



L I N T E C
C S R R E P O R T 2 0 1 7



Linking your dreams

LINTEC Corporation



Company Motto

Sincerity and Creativity

The foundation of the Lintec Group's CSR is its company motto, "Sincerity and Creativity." These are the ideals that everyone in the group aspires to.

"Sincerity" means thinking about what can be done that will be of benefit and appreciated and tackling every task with all one's heart.

"Creativity" means to work constantly to innovate and improve, seeking greater added value without being satisfied with the status quo.

Showing integrity to all stakeholders and taking on new challenges over and over again with a determination to innovate is the starting point for a manufacturer dedicated to craftsmanship.

"Start with Sincerity and then apply Creativity"—this is Lintec's unchanging approach and the driving force that underpins its sustainable growth.

Editorial Policy

The CSR activities of the Lintec Group follow the company motto: "Sincerity and Creativity" when conducting its CSR activities.

This report explains our CSR activities during fiscal 2016.

The Highlight section features our initiative for creating workplace environments where diverse human resources can work together, as well as our initiative for active local communication.

This report highlights certain information which is important for both the stakeholders* and the Lintec Group. For more detailed information, please visit our CSR website.

* Stakeholders include consumers, employees, shareholders, creditors, suppliers, local communities, and government agencies.

Main Channels for CSR Information

■ CSR Report (Booklet / PDF version)

[Booklet] Information on the CSR activities of the Lintec Group described in a simple manner.

[PDF version] Full version is created in English. Abridged version is created in Korean, Chinese (traditional), Chinese (simplified), Malay, Indonesian and Thai.

■ CSR Website

More detailed information on the CSR activities of the Lintec Group

[Japanese] <http://www.lintec.co.jp/csr/>

[English] <http://www.lintec-global.com/csr/>

LINTEC WAY

Important values supporting the company motto

Five Rules of Sincerity

1. Always be sincere.
2. Faithfulness opens people's mind.
3. Please people.
4. Be a giver.
5. Care about colleagues and family.

Five Rules of Creativity

1. Be committed until you succeed.
2. Be proud of being unique.
3. Be resilient and take advantage of changes.
4. Think globally.
5. Look for connections to potential everywhere.

Guidelines Referenced

Sustainability Reporting Guidelines (version 4) of the Global Reporting Initiative (GRI)
Environmental Reporting Guidelines (2012) of the Ministry of the Environment of Japan
Environmental Accounting Guidelines (2005) of the Ministry of the Environment of Japan
ISO 26000 (Guidance on social responsibility)

Reporting Period

This report covers the period from April 1, 2016, to March 31, 2017 (fiscal 2016). It also includes some information up through June 30, 2017 concerning specific initiatives. Environmental data for 11 group companies outside Japan covers the period from January 1 to December 31, 2016.

Organizations Covered

Corporate Governance Social Report

Lintec: Lintec Corporation
Lintec Group: Lintec Corporation plus group companies in and outside Japan

Environmental Report

Lintec: Lintec Corporation (Head Office, 10 production sites^{*1}, and Research Center) and Tokyo Lintec Kako, Inc.
Lintec and 11 group companies outside Japan: Sites listed above and 11 overseas group companies^{*2}

Lintec Group: Lintec Corporation plus group companies in and outside Japan

*1 See page 05. *2 See environmental data for 11 group companies outside Japan on page 34.

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Note on the fiscal year of consolidated subsidiaries

The fiscal year of Mactac Americas, LLC, Lintec (Thailand) Co., Ltd., and another 36 consolidated subsidiaries ends on December 31. As the difference between the fiscal year end of these 38 consolidated subsidiaries and the consolidated closing date is within three months, consolidated financial statements use each company's financial statements based on the fiscal year, and make necessary adjustments with regard to important transactions that occurred between the two accounting dates.

Verification of the reliability of this Report

Performance indicators marked by an asterisk * have been verified by a third party, SGS Japan Inc. As a result of third-party verification, no important issues that require correction were found.

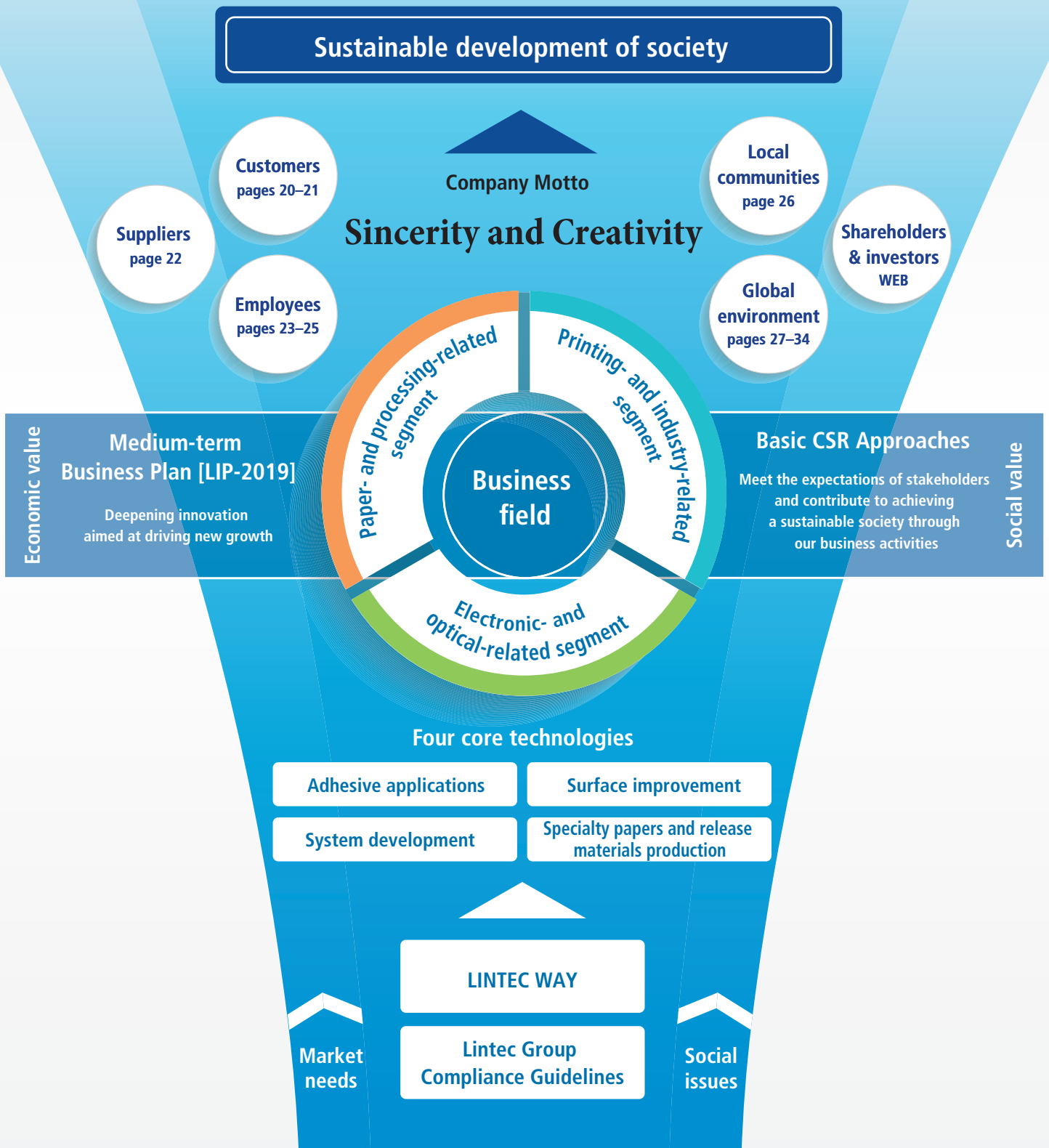
Publication date
Previous publication: August 2016
Current publication: August 2017
Next publication: August 2018

Overview of the Lintec Group

What Is the Lintec Group?

To realize the company motto, "Sincerity and Creativity," the Lintec Group is creating new value by evolving four basic technologies in accordance with the LINTEC WAY and the Lintec Group Compliance Guidelines.

Through initiatives implemented under the medium-term business plan, "LINTEC INNOVATION PLAN 2019 (LIP-2019)," which is targeted at creating economic value, as well as initiatives linked to materiality (important issues), the Lintec Group aims for the sustainable development of society.





Printing- and industry-related segment



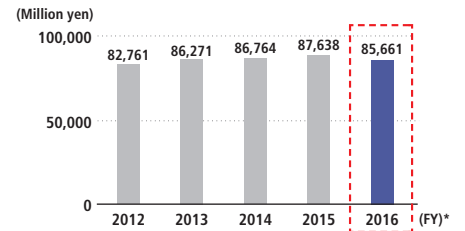
Adhesive papers and films for labels



Window films for automobiles

We provide products to which various functions are added to suit the purpose or usage environment, including: adhesive papers and films for labels on household goods, food products and home electronics, tapes for fixing parts of mobile devices, adhesive products for automobiles, industrial barcode printers, labeling machines for automatic labeling, window films for buildings and automobiles, materials for outdoor signage and advertisements, marking films for decorating car bodies, and interior decorative sheets.

Sales



Electronic- and optical-related segment



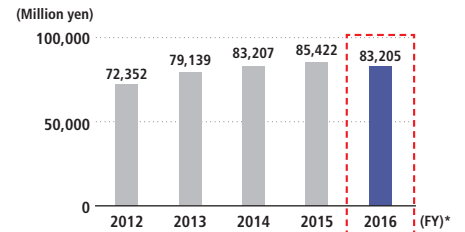
Semiconductor-related tapes



LED-related adhesive products

We provide products that leverage our unique R&D and technologies, including special tapes for semiconductor chip manufacturing and mounting processes, devices to make the best of these tapes' properties, release films indispensable for laminated ceramic capacitor manufacturing, LED-related adhesive products, and touch screen-related products.

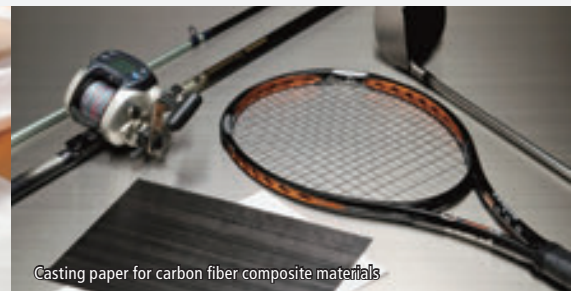
Sales



Paper- and processing-related segment



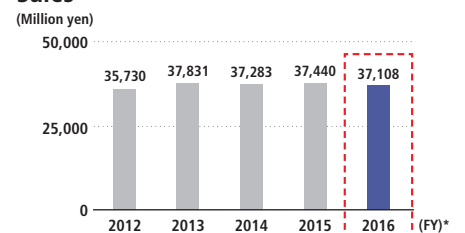
Greaseproof paper



Casting paper for carbon fiber composite materials

Taking advantage of paper-making technologies, we provide a wide variety of products, including: color envelop paper and color paper in a wide array of colors, function paper including greaseproof paper and dust-free paper for food packaging, high-quality printing paper, and release paper and release film for protecting adhesive coated surfaces, as well as casting paper used when manufacturing synthetic leather and carbon fiber composite materials.

Sales

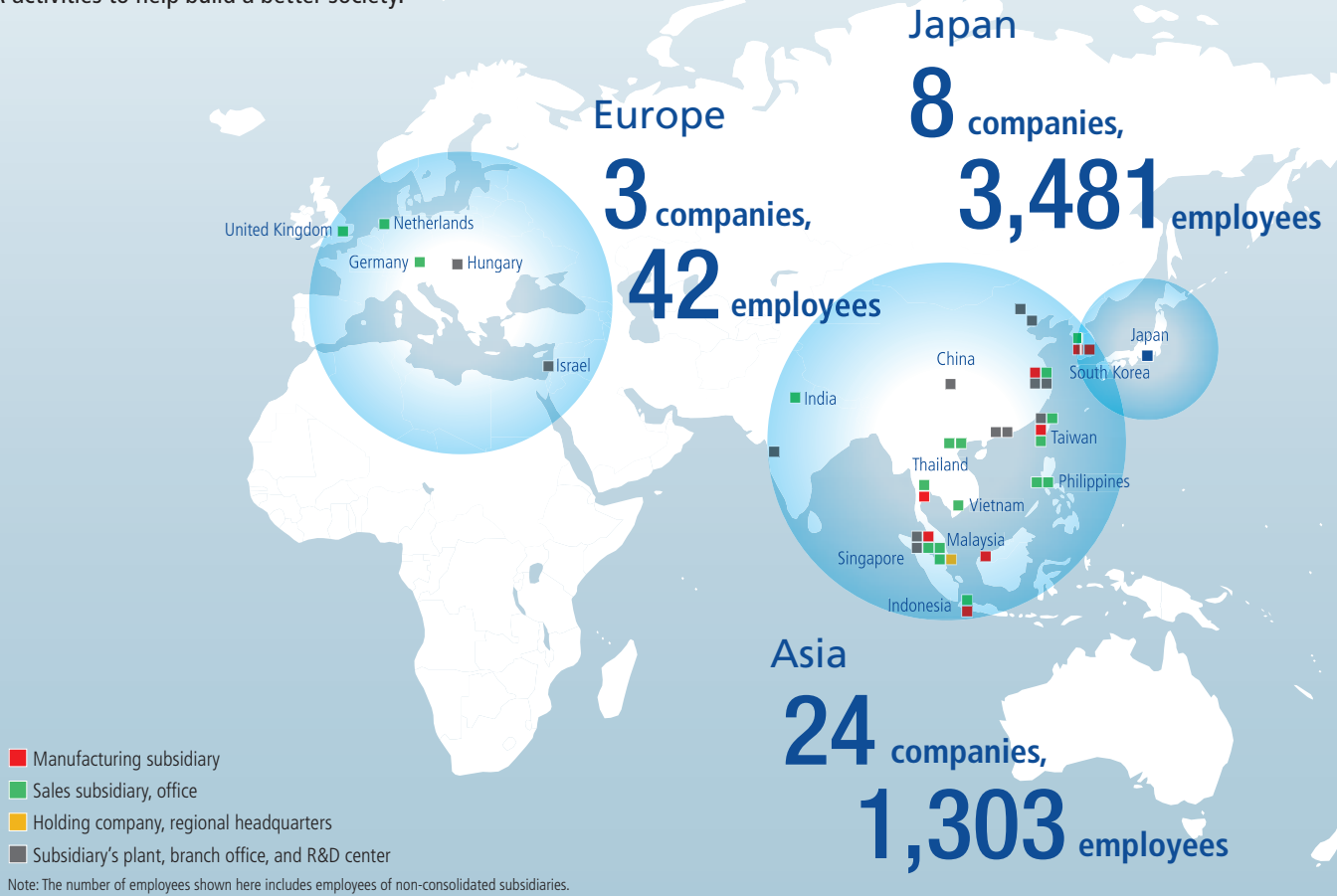


* See page 01 for a note on the fiscal year of consolidated subsidiaries.

