provide and stably supply safe and high-quality products 	<ul style="list-style-type: none"> • Increase in the use of solvent-free release agents and adhesive agents [(1) Percentage of solvent-free release agents and adhesive agents used: 75% by 2030] [(2) Complete shift to solvent-free release paper by 2030 (all release paper produced at Kumagaya and Mishima plants, except specialty products)] • Percentage of forest-certified paper and pulp used • Landfill disposal rate [1% or less] • Implementation of our release paper recycling system • Number of environmentally friendly products developed • Percentage of quality incidents
<p>Develop and secure human resources for the future</p> <ul style="list-style-type: none"> • Respect human rights in general and the rights of employees • Improve human capital and create an honest and open organizational culture • Promote occupational health and safety 	<ul style="list-style-type: none"> • Percentage of female managers/supervisors (Subsection Manager/Assistant Project Manager) [10%] • Percentage of female among the total number of new hires (graduates from a junior college/university/graduate school) [35% or more] • Percentage of persons with disabilities in the total number of employees [FY2026: 2.7%] • Number of participants in correspondence training programs • Occupational accidents frequency rate • Occupational accident severity rate • Number of plants having no accidents in a year • Number of violations of occupational health and safety laws and regulations
<p>Maintain LINTEC's favorable reputation</p> <ul style="list-style-type: none"> • Ensure transparent information disclosure and reinforce stakeholder communication • Ensure compliance and fair business practices • Promote responsible procurement and strengthen supply chains • Enhance information security 	<ul style="list-style-type: none"> • Number of individual meetings held with institutional investors and analysts • Number of briefings held to explain financial results and for investor relations and total number of participants • Number of legal training programs provided and total number of participants (including archive viewers) • Periodic publication of Legal News (6 times a year) and total number of views (including number of emails sent) • Number of responses to CSR survey • Response rate of raw material supplier survey • Implementation of self-checks once a year based on the Information Security Operational Rules and Internal Audit Checklist • Implementation of e-learning information security self-audit once a year

Toward Realizing LSV 2030

The revised materiality is linked with the Basic Policy of our long-term vision, "LSV 2030," as well as with our medium-term business plan, "LSV 2030 – Stage 2," which provides a specific pathway toward achieving the vision. The KPIs are also instrumental in helping us check the progress of measures being taken to achieve the vision.

Amid the current situation in which our stakeholder base is expanding and diversifying in step with the recent globalization of our business and in circumstances where social, environmental, and other sustainability issues are constantly changing, going forward we will identify, analyze, and examine such changes periodically and review our materiality and KPIs accordingly while ensuring that they continue to meet stakeholder expectations.