Overview of the Lintec Group

Global Network Supports Our Activities

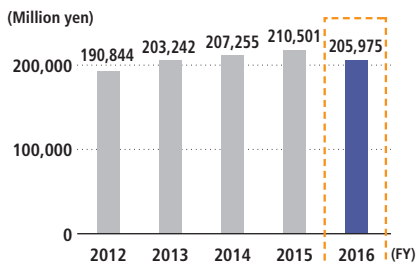
In response to the views of our stakeholders, all employees of the Lintec Group are engaged in CSR activities to help build a better society.



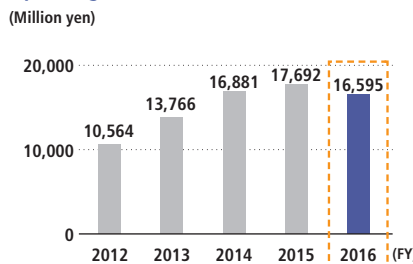
Financial and Non-Financial Highlights (Consolidated)

See page 01 for a note on the fiscal year of consolidated subsidiaries.

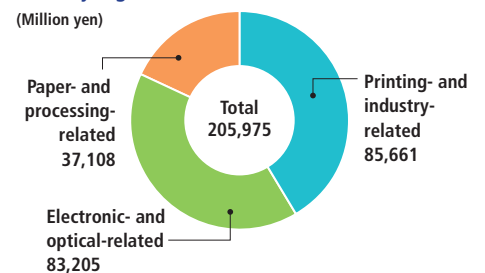
Sales



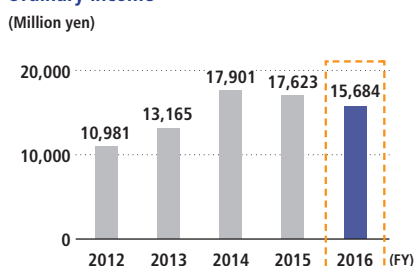
Operating income



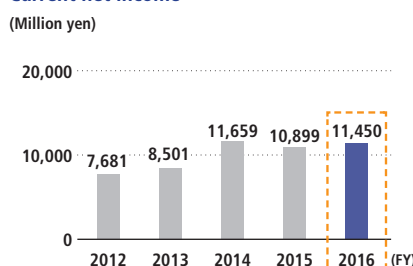
Sales by segment (Fiscal 2016)



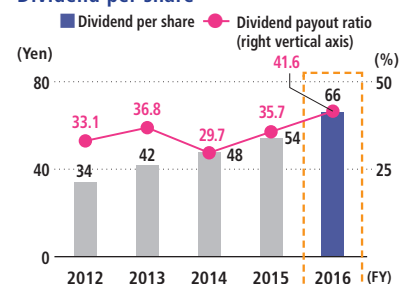
Ordinary income



Current net income



Dividend per share

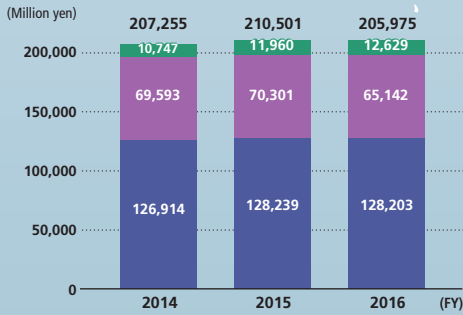


North America

7 companies, 781 employees



Sales by region



Corporate Profile (as of March 31, 2017)

Company name	Lintec Corporation
Head office	23-23, Honcho, Itabashi-ku, Tokyo 173-0001, Japan
Website	www.lintec-global.com/
Established	October 1934
Capital	23.2 billion yen
Stock listing	Tokyo Stock Exchange, First Section (Securities Code: 7966)
Fiscal year-end	March 31
Representative	Hiroyuki Nishio, Representative Director President, CEO and COO
Number of employees	Consolidated: 4,760 Non-consolidated: 2,539
Sites	<p>Sales offices: Iidabashi (Tokyo), Sapporo, Sendai, Hokuriku (Toyama Prefecture), Shizuoka, Nagoya, Osaka, Hiroshima, Shikoku (Ehime Prefecture), Fukuoka, and Kumamoto</p> <p>Production sites: Agatsuma (Gunma Prefecture), Kumagaya, Ina (Saitama Prefecture), Chiba (Chiba Prefecture), Tatsuno, Shingu (Hyogo Prefecture), Komatsushima (Tokushima Prefecture), Mishima, Doi, and Niihama (Ehime Prefecture)</p> <p>R&D facility: Research Center (Saitama Prefecture)</p>

Business activities

Development, manufacturing, and sales of adhesive products (adhesive papers and films for labels, marking films, window films, semiconductor-related tapes, optical function film, etc.); specialty papers (color envelope paper, color paper, special function paper, etc.); processing materials (release paper, release film, casting paper for synthetic leather, casting paper for carbon fiber composite material, etc.); and adhesive-related devices (labeling machines, semiconductor-related equipment, etc.)

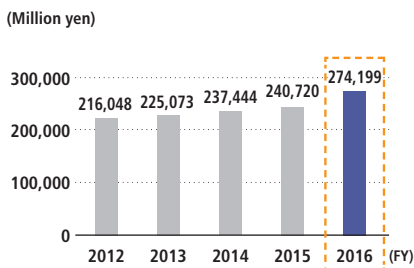
Sales (fiscal 2016)

Consolidated: 206.0 billion yen
Non-consolidated: 164.6 billion yen

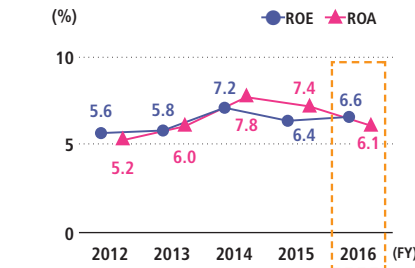
Operating income (fiscal 2016)

Consolidated: 16.6 billion yen
Non-consolidated: 11.6 billion yen

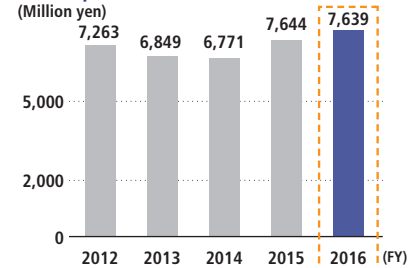
Total assets



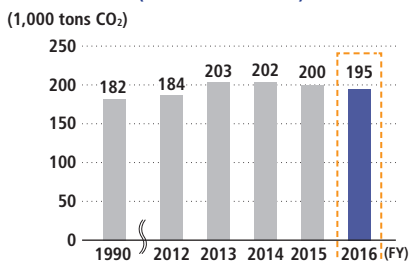
ROE / ROA



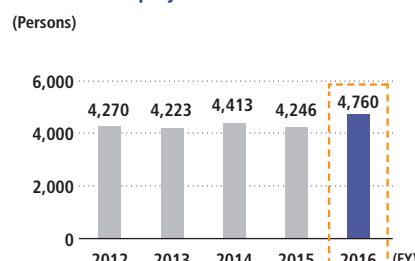
R&D expenses



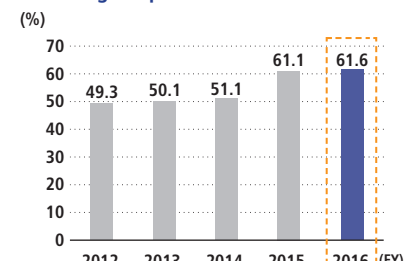
CO₂ emissions (non-consolidated)



Number of employees



Percentage of paid leave taken



Producing Results Leading to Growth under Uncertain Social Conditions

Since its foundation in 1934, the Lintec Group, as a leading company in the field of adhesive materials, has developed a wide variety of products using unique technologies such as technologies for applying adhesives and for modifying surfaces and has expanded its business scope. With the United Kingdom's decision to withdraw from the European Union and the advent of a new administration in the United States, fiscal 2016 will be remembered as an historic year. Fiscal 2017 is likely to be characterized by continued concerns about unknown consequences of the impact of US policy on the global economy, presidential elections in major European countries, increasing geopolitical risks surrounding Japan, and so on.

Under these circumstances, the Lintec Group completed the final fiscal year of its three-year medium-term business plan, LINTEC INNOVATION PLAN 2016 (LIP-2016). Regrettably, sales and profit fell below the initial numerical targets set out in the plan. We attribute this to the appreciation of the yen and to our failure to grow sales outside Japan as planned.

On the other hand, with regard to five key initiatives, we succeeded in producing results to establish a foothold for the next medium-term business plan. What will play a vital role in our future growth, in particular, is the acquisition of two manufacturers in the United States and one sales company in the United Kingdom at the end of 2016 under the initiatives to "further promote global development" and "promote strategic M&As." As for the initiative to "create innovative new products that will support the next generation," we unveiled eight products at an international trade show and have already launched some of these onto the market, leading to a favorable reception.

Building on these achievements, we have started our new medium-term business plan, LIP-2019, for new growth in April 2017.

New medium-term business plan [LIP-2019]

(From the FY ending March 2018 to the FY ending March 2020)

Basic policies

Deepening innovation aimed at driving new growth

Key initiatives

1. Strengthening of regional strategy
2. Creation of new value
3. Bolstering the corporate structure
4. Activities for realizing a sustainable society

Creating New Value by Deepening Innovation

LIP-2019 sets the basic policy of "deepening innovation aimed at driving growth." While maintaining the policy of the previous plan, the new plan seeks new growth by setting numerical targets to be achieved by its final fiscal year: consolidated net sales of 270 billion yen, operating income of 25 billion yen, and operating profit margin and ROE of more than 9%.

LIP-2019 has four key initiatives: 1. strengthening of regional strategy; 2. creation of new value; 3. bolstering the corporate structure; and 4. activities for realizing a sustainable society. In order to pursue innovation in line with each theme, the Lintec Group as a whole must share a common understanding and make concerted efforts to achieve the targets. We have worked on innovation for years under the basic policy of the business plan, but innovation itself has no goal and requires each and every employee's ongoing awareness. To take an example of new product development, innovation means creating added value that is one step ahead of customer expectations. To that end, we

Message from the President

We Will Contribute to Society by Promoting CSR Activities with Sincerity and Creativity.

must review our production process and sales strategy across departmental boundaries, such as sales and production, and develop products that balance economic performance with social performance. When we cannot differentiate even our mature product in terms of quality and cost, we will add services and functions to create new value and improve customer satisfaction.

Defensive and Aggressive CSR Activities Driven by “Sincerity and Creativity”

CSR activities, built on the spirit of our company motto, “Sincerity and Creativity,” are directly connected to “activities for realizing a sustainable society,” as one of the key initiatives under the newly formulated LIP-2019. The thread running through defensive CSR, which centers on such business activities as compliance with laws and regulations, governance, and respect for human rights, is “sincerity,” the spirit of working sincerely on all tasks. Meanwhile, aggressive CSR, which aims to address social issues in the core business, such as developing new products that contribute to improving environmental issues, is supported by “creativity,” the spirit of making ingenious improvements by thinking outside the box.

To further promote CSR activities and meet stakeholder expectations, the Lintec Group identified materiality (important issues) in fiscal 2014, and set key performance indicators (KPIs) for individual issues identified in fiscal 2015 (see pages 10–11). We will share the achievement level of our activities and enhance the system for making joint efforts. Identification of materiality also aims at total optimization, linking department-level CSR activities with “lines” so that they will not end as “dots” but comprise a “plane.”

Steadfastly Building up Defenses, from Work Style Reforms to Governance

One of the areas of focus in defensive CSR activities is labor practice, which is also covered by materiality. We are committed to promoting mid- to long-term work style reforms to produce various results, including proper work-life balance and improved operational efficiency (see pages 12–15). Our wide-ranging measures, including adjusting programs that support female employees, employees with small children, or employees



Hiroyuki Nishio
Representative Director, President,
CEO and COO
LINTEC Corporation

engaged in family care, enhancing educational opportunities, and improving conditions, aim to improve employee satisfaction and provide workplace environments where employees can work with peace of mind. Furthermore, we will introduce a wide variety of perspectives and ideas into our organization, while diversifying our workforce by introducing a personnel system that responds to globalization. We will also focus on ensuring global governance, including compliance, for subsidiaries outside Japan, the number of which is increasing thanks to M&As, with the goal of steadfastly building up defenses.

Implementing PDCA cycles according to the materiality identified and steadily carrying out the plan is the basis of CSR activities, whether defensive or aggressive. To prevent the hardening of PDCA cycles and maintain their flexibility, responding to social changes, including diversity, will be increasingly important.

Consciously Aggressive CSR Activities Nurture New Innovation

To produce greater results in CSR activities, raising the awareness of individual employees is essential. The Lintec Group is making efforts to raise CSR awareness and provide CSR education, including regular study sessions organized by the CSR Management Office. Meanwhile, to practice aggressive CSR activities in business, we started CSR workshops for young and middle-level employees in 2015 (see pages 20–21). The workshops are designed to establish awareness of the LINTEC WAY, comprising 10 rules as values

supporting the company motto, and of the SDGs* to create mechanisms and business models for solving social issues.

CSR activities should be carried out proactively to fulfill social responsibilities, not out of compulsion, and therefore can be a driver for innovation. The workshops play a vital role in reconfirming the essence of CSR activities through our business and motivating employees to carry out aggressive CSR activities. This will nurture seeds of new innovation, including the development of innovative products that contribute to addressing social issues.

Sincerely Doing Our Best Leads to Trust and Positive Results

The company motto, "Sincerity and Creativity," supports defensive and aggressive CSR activities. Sincerity is the foundation of all actions, not just of CSR activities, and leads to new creation and further growth of both individuals and the Lintec Group. Driven by "Sincerity and Creativity," we will continue to meet stakeholder expectations and achieve sustainable growth together with society.

To communicate our CSR activities broadly to the public and all employees, this report clearly summarizes the results of our CSR activities during fiscal 2016.

We would appreciate the continued support and guidance of all our stakeholders.

* The SDGs are the Sustainable Development Goals. The United Nations adopted the SDGs, comprising 17 goals and 169 targets, in September 2015.



New medium-term business plan [LIP-2019]

— Deepening innovation to create new value —

Based on the results and review of the previous medium-term business plan, the new plan, by making necessary improvements and boldly working on new initiatives, aims to achieve the targets of 270 billion yen in consolidated net sales, 25 billion yen in operating income, and operating profit margin and ROE of more than 9% by its final fiscal year.



Deepening innovation aimed at driving new growth

Key initiatives 1

Strengthening of regional strategy

- Increase in the domestic share and development of new markets and new demands
- Strategic investment and business expansion in the Asian region
- Expansion of the existing fields in Europe and America and the pursuit of synergies with the acquired subsidiaries



Founding of Lintec Asia Pacific Regional Headquarters Private Limited

The regional headquarters were established in Singapore to enhance the sales network in Southeast Asia and India with a focus on strengthening the business of the printing- and industry-related segment.



Visit of Mactac Americas, LLC Officers

Officers of Mactac Americas, LLC, a new member of the Lintec Group, visited the Head Office, Research Center, and plants to deepen mutual understanding and confirm future strategies.

Key initiatives 2

Creation of new value

- Creation of products for differentiation which exceed customer needs
- Development of next-generation products anticipating market changes



Advanced Technology Wing

At the wing, which started full operation in fiscal 2015, cutting-edge analyzers were introduced to further facilitate the processes from material development to mass production.



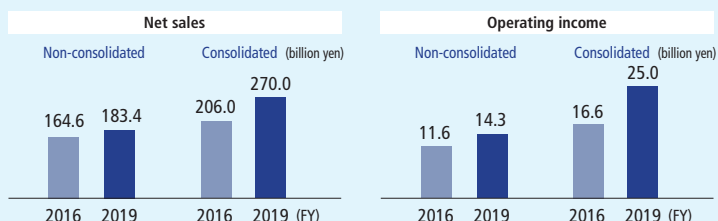
Large-scale Test Coating Facilities

The facilities, close to mass production facilities at plants, were introduced at the Advanced Technology Wing and have speeded up the production process development, contributing to early development of new materials crucial for future growth.

Key initiatives 3

Bolstering the corporate structure

- Ensuring soundness of the Group companies and continual increase in earnings
- Promotion of cross-sectional operational reforms
- Further promotion of cost structure reforms



Key initiatives 4

Activities for realizing a sustainable society

- Promotion of business activities conducive to solving social concerns
- Promotion of work-style reforms, fostering of diverse human resources and encouragement of their active participation in the workplace



FY2016 CSR Workshop

To practice aggressive CSR activities in business, CSR workshops for young and middle-level employees started in 2015.



Diversity Committee

Aiming to improve employee satisfaction and provide workplace environments where employees can work with peace of mind through cooperation with the Human Resources Department, the committee carries out educational activities to create workplace environments where employees can cooperate with each other.

Materiality (Important Issues)

For further promotion of CSR activities and in response to stakeholder demands, in fiscal 2014 the Lintec Group identified its materiality, following steps 1 through 3 on the right. The Lintec Group set key performance indicators (KPIs)*¹ in fiscal 2015, and started to use them in fiscal 2016.

Process of identifying materiality and setting KPIs

STEP 1 Identify issues

We identified CSR-related issues to be considered based on ISO 26000, GRI and other guidelines and through communication with stakeholders.

Materiality		Scope		Background of selection
		Circles mean applicable		
		Internal	External	
Governance	Operating global governance	○	○	In operating business globally, we need to develop a strategic global management system at a high level above local laws and regulations, divide the roles of execution and supervision, clarify policies, and implement the policies.
The environment	Effectively using raw materials	○	○	We are using petrochemical materials, pulps and water. Resource depletion has an impact on the sustainability of society. Stable procurement of some materials may become unavailable. Therefore, we need to reduce their consumption and use them effectively.
	Reducing atmospheric emissions	○	○	Atmospheric emissions of greenhouse gases, ozone depleting substances, VOCs, and so on have an impact on the entire globe and must be reduced. Strategic initiatives, such as total emissions management, are required.
	Making environmental contributions through products and services	○	○	With the growing need for environmental consideration in all phases from development to production, product use and disposal, LCA ^{*2} management is indispensable. It is crucial for us to consider the products we provide to various industries.
	Ensuring environmental compliance	○	○	The matters subject to environmental regulations, as well as the regulation method, vary among regions. We will need to accurately understand local legal systems and take proper actions in compliance with laws and regulations related to the atmosphere, water quality, noise, vibration and other pollutions in emerging and developing countries.
Labor practices	Ensuring occupational health and safety	○	○	We need to understand the situations of our suppliers in key developing countries and take necessary actions, beyond occupational health and safety within Lintec. It is also becoming important to take actions related to mental health.
	Achieving workplace diversity	○	-	A comfortable working environment requires considerations for diversity (e.g., gender, minority, LGBT ^{*3}). We need to develop policies for achieving diversity to secure a competitive advantage in management.
	Improving employee satisfaction	○	-	Employees are important stakeholders of Lintec. For the long-term growth of a company, a prerequisite is that employees are proud of and satisfied with their work.
Society	Conducting human rights due diligence ^{*4}	○	○	As we procure from around the world, it is becoming crucial to understand human rights risks at our primary suppliers and enhance education and supervisory systems for stakeholders to protect human rights throughout the SCM ^{*5} .
	Ensuring social compliance	○	○	As the matters that are subject to social laws and regulations, as well as the regulation method, vary among regions, we need to accurately understand local legal systems. We need to aggregate the information about local situations to link and improve the global management systems.
	Ensuring product compliance	○	○	As the matters that are subject to product-related laws and regulations, as well as the regulation method, vary among regions, we need to accurately understand local legal systems. It is indispensable to provide a stable supply of products, ensure thorough quality management and improve services.
	Making contributions to sustainable consumption	○	○	As a manufacturer of materials for a variety of purposes, we need to consider the consumer, and publicize and disseminate information.
	Achieving harmonious co-existence with local communities	○	○	Contacts with local communities increase as we expand globally. In recognition that any company is supported by the local community and society while comprising a part of them, we need to make various contributions to ensure harmonious co-existence with society.
Contribution to business	Developing business models for local production & consumption in emerging countries	○	○	We will promote the utility of adhesive products, provide useful products for emerging countries, and operate business globally with emphasis on quality. We need to launch business models horizontally by creating local demand and pursuing local procurement further.
	Entering new areas	○	○	We will enter new areas in response to global customer needs and social issues while recognizing our current strengths and weaknesses in technology and development. We need to consider social aspects (e.g., safety, quality, price) through stakeholder dialogue.

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

*2 LCA (Life Cycle Assessment): A method for comprehensively assessing effects on the environment by calculating items such as the amount of energy and water input, the amount of raw materials used, and the amount of CO₂ and hazardous chemical substances emitted throughout a product's lifecycle.

*3 LGBT: Lesbian, gay, bisexual and transgender. LGBT is a generic term for sexual minorities.

STEP 2 Determine priority

We determined the priority of the identified issues from the two perspectives of their importance to the Lintec Group and their importance to stakeholders.

STEP 3 Check validity

We received an evaluation and approval from the president as the chief decision-maker on CSR as well as from external experts.

STEP 4 Set KPIs

We disclosed our identified materiality. In light of the progress in our activities, we set KPIs in fiscal 2015 and started to use them in fiscal 2016.

* Organizations covered in Results: [A] Lintec; [B] Lintec Group; [C] Lintec, Tokyo Lintec Kako; [D] Lintec Head Office, 10 production sites, Research Center; [E] 8 Lintec production sites, Research Center

	Issues we should work on	Specific actions	KPIs	Results*	Related pages
	Enhance and operate the management system.	Enhance global governance.	(1) Use of consultation contact points in and outside Japan (2) Results of audits by the Internal Audit Office according to local laws and regulations and internal standards	(1) 1 case [B] (2) No serious findings [B]	17 16
	Reduce environmental impact and comply with environmental laws and regulations.	Procure materials that will help to reduce environmental impact based on the Lintec Procurement Policy.	Weight of organic solvents	18,800 t [A]	—
		Reduce emissions into the atmosphere based on our mid-term environmental target.	(1) CO ₂ emissions from business activities in Japan (2) VOC emissions from business activities in Japan	(1) 195,000 t [C] (2) 910 t [E]	28 33
		Develop and spread environmentally friendly products through LCA.	Number of environmentally friendly products developed	25 products [A]	30
		Ensure and manage environmental compliance using the environmental management system.	Number of violations of environmental laws and regulations	0 violations [D]	—
	Provide workplace environments where employees can work with peace of mind and ensure the safety of our employees in emergencies.	Conduct activities to ensure occupational safety according to the occupational safety and health management system.	(1) Number of occupational accidents and accidents resulting in absence from work (2) Working hours with no occupational accidents	(1) 5 accidents [A] (2) See page 25 [A]	25
		Respect the diversity of employees and provide rewarding workplaces.	(1) Ratio of female managers (2) Return to work after taking time off for childcare leave	(1) 13% [B] (2) 100% [A]	23 24
		Build working environments where employees feel motivated to work.	Turnover in three years of employees hired as new graduates	9.4% [A]	24
	Promote stakeholder-friendly global communication.	Respect human rights and determine risks throughout the supply chain.	Number of responses to supplier survey	88 companies [A]	22
		Instill and ensure group-wide compliance.	Response rate to compliance survey by officers and managers	87.7% [B]	16
		Use the quality management system to eliminate and prevent accidents.	Number of serious product accidents reported	0 accidents [C]	21
		Publicize the effects of environmentally friendly products to stakeholders.	Number of exhibitions participated in as an exhibitor in and outside Japan (activity evaluation)	32 times [A]	CSR site
		Introduce social contribution activities for local communities as a good corporate citizen.	(1) Total number of participants on plant tours (2) Implementation of social contribution activities	(1) 677 persons [A] (2) See page 26 [B]	26
	Promote business models that are friendly to the environment and society, and create businesses that can contribute to solving social issues.	Conduct R&D for products intended for local procurement and for solving social issues.	Development of a system for registering local raw materials at sites outside Japan (activity evaluation)	Search system for global raw material information management under development [B]	22
			Number of patent applications (activity evaluation)	395 applications [A]	20

*4 Human rights due diligence: A process exercised by an organization not only to comply with laws but also to address and reduce the risk of human rights violations (ISO 26000 6.3.3. Human Rights Issue 1).

*5 SCM: Supply chain management. Optimized organization and management of a series of flows from material procurement to production, sales and distribution and to final users.

Highlight

1

Creating Workplace Environments Where Diverse Human Resources Work Together

Respecting the diversity of individual employees*, Lintec is creating workplace environments where all employees can feel comfortable and cooperate with each other.

Promoting Diversity through Cooperation between the Human Resources Department and the Committee

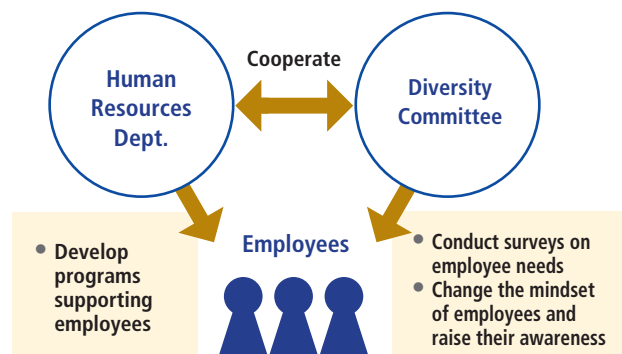
The issue of "diversity" is recently attracting attention as an important theme in corporate organization management. In the belief that incorporating various perspectives and ideas into its organization is crucial in achieving corporate growth, Lintec promotes initiatives to ensure diversity.

In terms of diversity, social focus is often on gender, nationality, religion, or other attributes, but Lintec aims at creating workplace environments where employees with diverse lifestyles and ideas can work actively, exercising their abilities to the full. We ensure that our activities are pragmatic by examining necessary initiatives and improving them one by one from the bottom up.

To facilitate such initiatives, Lintec established, in July 2016, the Diversity Committee as a successor to the Active Women's Work Committee to Empower Women in the Workplace, which carried out activities for three years from July 2013. The General Manager of the General Affairs & Human Resources Division chairs the new committee, and the Human Resources Department serves as the secretariat. To create a cross-organizational committee, one manager and one female

employee are selected from each of the Head Office, sales, production, and R&D divisions as committee members.

Key activities of the committee are putting forth employee needs and raising individual employees' awareness with a view to changing mindsets. The Diversity Committee works together with the Human Resources Department, which is in charge of developing programs, to develop and revise programs that support employees and create comfortable and rewarding workplaces.



* Respect for diversity: Respecting individuality in people and diversity in groups leads to the right people being assigned to the right jobs, the solving of problems by the application of diverse perspectives, and the generation of unique ideas.

To Be a Company with a Diverse and Hardworking Workforce

As its first step in its first year, the Diversity Committee conducted a company-wide survey in fiscal 2016 to identify top priority issues among the four themes that employees are likely to encounter in their work. Subsequently, the committee determined the order of priority through discussion, formulated a two-year action plan, and started to work on the issues.

The committee decided to carry out specific activities under the main themes of supporting employees engaged in family care in fiscal 2017 and supporting employees suffering from injury or illness in fiscal 2018. The committee also works on the ongoing activity themes of empowerment of female employees and empowerment of employees who are rehired after reaching retirement age.

The survey revealed that diversity requires not only the enhancement of systems but also the operation of such systems and understanding among co-workers. Therefore, in parallel with approaches of the four themes, the committee will step up its efforts for awareness raising to provide workplace environments where employees can cooperate with each other.

What Lintec emphasizes most in promoting diversity is sharing visions and goals. We will carry out discussions with top, middle, and lower management, and raise employees' awareness to promote aligned activities across the company.

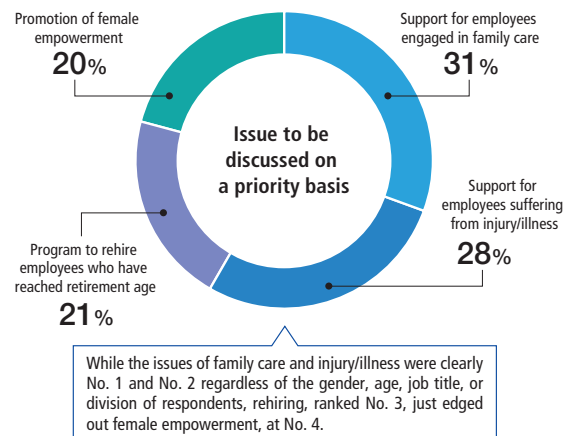


Diversity Committee members

■ Results of employee survey

Survey period: October to November 2016

Response rate: 74.1%



■ Activities of the Diversity Committee

1. Supporting employees engaged in family care	<ul style="list-style-type: none"> ● Discuss initiatives to promote understanding ● Discuss changing the upper limit of unused leave ● Support work-family care balance (distribute a booklet on how to use the system, continue to provide training) ● Discuss flexible working styles ● Discuss remote family care support
2. Supporting employees suffering from injury/illness	<ul style="list-style-type: none"> ● Understand/verify situations after revising the program, conduct activities to penetrate the program
3. Program to rehire employees who have reached retirement age	<ul style="list-style-type: none"> ● Discuss the program to rehire employees who have reached retirement age (understand needs of employees at different workplaces and how they think of job classifications regarding working styles after age 60) [To be discussed first by the Production Division Working Group]
4. Female empowerment	<ul style="list-style-type: none"> ● Discuss initiatives to promote understanding ● Discuss flexible working styles ● Support return to work
Common items (supporting employees engaged in family care, female empowerment, supporting employees suffering from injury/illness) <ul style="list-style-type: none"> ● Initiatives to enhance publicizing activities 	

■ Action Plan based on the Female Empowerment Promotion Act

Plan period: 3 years from April 1, 2016 to March 31, 2019

Target 1	Target 2
Raise the average percentage of females in the total number of new hires (graduated from university/graduate school) to over 30%.	Raise the percentage of female supervisors (section chiefs) to over 10%
Initiatives <ul style="list-style-type: none"> April 2016 <ul style="list-style-type: none"> ● Continue to raise employee awareness to promote employment of female students. ● Improve job/workplace environments and review/creatively improve the way of working. ● Appoint female recruiters to conduct employment screening for each job classification. 	Initiatives <ul style="list-style-type: none"> September 2016 <ul style="list-style-type: none"> ● Continue to provide diversity management training for managers to raise awareness for creating workplaces where diverse human assets can exercise their abilities to the full. November 2016 <ul style="list-style-type: none"> ● Continue to provide female empowerment/career-building training for female employees to raise women's awareness of female empowerment initiatives, their career development, and future working styles. February 2017 <ul style="list-style-type: none"> ● Consider review of training programs for career development.

Spin the Wheels of “System” and “Corporate Culture” to Further Promote Activities

The Lintec Group sets forth “promotion of work-style reforms, fostering of diverse human resources and encouragement of their active participation in the workplace” as “activities for realizing a sustainable society,” which is one of the key initiatives under the new medium-term business plan, LIP-2019. To promote this theme, the Human Resources Department reviewed existing personnel systems for program development and revision in order to provide specific support needed by employees.

In the process of enhancing systems, the Lintec Group believes that reaching out to employees as system users will

be increasingly important. The Diversity Committee will lead the continued efforts to understand employee needs and raise awareness so that diversity will take root in the corporate culture.

Because employees’ lifestyles and values change over time, there is no end goal in diversity promotion and the creation of comfortable workplace environments. The Lintec Group will continue to promote activities by spinning the wheels of “program development” and “corporate culture development” in order to create workplace environments where diverse teams can make active contributions.

Past Major Initiatives

Extending the application of shorter hours for childcare

To support work-childcare balance, eligibility for shorter working hours was extended to include parents of a child in the third grade to address the so-called “barrier of the first grade,” when parents have difficulties in continuing to work.

- Extending eligibility for shorter hours for childcare

Before change
A child younger than school age

After change
Up to the **3rd** grade

Providing female empowerment training

For women’s career development, two programs, diversity management training (for managers) and female career-building training (for female employees), have been provided since fiscal 2013.

- No. of participants in career-building training (FY2014–2016)

100 employees in 3 years
(about 30% of all female employees)

Increasing the taking of paid leave

In response to calls from employees, taking paid leave in units of half a day became possible. Together with the introduction of planned annual leave, the percentage of paid leave taken is improving year by year.

- Percentage of paid leave taken

FY2013 **50.1%** → FY2016 **61.6%**

Enhancing support for employees engaged in family care

Following a review of family care-related programs started in April 2016, the number of days able to be taken for family care leave was changed to be greater than the legally mandated number of days. Training on simplified procedures for using programs and training to help participants understand public systems was provided.

- Revised period of family care leave

Before change
Total **93** days

After change
Total **365** days

Activating workplace communication

“Brother and sister training” aimed at supporting senior employees who provide guidance to new and young employees, as well as “supervising subordinates training” for managers, was provided.

- No. of participants in the supervising subordinates training (FY2016)

About **360** persons

Creating a tool to help understand support programs

To help employees understand corporate rules and systems, a “how to use the support system booklet,” which describes in an easy-to-understand manner the details of support programs and how to use them, was created and distributed to employees.



For Further Promotion of Diversity

Members of the Human Resources Department and the Diversity Committee Secretariat, who drive Lintec's diversity promotion, shared their thoughts about the activities and enthused about the future.



Leading players in work-style reforms are individual employees

As the chairperson of the Diversity Committee, I am in the position to drive the activity, but I believe the leading players in this initiative are individual employees. I will listen to employees as the users of the systems and recipients of support, with the aim of implementing initiatives that are meaningful to everyone.

Tsunetoshi Mochizuki

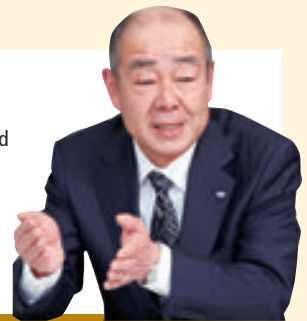
Director, Managing Executive Officer
General Manager, General Affairs & Human Resources Division
Chairperson, Diversity Committee

Push from top management is reassuring

Our top management team is highly aware of the environments in which our employees work and is pushing forward our activities, which I find reassuring. My goal is to provide systems and workplace environments that will make employees happy to have worked for the company when they reach retirement age.

Katsuyuki Takizawa

General Manager, Human Resources Department
Vice-chairperson, Diversity Committee



Individual's understanding is crucial

As I carry out activities, I realized that understanding across the company, from top management to frontline employees, is crucial. I will implement measures likely to gain employees' understanding by asking myself, "What I can do for employees?"

Akihiko Bito

Assistant General Manager, Human Resources Department
Diversity Committee Secretariat



I will persist in making steady efforts

Precedents at other companies reveal that initiatives for female empowerment and diversity cannot produce results in the short term. I will make steady efforts, step by step, considering what Lintec's workplace environments should be.

Mayumi Murakami

Section Manager, Human Resources Department
Diversity Committee Secretariat



I would like to reflect the younger generation's ideas on work-style reforms

Recently, the amount of information targeting the younger generation, as well as opportunities to collect information, seem to be increasing as more career counseling and training programs for young employees are provided. Valuing opinions collected from such opportunities, I aim to carry out activities that trigger the creation of initiatives or mechanisms that motivate employees to stay with the company for their entire working life.

Noriko Nakamura

Human Resources Department
Diversity Committee Secretariat



Practicing Sincerity



Materiality

- 1 Operating global governance
- 2 Ensuring social compliance
- 3 Making contributions to sustainable consumption

Lintec Group's thinking

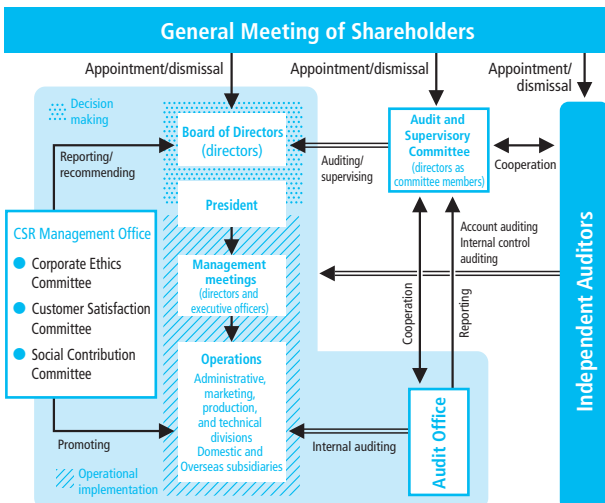
The Lintec Group regards the basics of corporate governance to be the practice of thoroughgoing compliance, maximum management transparency, awareness of corporate ethics, rapid decision-making, and efficient administration of business operations. The Lintec Group aims to increase its corporate value by continually improving its corporate governance and common benefit to shareholders.

Corporate Governance Framework

For organizational design^{*1}, Lintec has chosen a company with an audit and supervisory committee^{*2}, and appoints directors as Audit and Supervisory Committee members with voting rights, with the aims of stepping up corporate governance and improving management further.

Lintec has four outside directors, including three directors as Audit and Supervisory Committee members. Other specific management initiatives include one-year terms for directors to clarify their responsibilities, and the adoption of an executive officer system to separate directors in charge of making decisions on important management issues from executive officers in charge of business operations.

Corporate Governance System



Compliance

All employees at the Lintec Group are committed to disciplining themselves based on the corporate motto of "Sincerity and Creativity." In February 2017, we conducted a compliance survey with officers and managers (response rate: 87.7%* in 2017, compared with 82.6% in 2016 and 79.1% in 2015). "Compliance self-check sheet" and "compliance training materials" are published in the Lintec intranet, available to all employees. All employees use these materials to check their conduct. They also use the materials for compliance learning activities in their departments.

Activity

1 Awareness Raising with the Compliance Guidelines

At the Lintec Group, we issue a code of conduct booklet, "Compliance Guidelines," to enhance each employee's compliance awareness.

In April 2017, we reviewed the content and issued a revised version.

Using the booklet, we are also holding CSR study sessions both in and outside Japan.



*1 Organizational design: Determining the structure of organizations (e.g., shareholder meeting, board of directors) in charge of decision-making or operation of a joint-stock company

*2 A company with an audit and supervisory committee: A stock company where its audit and supervisory committee, comprising more than three directors (with outside directors as a majority) as committee members, audits and supervises how directors administer business operations.

*3 BCMS stands for a Business Continuity Management System. It is a management technique to develop a business continuity plan, based on the understanding of the current conditions of the organization, to ensure that the businesses are continued in the event of a serious incident that will or may have grave impact on major products/services of the organization. Drills are also performed to validate the effectiveness of the BCP.

Activity
2

Global Surveys on Human Rights and Labor Standards

In February to March 2017, the Lintec Group conducted all-site survey to check labor conditions and human rights at all group companies*.

As a result of the survey, it was confirmed that all sites comply with local and regional laws and regulations, that the Lintec Group Compliance Guidelines are well understood by employees, and that Lintec employees work in a healthy and safe working environment where their fundamental human rights are respected. We will continue this regular survey every year to understand our current conditions, and improve them.

Risk Management

The Lintec Group strives to prevent problems by identifying all possible risks associated with company management and working at making improvements throughout the group according to the degree of urgency and importance.

We also conduct the compliance survey and seek to understand the situation within the company to improve our risk management ability.

Activity
3

Establishing Group-wide BCMS*3

Lintec Corporation, Tokyo Lintec Kako, Inc., and Lintec Speciality Films (Taiwan), Inc. have developed a BCP*4 to be able to minimize human casualties, continue to supply products, and resume business as early as possible after an earthquake or other disaster. Becoming certified under ISO 22301*5:2012 in March 2014, we are operating the BCMS to maintain and improve the BCP. We will continue to share the BCMS among employees to initiate and enhance activities.

Activity
4

Helpline

Lintec has a helpline (internal reporting system) for employees to obtain consultations on legal violations and other workplace worries. Lintec added a third-party corporate lawyer to the helpline system to facilitate prompt consultations and investigations. Efforts have been made to raise internal awareness of the helpline in order to encourage its use, including mentioning it in the Compliance Guidelines. The goal is to quickly identify and solve problems. In 2015, we started to operate the global whistleblowing system, covering group companies outside Japan, to accept reporting in English.

*4 BCP stands for a Business Continuity Plan. It is a plan developed in advance to enable the minimization of damage and the continuation or early resumption of business in the event that a company encounters an emergency situation such as an accident or disaster.

*5 ISO 22301: An international standard for BCMS that a corporation or organization should follow in establishing and effectively operating a system to prepare for earthquake, fire, trouble in the IT system, financial crisis, bankruptcy of supplier, pandemic, or other natural disaster or accident.

Related Data

Outside Directors

Director

Kazumori Fukushima

(Managing Executive Officer, Nippon Paper Industries Co., Ltd.)

Kazumori Fukushima enhances the supervisory function of Lintec's Board of Directors by drawing on his experience as an officer, as well as the knowledge and experience he acquired in production and sales capacities, at Nippon Paper Industries Co., Ltd.

Director / Audit & Supervisory Committee Member

Toru Nozawa

(Director, Managing Executive Officer, Nippon Paper Industries Co., Ltd.)

Toru Nozawa audits and supervises Lintec's Board of Directors by drawing on his experience as an officer, as well as the knowledge and experience he acquired in an administrative capacity, at Nippon Paper Industries Co., Ltd.

Director / Audit & Supervisory Committee Member

Satoshi Ohoka

(Lecturer, Chuo University Graduate School of Commerce; Outside Director, Ryobi Limited; member of Lintec's independent committee on large-scale purchasing rules)

Satoshi Ohoka audits and supervises Lintec's Board of Directors by drawing on his experience in policy-based finance, his rich international experience, his specialized academic experience, and the knowledge and experience he acquired as an outside director in other industries.

Director / Audit & Supervisory Committee Member

Kanako Osawa

(Lawyer at Kajitani Law Offices; member of Lintec's independent committee on large-scale purchasing rules)

Kanako Osawa audits and supervises Lintec's Board of Directors by drawing on her advanced legal knowledge, broad insights, and knowledge and experience acquired in corporate legal affairs in and outside Japan.

No. of Board of Directors meetings

- No. of meetings 17
- Attendance of directors (%) 98.9
- Attendance of outside directors (%) 95.6

No. of Audit & Supervisory Committee meetings

- No. of meetings 13
- Attendance of committee members (%) 96.0
- Attendance of outside committee members (%) 94.9

* Figures for attendance of directors and attendance of outside directors at the board meetings and committee meetings above include that of Mr. Shinichi Sato, who served as an outside director until March 31, 2017.

Total amount of executive compensation

Executive category	Total compensation (million yen)	Total compensation by category (million yen)			No. of officers covered (persons)
		Basic compensation	Stock option as compensation	Bonus	
Director (excl. Audit & Supervisory Committee member) (excl. outside director)	450	353	11	85	11
Director (Audit & Supervisory Committee member) (excl. outside director)	19	19	-	-	1
Outside officer	16	16	-	-	4

CSR in the Lintec

Many stakeholders support the business of the Lintec Group. To meet these stakeholders' expectations and be trusted by them, all Lintec Group employees actively conduct CSR activities with the company motto "Sincerity and Creativity" at the center and in accordance with "LINTEC WAY" which is an important value supporting the company motto, the Basic CSR Approaches and the Lintec Group Compliance Guidelines.

To achieve the medium-term business plan, LINTEC INNOVATION PLAN 2019 (LIP-2019), which started in April 2017, we

need to enhance group management. Therefore, we are conducting CSR activities on a global basis. With strong awareness that CSR activities directly impact the business and in order to implement CSR activities in our core business, the Lintec Group sets key performance indicators*1 based on our identified materiality, and has been implementing PDCA cycles in our strategic CSR activities.

*1 For key performance indicators, see page 11.

Lintec Group Compliance Guidelines

Compliance is fundamental to corporate activities. The LINTEC Group is committed to observing "relevant regulations" and "social rules" during corporate activities domestically and overseas.

We, the directors and employees of LINTEC, shall:

1. Continuously offer products and services that contribute to society.
2. Conduct fair and transparent transactions based on the principle of free competition with all business partners.
3. Comply with regulations in all aspects of corporate activities in Japan and overseas, and conduct ourselves based on the highest ethical standards.
4. Emphasize the importance of close relations with all the persons involved in corporate activities, such as shareholders, investors, business partners, local communities, and employees.
5. Be actively engaged in controlling and reducing environmental burdens, as global environmental problems are a vitally important management concern.
6. Proactively engage in activities that contribute to local and regional communities as good corporate citizens.
7. Maintain fair and transparent relations with political bodies and governments.
8. Prevent any involvement with anti-social organizations.
9. Take part in hospitality activities with modesty and within the range that common sense allows when it is necessary as part of business activities.
10. Handle corporate information appropriately, and only disclose it at appropriate times and in appropriate ways.
11. Handle intellectual properties securely, respect the intellectual property rights of other companies and do not violate them.
12. Respect the human rights and dignity of individual employees and officers and treat them fairly to enable a good working environment.

Established in January 2003, revised in April 2011

Lintec Group's Value Chain and Stakeholder Communication

Business activities of the Lintec Group have impacts on every link of the value chain. We proactively hold dialogues with stakeholders at each phase to carry out initiatives that meet social expectations.

Raw material procurement



Implement CSR procurement to co-exist and co-prosper with suppliers.

R&D



Create new innovative products for society, led by the R&D Division.

Dialogue opportunities

Customers	Trade shows in and outside Japan, contact for inquiries
Suppliers	Questionnaire survey
Local communities	Factory tour, social contribution activities
Employees	Communication magazine, intranet
Shareholders/investors	Shareholders meeting, IR meeting, IR tool

Highlights of the Lintec Group's initiatives

Material suppliers

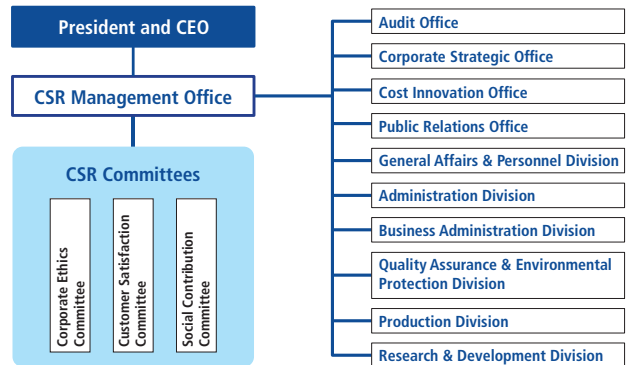
About **500** companies
Questionnaire survey response rate from top 88 suppliers **100%**

Aggressive R&D to meet customer expectations

R&D cost **7.6** billion yen
No. of patent applications **395**

CSR Promotion System

The CSR Management Office under the direct control of the president strives to foster high ethical standards, disseminate information on CSR, and support the initiatives of the CSR committees. The CSR committees, which have a cross-organizational membership and each of which include an officer in charge, lead initiatives with responsibility from the standpoint of management.



As of April 1, 2017

United Nations Global Compact

Having participated in the United Nations Global Compact since April 2011, the Lintec Group conducts business activities based on the following Ten Principles to contribute to the sustainable growth of society.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

ISO 26000

ISO 26000 is an international standard that defines social responsibilities of all organizations. By referring to the seven core subjects, the Lintec Group promotes CSR activities.



Manufacturing



Improve production efficiency, reduce environmental impact, and mass-produce new products in and outside Japan.

Distribution



Reduce environmental impact and achieve a stable supply of products as a result of our modal shift.

Sales/Use



Provide security and trust based on high-quality manufacturing that can satisfy customers.

Disposal/Recycling



Reduce waste and use it effectively.

Carrying out social contribution activities at each sales office
Annual spending on social contribution activities

18.22 million yen

Reduction of energy consumption from FY2015 with efficient transportation

About **1.7** %

Improvement of energy consumption per production unit
About **0.4** %

Reduction of quality accidents compared to 2003 (benchmark year) with thorough quality control

87 %

Recycling of generated waste with recycling promotion

About **87.1** %

Zero emission as final landfill disposal rate of 1% or less

Achieved in **10** consecutive years

* Highlights reflect the unconsolidated results of Lintec Corporation.

For customer

Providing Value to Customers



Materiality

- 1 Developing business models for local production & consumption in emerging countries
- 2 Entering new areas

Lintec Group's thinking

"We adhere to the fundamentals of 'manufacturing.' We shall develop, manufacture, and sell 'quality,' 'environment friendly,' and 'safe' products, and pursue business activities that are trusted by all stakeholders." While upholding this Quality Policy, the Lintec Group is making efforts for improving the added value of our products and services to meet customer expectations.

Activity

1

Promoting One-stop Development

To promptly respond to customer needs, Lintec is working on "one-stop development," which considers the mass production process simultaneously with product design. The platform for the effort is the Research & Development Division's Advanced Technology Wing, which started full operation in 2015. Effective use of coating facilities in the wing made it possible to verify the production process before preproduction at a plant. By establishing precision analysis technology and taking advantage of simulation technology, we are likely to further

accelerate the speed of new product development.

The Advanced Technology Wing has a meeting space on each floor where researchers can actively exchange opinions.

No. of patent applications*

395

applications



Advanced Technology Wing

Activity

2

Business Creation Workshop Incorporating SDGs*1

The Lintec Group considers addressing social issues and meeting stakeholder expectations in its core business as constituting the practice of aggressive CSR. To enable employees to further demonstrate the spirit of "Sincerity and Creativity"—the company motto and foundation of Lintec's CSR—for value creation, we held the second workshop on generating innovation, primarily for young and middle-level employees, in 2016.

This year's workshop set assignments using the Sustainable Development Goals (SDGs), which are being worked on around the globe. Thirty participants discussed the SDGs over six months in terms of how the Lintec Group can address them through its business, and planned a business vision. At the last session of the workshop, participants made a presentation in the presence of top management, including the Chairman and the President.



Workshop session

*1 For SDGs, see page 08.

Quality Assurance System

The Lintec Group has established a quality assurance system based on ISO 9001^{*2}. Currently, 21 sites have been certified under ISO 9001, including those certified in fiscal 2016. All registered sites will complete the transition to the new 2015 standard (ISO 9001:2015) by the end of fiscal 2017. We also continue to enhance cooperation between related sites with even greater integrated certification.

With these activities as a foundation, we aim to further improve quality.

Voice!

First Group Company Outside Japan to Be Certified under ISO 9001:2015

On May 9, 2016, Lintec BKK PTE Limited became the first group company outside Japan to be certified under ISO 9001:2015, thanks to support received from related departments.

The acquisition of the certification aimed at improving customer satisfaction, improving business efficiency, and building a CSR-based workflow. As a manufacturer, we believe that improving product and service quality and managing harmful substances in the production process are crucial in fulfilling our social responsibility.

We will continue to maintain the quality management system we have built and work on process improvement to meet social expectations.

Parichat Suanthawee (Bow)
In charge of ISO, Lintec BKK PTE Limited



Activity 3

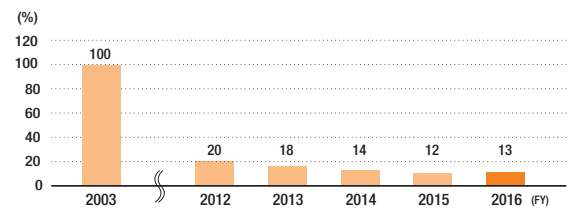
Quality Incident Prevention and Education

With the belief that raising individual employees' awareness and deepening their understanding of how an emphasis on quality is important are crucial to meeting customer demands for quality, the Lintec Group provides e-learning programs and internal courses for all employees.

In fiscal 2016, we provided education on the revised standard of ISO 9001:2015 and on failure mode and effect analysis (FMEA). FMEA identifies potential failure risks of a product from its design process to take advance measures and prevent problems. We provide various quality education programs, including those for learning the FMEA method, to prevent quality accidents.

We also launched our complaint management system, which we have built and operated in Japan, outside Japan to share information.

Ratio of quality accidents



Notes: 1 Ratio of quality accidents at group companies in Japan.
2 Ratio to the number recorded in fiscal 2003 as 100%.

Total participants in quality education program

2,496 employees

* Scope: Group companies in Japan

Outside Voice

Workshop for Essential Improvement of Corporate Value

Lintec has held workshops for two years under the lofty principle of "generating innovation driven by CSR to solve social issues." Japanese companies' CSR activities tend to place an emphasis on compliance. Innovation activities, meanwhile, tend to prove themselves nothing more than mere sloganeering due to the lack of an engine to drive them. I strongly believe that Lintec's ambitious attempt to address these weaknesses at once will expedite evolution and

development along the axis of SDGs, leading to essential improvement of the company's corporate value.

Hiroyuki Tada
Japan for Sustainability



*2 ISO 9001: The international standard for quality management systems



Fair operating practices



Human rights

Supply chain management

Cooperating with Suppliers



Materiality

- 1 Conducting human rights due diligence^{*1}
- 2 Developing business models for local production & consumption in emerging countries

Lintec Group's thinking

Considering all suppliers as "partners who should grow together with Lintec," the Lintec Group strives to establish relationships built on trust with them. When selecting suppliers, we evaluate them appropriately based on the principle of free competition. We engage in fair and transparent transactions, and ensure legal and ethical compliance in our procurement activities.

Activity

1

CSR Procurement

Lintec's procurement activities follow the Lintec Procurement Policy, the Lintec Green Procurement Policy, and the Lintec Lumber Pulp Procurement Policy, all of which are based on CSR.

We request suppliers to deepen their understanding of these policies and to maintain thorough CSR activities from

various perspectives. In fiscal 2016, we asked the top 88* among about 500 material suppliers to complete a questionnaire and all of them did so. The survey confirmed CSR-related issues, including compliance with laws and regulations, human rights, safe and healthy working environments, and corporate ethics. We will continue to cooperate with our suppliers in this way.

Activity

2

Conflict Minerals

Lintec recognizes that conflict minerals^{*2}, mined to fund armed conflict, are a serious social problem. The company investigates

and ensures that no conflict minerals are present in any of its raw materials. Lintec will continue to conduct procurement management that avoids the use of conflict minerals.

Activity

3

Green Procurement

For procurement with lower environmental impact, the Lintec Group is ensuring thorough chemical substance management for raw materials, parts, and secondary materials. To determine

whether suppliers' materials contain substances regulated, we asked suppliers to respond to our environmental survey based on the environmentally hazardous substance list version 3.00, covering about 5,000 raw materials, in fiscal 2016. We also ask suppliers to endorse our environmental protection activities and ensure control of chemical substances.

*1 For human rights due diligence, see page 11.

*2 Conflict Minerals: Conflict minerals defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act include tantalum, tin, tungsten and gold.

Human Rights and Diversity



Materiality

- 1 Achieving workplace diversity
- 2 Improving employee satisfaction

Lintec Group's thinking

To ensure that all employees may find their work equally rewarding, the group respects the diversity^{*3} of every employee and prohibits any kind of discrimination, including that based on race, creed, gender, education, nationality or age.

In 2011, Lintec joined the UN Global Compact, which seeks to eliminate the use of child and forced labor.

The Lintec Group will continue to promote diversity so that all employees can grow through mutual understanding and respect.

Activity 1 Respect for Human Rights in Labor Management and Education

The Lintec Group believes that compliance forms a foundation for its activities and thoroughly adheres to both social rules and relevant laws and regulations in and outside Japan. This also applies to the recruitment and treatment of employees. Labor management is performed in accordance with relevant laws. Unfair discrimination, child labor, and harassment are prohibited.

Lintec also incorporates human rights education into its rank-based training programs. In fiscal 2017, Lintec provided 43 new employees who joined the company during the fiscal year with "UN Global Compact and CSR" training and provided newly appointed section chiefs and managers with sexual harassment and workplace bullying training.



Education session for new employees

Work-life Balance

Lintec is working to help employees to balance their professional and personal lives by creating workplace environments where employees are able to perform their jobs with peace of mind and exercise their full abilities. Lintec is also considering feasible measures not only to enhance programs supporting female employees but also to help with career building for a broad spectrum of employees (including older employees, employees with disabilities, and employees engaged in family care) and programs to help employees balance their professional and personal lives.

Targets and current status of initiatives based on the Female Empowerment Promotion Act

Target	FY2016
(1) Raise the average percentage of females in the total number of new hires (graduated from university/graduate school) to over 30%	32.5%
(2) Raise the percentage of female supervisors (section chiefs) to over 10%	5.4%

Plan period: 3 years from April 1, 2016 to March 31, 2019

Number of employees by gender: Lintec Corporation



Number of employees by gender: Lintec Group



(Outside Japan: as of December 31, 2016; In Japan: as of March 31, 2017)

* Japanese employees hired locally are included in the number of local employees
† Percentage of each gender in management positions

*3 Regarding respect for diversity, see page 12.

Concept of Human Resource Development



Lintec has introduced a human resource development program for the professional development of workers exhibiting “pyramid-shaped” competency, comprising expertise supported by broad knowledge and sense. The program aims to motivate individuals and support career design undertaken at employees’ own initiative. This training system for self-reliant development continues to evolve based on feedback from employees.

Activity

2

Career Design

Aiming at developing people who can contribute to the growth of the company and society, Lintec, as part of its human resources training, has introduced company-wide rank-based training programs that allow individual employees with diverse values to realize their personal growth according to the current stage of their career building, starting from training for new employees provided when they join the company. Through the training programs, Lintec supports individuals in both skill acquisition and career design*1.

Activity

3

Global Education

Lintec’s Information Systems Department provides staff members both in and outside Japan with training programs for LSP*2 technology sharing and basic education.

In fiscal 2016, the department held training sessions in Japan for locally hired IT staff in South Korea and in China in April and May, respectively, and held an IT staff meeting in Singapore for IT staff working in Southeast Asia in October. Lintec will continue to provide global education, covering planning, design, development, and operational management, to further elevate the Lintec Group as a whole.



Training session

Related Data

Employees by region and by gender (persons)

	Male	Female	Total
Japan	2,889	592	3,481
Asia	959	344	1,303
Other	607	216	823
Total	4,455	1,152	5,607

(Outside Japan: as of December 31, 2016; In Japan: as of March 31, 2017)

Three-year turnover of employees hired as new graduates* (persons)

	Joined	Left	Turnover
New employees joined in 2014 (group-wide)	53	5	9.4%
Male	43	5	11.6%
Female	10	0	0.0%

Use of programs**

Program	FY2014	FY2015	FY2016
Family care leave program (persons)	1	0	0
Family care time off (persons)	1	1	1
Accumulated time off (persons)	65	61	86
Childbirth leave (persons)	14	13	19
Childcare leave (persons)	25	20	25
Child nursing care time off program (persons)	10	9	9
Shorter hours/flex time (persons)	28	27	31
Paid social contribution time off (persons)	26 (Total 47 days)	22 (Total 49 days)	26 (Total 55.5 days)
Percentage of paid leave taken (%)	51.1	61.1	61.6

Company-wide rank-based training programs: participants and training hours**

Total participants	Total training hours
646	7,431 hours

* “Three-year turnover of employees hired as new graduates,” “use of programs,” and “company-wide rank-based training programs: participants and training hours” above indicate unconsolidated figures of Lintec Corporation.

*1 Career design refers to the planning of one’s own career so as to use one’s own abilities by taking into account one’s own experiences, skills, and ideal future.

*2 LSP: Shared mission-critical systems and information systems available to all group companies in and outside Japan

Safety and Disaster Prevention



Materiality

1 Ensuring occupational health and safety

Lintec Group's thinking

The Lintec Group has established an Occupational Safety and Health Policy and continues to operate based on an occupational safety and health management system (OSHMS)³. According to the policy, annual safety and health plans are developed. According to the plans, which set targets and specific activities for individual priority actions, safety and health management activities are carried out. Activity results are evaluated by way of internal audit and management review to assist activities in the following fiscal year.

Activity

1

Toward Zero Accidents

The Lintec Group aims at achieving zero occupational accidents. To that end, the group is carrying out various activities, including risk assessment⁴, risk prediction training, and ensuring the 5Ss⁵ with safety patrols.

Plants in and outside Japan hold monthly Safety and Health Committee meetings to confirm and share the progress of safety activities. Additionally, in April 2017, staff in charge of safety from production sites and the Research Center in Japan and Tokyo Lintec Kako, Inc. gathered at the Kumagaya

Plant for the first Safety Convention to exchange information.

To improve the level of safety, the Lintec Group will continue to carry out various activities while implementing PDCA cycles.



Workplace diagnosis for safety improvement (Kumagaya Plant)

Related Data

Occurrence of accidents resulting in absence from work

	FY2014	FY2015	FY2016*
Number of accidents resulting in absence from work	2	5	5
Number of days of absence from work	81	134	207
Accident sites	Lintec	Partner companies	Lintec and partner companies

Accident-free hours achievements (April 1, 2016 to March 31, 2017)

Date achieved	Business site	Achievement (hours)
2016	August 4	Agatsuma Plant
	March 10	Shingu Plant (incl. Niihama)
2017	March 31	Shingu Plant (incl. Niihama)
	March 31	Chiba Plant
	March 31	Komatsushima Plant
	March 31	Ina Technology Center

*3 OSHMS: Stands for Occupational Safety and Health Management System. It is a voluntary management system operated by a business operator with an aim to improve the safety and health level of its business sites.

*4 Risk assessment: Evaluating risks to set safety standards

*5 5S: A slogan for workplace improving practices; "S" is the first letter of Japanese words "Seiri, Seiton, Seiso, Seiketsu, Shitsuke" (meaning organizing, clearing up, cleaning, cleanliness and discipline).

Community Participation



Materiality

1 Achieving harmonious co-existence with local communities

Lintec Group's thinking

Recognizing that it is part of society and local communities, the Lintec Group is engaged in various initiatives to contribute to society while ensuring harmonious co-existence with society.

Activity

1 Fureai Concert

In October 2016, Lintec held its sixth Lintec Fureai Concert at the Itabashi Culture Hall, inviting persons with disabilities and their helpers living in Tokyo's Itabashi City, as well as people from neighboring areas. A total of about 650 people, including Lintec employees, participated in the concert.

Part 1 of the concert program included a hand bell performance and dance incorporating sign language by children of members of Itabashi "Hohoemi-no-Kai," an association of parents of children with Down syndrome; a chorus by "Kuma," a girls choir from the Itabashi City Takashima Daisan Junior High School, and a jazz band session.

We will continue to value opportunities to communicate with local residents.

Activity

2 Global Activities

Lintec Group companies are providing wide-ranging support. For instance, PT. Lintec Indonesia planted 1,500 mangrove trees to improve the local environment, while Madico, Inc. participated in an event for children who are unable to return home for compelling reasons.



Madico's volunteer activity

Outside Voice

Students Became More Motivated

We had to hold our physical education classes and extracurricular activities at off-site locations because temporary housing was built on our school grounds following the Great East Japan Earthquake. Now we have a space for extracurricular activities, which was completed with support from Lintec, and students seem to be more motivated to take part in activities. Lintec has also supported the purchase of musical instruments for our brass band club, which expanded the scope of the club's activities. We hope students will let others know that they are living an active life thanks to the support of many people.



Members of the football club playing on the new field



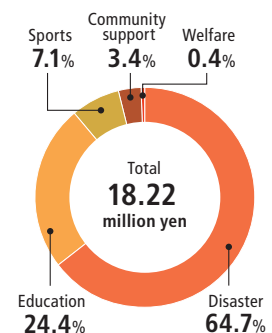
Brass band club performance

Hiroshi Iwasaki
Vice President
Ofunato City Junior High School, Iwate Prefecture



Community Support Expenses

In fiscal 2016, Lintec provided support for the areas affected by the Kumamoto-Oita Earthquake. We will continue to support local communities to which we belong.



Highlight
2

To Be a Company Needed by Communities with Active Local Communication

Since 2013, the Tatsuno Office of the Shingu Plant has been cooperating with an NPO called "Tatsuno Akatombo-wo-fuyasou-kai" that is working to increase the red dragonfly population. Lintec is activating local communication through its activity to restore the landscape of Tatsuno, the birthplace of the famous children's song "Akatombo" (red dragonfly).



Rice Planting with Local Children in Red Dragonfly-Friendly Paddies

NPO Tatsuno Akatombo-wo-fuyasou-kai carries out various projects throughout the year, including breeding of dragonfly larvae, adult surveys involving marking, and rice cultivation in rice paddies free of pesticides that affect red dragonflies. Every May, the NPO invites local children to join the rice planting. In fiscal 2017, a record-high number of 60 children participated in the event.

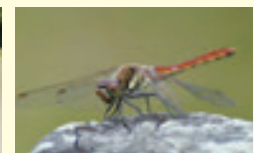
On the day of the event, Lintec staff not only planted rice but also worked hard as operation staff, distributing seedlings and moving a line along which seedlings were planted to keep them aligned. After planting the seedlings, participants installed cages for dragonfly larvae and released red dragonfly eggs. Children listened to a talk on the life cycle of the red dragonfly as they gazed into the cages.

Year-round support activities not only provide learning opportunities to children, who will one day shape society, but help with biodiversity conservation, protecting native living organisms. We will continue local communication to remain a company trusted and needed by local communities.

Harvested rice is sold as "Tatsuno Red Dragonfly Rice."



Local residents participated in rice planting



Akiakane dragonfly

Lintec staff planting seedlings with children

Comments from Lintec Employees



I first joined the activity when I was a manager in charge of environmental management. I am not in that position any longer but I am still participating in the activity because I was impressed by the serious commitment shown by the people at the NPO.

Tetsuo Shioya
Production Department, Tatsuno Office, Shingu Plant



I am participating in the activity as I have come to appreciate the pleasure of working in nature with local people. I think our activity provides a good opportunity for them to become interested in Lintec.

Kenji Nagasawa
Engineering Section, Tatsuno Office, Shingu Plant

Number emerged from pupas in the Red Dragonfly-Friendly Paddies (population)

	2012	2013	2014	2015	2016
No. emerged	3	24	419	39	68
No. of cages*	2	8	4	10	17

* No. of cages reflects the number of cages in which dragonflies emerged from pupas, among the total number of cages installed in the paddies

Comment from the NPO



We are thankful for the support from the Lintec people, and proud of Lintec as a company that is supporting Tatsuno. We hope Lintec will continue its activity, thereby nurturing the love its employees feel for the community.

Seigo Maeda
Representative, NPO Tatsuno Akatombo-wo-fuyasou-kai

Addressing Global Warming

Materiality

- 1 Effectively using raw materials
- 2 Reducing atmospheric emissions
- 3 Making environmental contributions through products and services
- 4 Ensuring environmental compliance

Lintec Group's thinking

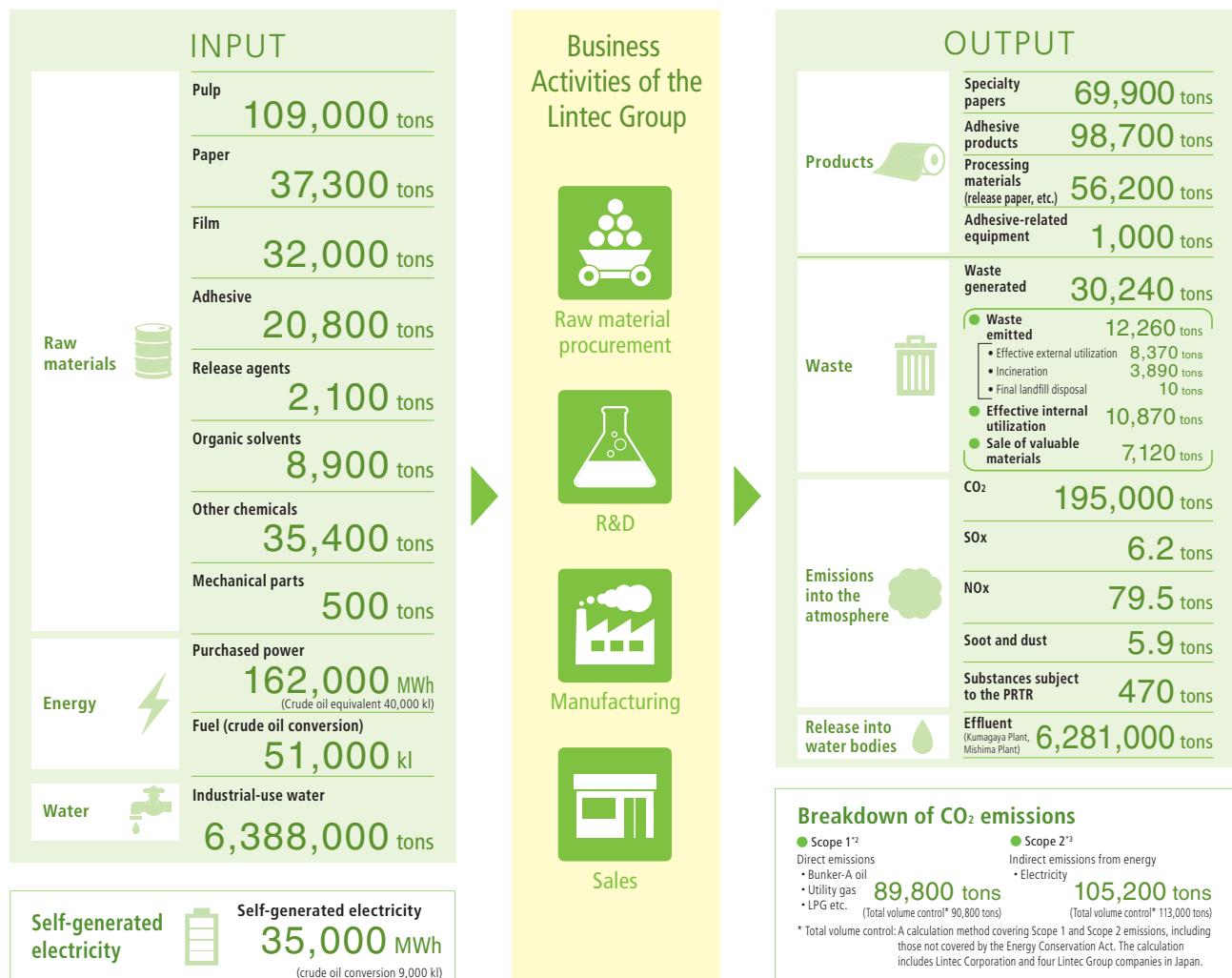
The domestic Lintec Group is committed to carrying out various environmental activities to mitigate global warming, climate change and other environmental issues that impose risks on the continuity of its business.

Efforts to Address Global Warming

In fiscal 2016, total energy use (crude oil equivalent) for the Lintec Group in Japan*1 decreased by 1.0% from the previous year due to energy-saving measures. Energy use per unit of production worsened by 1.6% to 0.32 kl per ton. Energy use increased by

0.4%. CO₂ emissions in fiscal 2016 were 195,000 tons, achieving the target of 198,000 tons or less for the year.

In fiscal 2017, Lintec aims to reduce its CO₂ emissions by 1.0% and its energy use by 1.0% compared to fiscal 2016, on a per-unit of production basis.



*1 Lintec Group in Japan: Lintec Corporation and its sales offices; Tokyo Lintec Kako, Inc.; Osaka Lintec Kako, Inc.; Printec, Inc.; Lintec Services, Inc.; and Lintec Commerce, Inc.

*2 Scope 1: Direct CO₂ or other greenhouse gas emissions from the consumption of purchased gas and liquid fuels, such as liquid natural gas (LNG), liquid petroleum gas (LPG), utility gas, kerosene, light oil, and gasoline.

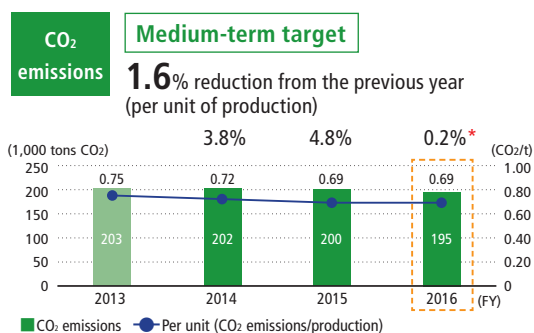
*3 Scope 2: CO₂ or other greenhouse gas emissions generated by other companies in the production of energy, such as electricity and steam, purchased by the reporting company.

Lintec Group Quality, Environmental and Business Continuity Policy

The Lintec Group has established a Quality, Environmental and Business Continuity Policy. The policy was drawn up by adding a business continuity policy prepared for natural disasters and

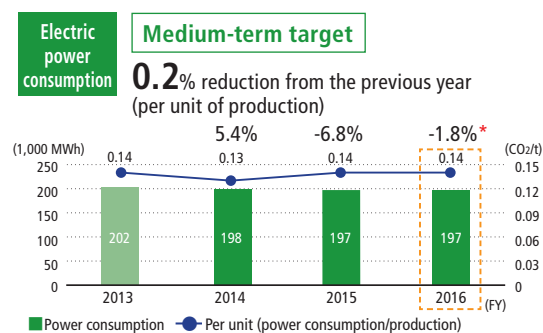
pandemics*4 to the former quality and environmental policy, with the aim of fulfilling social responsibility from various perspectives. In the area of the environment, the Lintec Group sets medium-term targets for CO₂ emissions and electricity consumption.

Lintec Medium-Term Environmental Targets (fiscal 2014 to 2016)



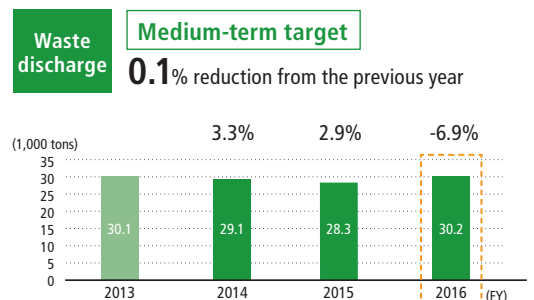
CO₂ emissions reduced for 3 consecutive years due to energy-saving efforts, including recovery of heat from exhaust gas treatment equipment (Kumagaya, Chiba, and Tatsuno plants, etc.) and recovery of waste heat from incineration boilers (Kumagaya and Tatsuno plants).

The medium-term target was achieved with an annual average reduction of 2.9%



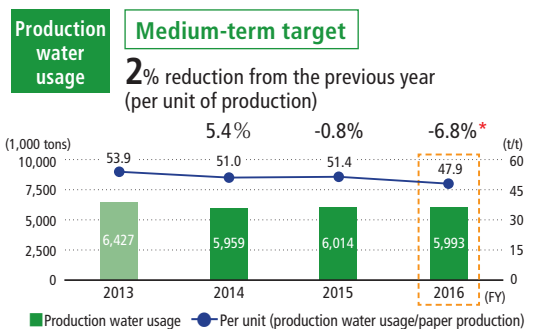
No large fluctuations were seen in 3 years from 2014. Each plant promoted the use of LED lighting and energy-saving efforts while each manufacturing plant introduced energy-saving facilities.

The medium-term target was not achieved due to an annual average increase of 1.1%



No large fluctuations were seen in 3 years from 2014, but waste increased as production increased.

The medium-term target was not achieved with an annual average increase of 0.2%



Production water usage refers to usage for papermaking at Kumagaya and Mishima plants, where countermeasures against leaks, reuse of used water, and other efforts are made.

The medium-term target was achieved with an annual average reduction of 3.8%

Next Medium-Term Targets (2017–2019)

CO ₂ emissions	1% reduction from the previous year (per unit of production)	Electric power consumption	1% reduction from the previous year (per unit of production)
Waste discharge	0.1% reduction from the previous year	Production water usage	1% reduction from the previous year (per unit of production)

Performance indicators marked by an asterisk * have been verified by a third party, SGS Japan Inc. As a result of third-party verification, no important issues that require correction were found.

*4 Pandemic: An occurrence of an infectious disease that affects many people on a global scale

Organizations covered by the environmental report:
[Lintec]: Lintec Corporation's Head Office, 10 production sites, and Research Center, and Tokyo Lintec Kako, Inc.

Environmental Management System

The Lintec Group has acquired global integrated certification for ISO 14001 for 25 registered sites, including the Head Office, 11 plants plus the Research Center in Japan, Tokyo Lintec Kako, Inc., and 11 group companies outside Japan. ISO 14001 was revised

from the 2004 version, so the group is working on the transition to the 2015 version (ISO 14001:2015).

The Lintec Group will continue its group-wide environmental protection activities.

Activity

1

Product Development Initiatives

Lintec has been developing new environment-friendly products, taking into account and assessing LCA^{*1}. In particular, Lintec is focusing on the development of products for energy saving, reuse, and recycling to meet customer needs.

Products we developed include: window films, which significantly cut solar radiation heat to improve air-conditioning efficiency, for energy saving; returnable labels, which can be easily removed from containers with a mild alkaline solution at 70 degrees Celsius or higher, for reuse; and KP5000 from the KINATH series, which uses recycled PET films, for recycling.

While developing products that meet customer needs, we give due consideration to the environmental impact of our production process and promote formulas that reduce the use of organic solvents, as well as solvent-free products, hot melt^{*2} adhesives, and emulsion^{*3} adhesives.

We are also developing products containing reduced amounts of environmentally hazardous substances.



Window film



KP5000 from the KINATH series



Returnable labels

Increased percentage of solvent-free release paper

The central role of release paper and release films is to protect adhesive coated surfaces until adhesive products are affixed to objects. Ease of removal is also important for such products to allow adjustment of peel force according to the type of adhesive, labeling using a labeling machine, and printing and cutout processing. Release agents, generally silicone, are coated onto a paper or film base.

To reduce the release of VOCs^{*4} into the air, Lintec is working on solvent-free and highly condensed release agents at its plants and Research Center.

The percentage of release paper that was solvent-free in 2016 was 56% (production basis), remaining at the same level as the previous year.

To further increase the percentage of solvent-free release paper, the Research Center is working on purpose-specific design and development with a focus on the structure of release agents. The center also cooperates with plants to refine coating technology.

We will continue to improve design and development and coating technology for the development of products with low environmental impact.

*1 LCA: See page 10.

*2 Hot melt: At Lintec, hot melt refers to adhesives that are solid at room temperature but are melted to a liquid state to be coated onto adherends or bases, to which they become fixed when cooled.

*3 Emulsion: Emulsion refers to a solution of substances that do not combine with each other, such as water and oil, in which the particles of one substance are dispersed within a solution of the other substance.

*4 VOCs: VOCs stands for volatile organic compounds. VOCs collectively refers to organic compounds that become gas in the atmosphere.

Activity

2

Efforts in Manufacturing

Energy use by the entire Lintec Group in Japan^{*5} exceeds 1,500 kl of crude oil equivalent each year. As a result, the Group was designated a "Specified Business Operator," pursuant to the provisions of the Act on the Rational Use of Energy ("Energy Conservation Act") in Japan, and is required to improve its energy use per production unit by 1% per year.

To comply with the Energy Conservation Act, the Lintec Group in Japan collects monthly data on energy consumption of individual sites under the direction of the Lintec Energy Savings Promotion Committee.

One of the most effective measures has been the installation of VOC waste heat recovery boilers at the Tatsuno and Kumagaya plants.



VOC waste heat recovery boiler at the Kumagaya Plant

Activity

3

Efforts in Distribution

Lintec is a "Designated Shipper" under the Revised Energy Conservation Act in Japan because it consigns the transport of more than 30 million ton-kilometers^{*6} annually. As a Designated Shipper, Lintec formulates an annual transport-related energy conservation plan and submits it to the government, in accordance with this Act.

Lintec is also improving distribution systems, which includes promotion of modal shift^{*7}, to reduce the environmental impacts of distribution.

In fiscal 2016, the volume of transportation was 96 million tons, down about two million tons from the previous year, so that energy use and energy use per unit of transportation

decreased by about 1.7% and 0.4%, respectively.

We will continue to improve transportation efficiency by expanding modal shift and other measures.



Transportation using railway containers that have an interior volume equivalent to that of large trucks

Activity

4

Efforts to Prevent the Leakage of Fluorocarbons

The revised Fluorocarbons Act ("the Fluorocarbons Emissions Control Act"), which was put into force on April 1, 2015, requires comprehensive management covering all processes

from manufacturing to disposal of fluorocarbons. To preserve the ozone layer and address global warming, the Lintec Group is making efforts to prevent the leakage of fluorocarbons, which include creating a list of industrial air conditioners and refrigeration systems owned by its sites and conducting regular inspections.

*5 For the Lintec Group in Japan, see page 28.

*6 Ton-kilometers: A unit of cargo transport amounts, computed by multiplying the cargo tonnage by the transportation distance. Transporting 1 ton of cargo over a distance of one kilometer equals one ton-kilometer.

*7 Modal shift: An initiative to reduce CO₂ emissions by changing the mode of transport for passenger or cargo transportation from truck to railway or ship, allowing mass transport.

Reducing Waste and Water Usage

Materiality

- 1 Effectively using raw materials
- 2 Reducing atmospheric emissions
- 3 Making environmental contributions through products and services
- 4 Ensuring environmental compliance

Lintec Group's thinking

In order to help realize a recycling-oriented society, the Lintec Group is working to reduce waste. It is also striving to save water, reuse waste water, while complying with the effluent control regulations and improving the quality of effluent generated.

Activity

1

Efforts for Zero Emissions*1

Lintec is making continued efforts to reduce waste to help realize a recycling-oriented society.

In fiscal 2016, the amount of waste generated, including manufacturing loss, at Lintec was 30,240 tons. The total waste output was 12,260 tons. Of this waste output, 8,370 tons were recycled by outside recycling companies and the remaining 3,890 tons were properly disposed of by waste disposal companies.

The final landfill disposal rate*2 for fiscal 2016 was about 0.03%, which achieved the target (0.2% or less). Lintec has also achieved "zero emissions" (final landfill disposal rate of 1.0% or less) for 10 consecutive years since fiscal 2007.

Lintec's target in fiscal 2017 is a 0.1% reduction in the waste generated, on a year-on-year basis.



Solid fuel samples made of paper waste



Paper waste collected to be made into solid fuels

Activity

2

Reducing Water Usage and Effluent

In fiscal 2016, Lintec used 6,388,000 tons of water. Of this amount, about 94% was used by the Kumagaya and Mishima plants, which are Lintec's Fine & Paper Products Operations. Water usage per unit of paper production

improved by 6.8% to 47.9 t/t in fiscal 2016 from 51.4 t/t in the previous fiscal year.

The target in fiscal 2017 is 1.0% reduction per unit of production from the previous year. To that end, the plants will make efforts to reduce water usage in each process while continuing to take measures to prevent water leaks.

Voice!

Thoroughly Implementing Measures to Prevent Leaks and Reuse Used Water

The Kumagaya Plant has a Fine & Paper Products Operations, which uses large amounts of water and therefore has made efforts to reduce water usage per unit of production. The section is thoroughly implementing measures to prevent water from leaking and reuse used water, which have been confirmed as particularly effective among various measures. Use of collected water for pulp preparation is also producing positive results, such that we are striving to arrange the papermaking processes to collect water continuously. We will make continued efforts to reduce water usage.

Tsuyoshi Kariya
Assistant Section Manager
Environmental Section
Kumagaya Plant



*1 Zero emission: Lintec's standard is a final landfill disposal rate of one percent or less.
*2 The final landfill disposal rate is a value found using the following formula: Final landfill disposal rate (%) = Final landfill disposal amount/Amount of waste generated × 100.

*3 The PRTR (Pollutant Release and Transfer Register) Act is formally named the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvement to the Management Thereof. PRTR is a system for ascertaining, aggregating, and publishing data on the amounts of chemical substances released and transferred.

Reduction of Environmentally Hazardous Substances



Materiality

1 Reducing atmospheric emissions

Lintec Group's thinking

The Lintec Group complies with relevant laws and regulations in and outside Japan and strives to reduce its use of chemical substances that have an impact on the environment.

Activity 1

Compliance with PRTR Act*3

In fiscal 2016, Lintec used nine substances that are subject to PRTR reporting. The total quantity of PRTR chemicals was 7,826 tons. Toluene accounted for the largest portion of this amount, at 7,730 tons, up 294 tons from the previous year (7,436 tons). Emissions of toluene into the atmosphere were 471 tons, up 30 tons from the previous year (441 tons), but the transferred amount was 467 tons, down 27 tons from the year before (494 tons).

Activity 2

Complying with EU Regulations Concerning Chemical Substance Management and Environmental Preservation

Lintec examines substances with environmental impact in the raw materials it purchases, and conveys the necessary information to customers. The company is ensuring compliance regarding substances subject to the REACH Regulation*4 and the RoHS Directive*5 in the EU.

In fiscal 2016, Lintec updated the list of environmentally hazardous substances for its supplier survey, and will continue to enhance the management of substances contained in its products.

Activity 3

Reducing VOCs *6

Lintec is reducing VOCs. In product design, Lintec is working on switching to a solvent-free release agent for its release paper and solvent-free adhesive for printing-related adhesive products to reduce the amount of organic solvents it uses.

In fiscal 2016, the percentage of solvent-free release paper (production basis) was 56%. The percentage of solvent-free printing-related adhesive products (sales basis) was 73%. The percentage of solvent-free paper and products remains at the same level. Recognizing the need to further reduce VOCs for air pollution prevention, Lintec will carry out the planning and implementation of VOC reduction measures.

Lintec will continue to ensure reliable management of treatment facilities and develop and promote sales of solvent-free products to reduce its environmental impact.

Voice!

Implementing Various VOC Reduction Measures

To reduce VOCs, the Chiba Plant is using organic solvents for washing. To reduce the usage of organic solvents, we are also making an effort to increase the concentration of solvent adhesives. As for waste containing PCBs*7, in October 2016, we completed the disposal of all such waste generated at the Chiba Plant. We will continue to make improvement efforts to further reduce our environmental impact.

Akio Endo
Chief, Plant Engineering Section
Chiba Plant



*4 REACH Regulation: A chemical substance regulation in the EU on the "Registration, Evaluation, Authorization and Restriction of Chemicals." Registration is required when exporting a chemical substance into EU states in quantities of one metric ton or more per year. Notification must also be submitted to the authorities when a chemical substance falling under the category of "candidate for required authorization" is present in a product at more than 0.1 percent of the mass of the object.

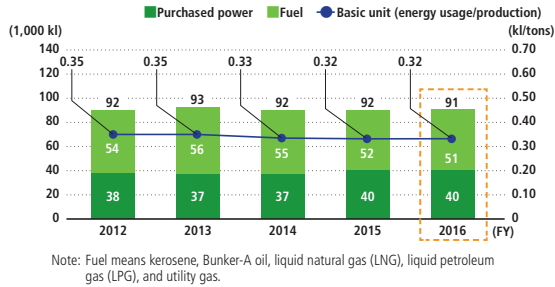
*5 RoHS Directive: Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment issued by the EU.

*6 For VOCs, see page 30.

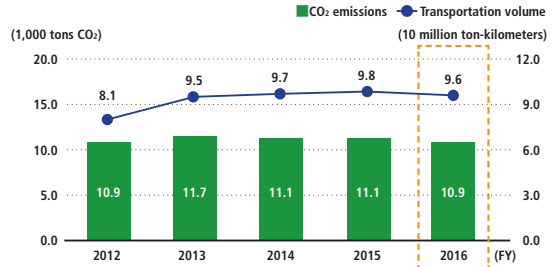
*7 PCB (polychlorinated biphenyl): The Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law) mandates the proper storage, management, and disposal of wastes containing PCBs.

Related Data

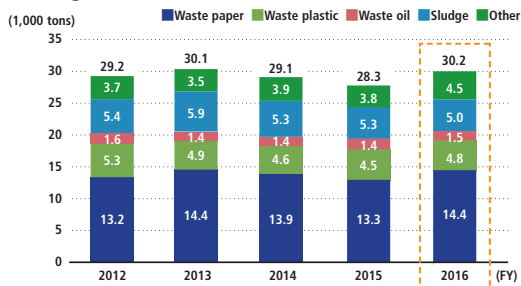
Total energy use (crude oil equivalent)



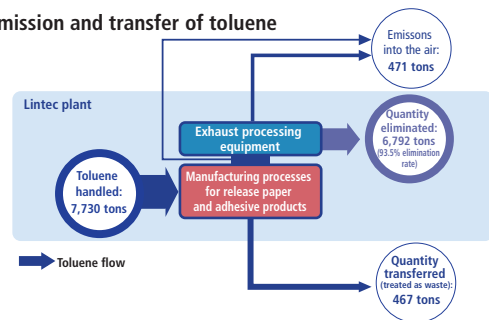
CO2 emissions and transportation volume in distribution



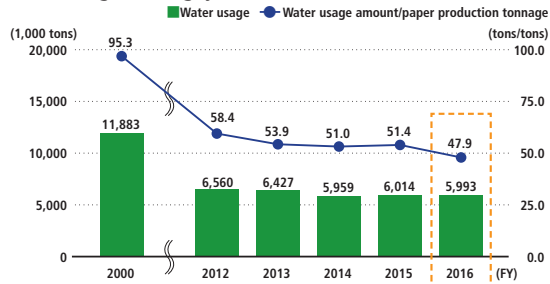
Waste generated



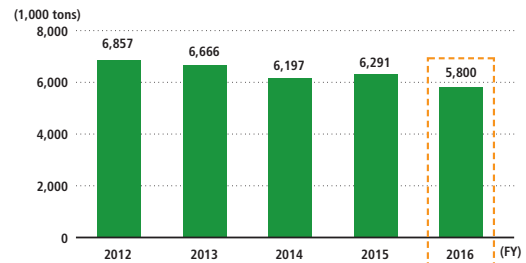
Emission and transfer of toluene



Water usage (Kumagaya and Mishima Plants)



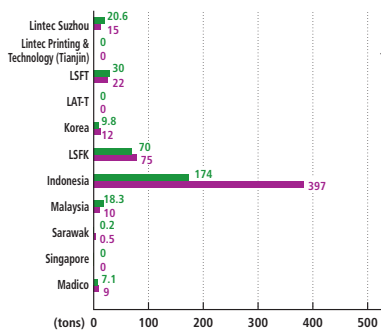
Effluent treated (Kumagaya and Mishima plants)^{*1}



Environmental data at 11 group companies outside Japan

■ FY2016 data (Jan. 1, 2016 to Dec. 31, 2016) ■ FY2015 data (Jan. 1, 2015 to Dec. 31, 2015)

VOC emissions^{*2}



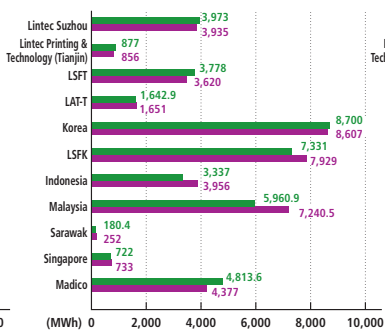
At Lintec Indonesia, emissions and usage decreased with the decline in production volume.

Notes: 1. VOCs = toluene and methyl ethyl ketone

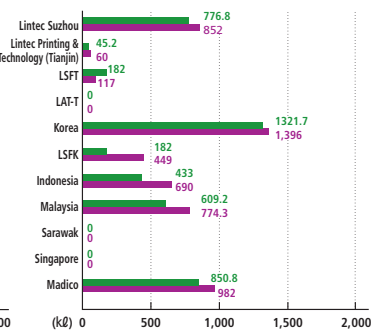
2. Figures stipulated in Article 4 of the enforcement regulations for Japan's Energy Conservation Act were used for the calorific value of each fuel used in order to calculate the crude oil equivalent of consumed fuel.

3. LSFT = Lintec Speciality Films (Taiwan); LAT-T: Lintec Advanced Technologies (Taiwan); LSFK = Lintec Speciality Films (Korea)

Electricity usage



Fuel (light oil and natural gas) usage (crude oil conversion)



*1 Total of flowmeter data for effluent treatment equipment installed at the Kumagaya and Mishima plants

*2 For VOCs, see page 30.

CSR Activities at Group Companies Outside Japan

Each of our group companies outside Japan is promoting community-based CSR activities to fulfill our responsibility as a global company.

LINTEC (SUZHOU) TECH CORPORATION

Location: Suzhou, China
 No. of employees: 211
 Main business activities: manufacture and sale of printing and industry-related products and paper- and processing-related products

In March 2017, we set up flowerbeds within our plant premises to help employees understand biodiversity, and employees enthusiastically transplanted flowers. We will continue to preserve biodiversity, starting with our immediate environment.



Employees working on flowerbeds

Liu Shiping
 Engineering Department



LINTEC PRINTING & TECHNOLOGY (TIANJIN) CORPORATION

Location: Tianjin, China
 No. of employees: 96
 Main business activities: manufacture and sale of printing and industry-related products

In September 2016, six employees participated in a field day for fire safety knowledge promotion, which was organized by a union in Tianjin City's Xiqing Economic Development Zone. Our employees played games in which they extinguished fires and gave emergency first aid to injured persons. The event served as accident-response training and raised participants' awareness of fire safety.



Game of giving emergency first aid to the injured

David Lee
 Safety Control Section



LINTEC SPECIALITY FILMS (TAIWAN), INC.

Location: Tainan, Taiwan
 No. of employees: 94
 Main business activities: manufacture and sale of electronic- and optical-related products

Every year, we provide education and training on using an automated external defibrillator (AED) and performing cardiopulmonary resuscitation (CPR). Through the training, we prepare ourselves to follow the CPR steps in case of emergency.



AED and CPR training

Tju-en Wu
 General Affairs Section



LINTEC ADVANCED TECHNOLOGIES (TAIWAN), INC.

Location: Kaohsiung, Taiwan
 No. of employees: 79
 Main business activities: manufacture and sale of electronic- and optical-related products

In December 2016, volunteers among employees carried out a Christmas gift drive for children at an orphanage. Volunteers carefully wrapped gifts donated by employees and delivered them to the orphanage.



Commemorative photo with orphanage manager

Su Yu Wen
 General Affairs and Human Resources Department



LINTEC KOREA, INC.

Location: Cheongju-si, Chungcheongbuk-do, Korea
 No. of employees: 82
 Main business activities: manufacture and sale of electronic- and optical-related products

In South Korea, the Atmospheric Environment Conservation Act was revised in 2015 to require control of air discharged from clean rooms. We installed a new concentrating system and RTO-based exhaust gas treatment system in November 2016, which is likely to reduce the amount of VOCs¹ discharged into the air by three tons (about 26%) per year, starting in 2017.



Newly installed RTO-based exhaust gas treatment system

Jang, Dae-Jung
 General Affairs Section



LINTEC SPECIALITY FILMS (KOREA), INC.

Location: Pyeongtaek, South Korea
 No. of employees: 132
 Main business activities: manufacture and sale of electronic- and optical-related products

For energy saving and cost reduction at our plant, we replaced fluorescent lights with LEDs in October 2016, which is expected to reduce our power consumption by 81,445 kWh per year and reduce CO₂ emissions by 38.3 t-CO₂/year².



LED lighting in office

Myung-Jin Kim
 Plant Engineering Department



PT. LINTEC INDONESIA

Location: Bogor, Indonesia
 No. of employees: 112
 Main business activities: manufacture and sale of printing and industry-related products

In April 2016, we planted 1,500 mangrove trees in Karawang, West Java. The activity was aimed at arresting global warming, conserving biodiversity, and improving water quality in the area where the trees were planted.



Beach cleaning activity

Harijanto Muliawan
 Environmental safety



LINTEC INDUSTRIES (MALAYSIA) SDN. BHD.

Location: Penang, Malaysia
 No. of employees: 94
 Main business activities: manufacture and sale of electronic- and optical-related products

As part of our educational training plan, all of our 74 employees who commute by motorbike took a safe driving course, which was conducted at Honda's road safety training center in Penang. By learning about the major causes of motorbike accidents and how to avoid them, participants improved their safety awareness.



Safe driving course

Mohd Sopian Bin Ismail
 Manufacturing



*1 For VOCs, see page 30.

*2 Calculated based on the power factor in South Korea.

LINTEC INDUSTRIES (SARAWAK) SDN. BHD.

Location: Sarawak, Malaysia
No. of employees: 24
Main business activities: manufacture and sale of electronic- and optical-related products

To learn about biodiversity conservation, we visited Pulau Talang-Talang Besar, an island in Sarawak, in September 2016. The coastline of the island is an important egg-laying site for sea turtle species, as well as a conservation area. We learned specific protection methods from staff of the conservation center.



Participants in front of the conservation center

Michael Benzi Junior
General Affairs &
Human Resources



LINTEC SINGAPORE PRIVATE LIMITED

Location: Singapore
No. of employees: 87
Main business activities: manufacture and sale of printing and industry-related products and electronic- and optical-related products

We visited St. John's Home to spend time with elderly people and carry out volunteer activities such as cleaning in September 2016. We also planted trees to raise awareness of biodiversity.



Singing at the home for the elderly

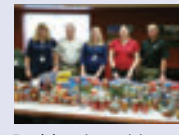
Lai Choon May
Quality Assurance
Section



MADICO, INC.

Location: Massachusetts, U.S.A.
No. of employees: 217
Main business activities: manufacture and sale of printing and industry-related products

Throughout fiscal 2016, we carried out various social activities, including participation in a toy drive event for children organized by CASA, an organization that supports victims of domestic violence. We will continue to contribute to local communities.



Food donation activity

Sarah Ito
CSR



NANO-SCIENCE & TECHNOLOGY CENTER

Location: Texas, U.S.A.
No. of employees: 12
Main business activities: Research and development

In March 2017, we participated in a volunteer activity organized by a charity that provides food for the needy. We packed nutritious snacks and beverages to be given to children living in poverty. We will continue to proactively participate in volunteer activities.



Packaging supplies

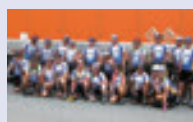
Christopher Valentine
Intellectual Property
Department/Basic Research
Department



LINTEC OF AMERICA, INC. (CHICAGO)

Location: Illinois, U.S.A.
No. of employees: 7
Main business activities: Sale of printing and industry-related products

We formed a team named "Nashua Rides for Hope" to raise funds to support cancer patients. We will continue to conduct social contribution activities.



Nashua Rides for Hope members

Jim Halloran
Sales



LINTEC EUROPE B.V.

Location: Amstelveen, the Netherlands
No. of employees: 9
Main business activities: Sale of printing and industry-related products and paper- and processing-related products

We are carrying out volunteer activities for people who need livelihood support. We collected clothes, blankets, toys, etc. from employees and their families, and visited a kindergarten, an elementary school, and a church in a small village in Romania to donate the collected items in November 2016.



Staff organizing clothes and daily necessities

Peter Olah
Sales



LINTEC HANOI VIETNAM CO., LTD.

Location: Bac Ninh, Vietnam
No. of employees: 13
Main business activities: Sale of printing and industry-related products

We work on disaster drills with the local fire department. In fiscal 2016, we carried out training on discharging water and using a fire extinguisher together with fire department personnel. We will continue our disaster prevention efforts.



Fire drill

Masahiro Kawasaki



LINTEC (THAILAND) CO., LTD.

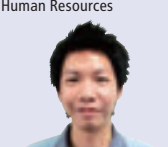
Location: Chachoengsao, Thailand
No. of employees: 126
Main business activities: Manufacture and sale of printing and industry-related products

On December 25, 2016, we donated funds, clothes, bags, and shoes provided by employees to facilities for people with disabilities. Our employees also gave them haircuts and served them meals. This was the first time we performed such activities, but we plan to make it a regular event.



Presenting donations to facilities for people with disabilities

Nantawat Sakunchaiworanan
Human Resources



PT. LINTEC JAKARTA

Location: Jakarta, Indonesia
No. of employees: 21
Main business activities: Sale of printing and industry-related products

The building we rent holds disaster drills twice a year. In a drill based on a scenario in which fire broke out on an upper floor, we escaped to the designated area on the first floor using an escape stairway. We will continue to proactively participate in drills to raise awareness of disaster prevention.



Emergency drill using an escape stairway

Affifatul Khoir
General Affairs & Human
Resources



Third-Party Opinion

The Lintec Group is a global corporate group with 40 companies and about 5,600 employees around the world. The 6:4 ratio of Japanese to non-Japanese employees indicates the importance to the group of business outside Japan. The fact that the company motto, "Sincerity and Creativity," is reflected in its CSR activities and that the CSR Management Office reports directly to the President testify to Lintec's commitment to steadfastly fulfilling its social responsibility both in and outside Japan. I expect Lintec, a sincere company making sincere efforts to satisfy social demands, to work on the three points mentioned below to further increase its presence on the global stage.

The first point is to state, specifically, what kind of CSR activities have been carried out outside Japan. For example, Lintec is promoting diversity to facilitate the empowerment of a diverse workforce. This report spotlights diversity twice: in Highlight 1 at the beginning and in the Social Report. This communicates the direction of the company, which values its human resources and is committed to the growth of both people and the company itself. However, most of the initiatives and data provided are restricted to Japan. I therefore hope that specific initiatives outside Japan will be reported. I used diversity as an example, but the same also applies to other areas, such as training, occupational safety, and quality assurance. I assume that the roughly 40% of employees who work outside Japan might hope that the CSR report would cover their countries and countries other than Japan, as well as Japan.

The second point is about reporting on business ethics. The CSR Management Office not only promotes CSR activities but also cultivates a highly developed sense of ethics across the group. According to the CSR Management Office, it is strongly

focusing on developing a sense of ethics among employees, and is accordingly providing training programs and publishing an in-house magazine. Currently, business management around the world is highly interested in business ethics based on the understanding that rules-based regulation does not work for compliance and that fostering

an inherent sense of ethics within people is crucial in creating a good corporate culture. I appreciate the fact that Lintec has already practiced this, and expect Lintec to proactively disclose its practice ahead of other companies and take advantage of this to further increase confidence in Lintec as a leading company.

The third point to work on is prevention of pollution. Outside Japan, the greatest local public concern about plants, particularly plants using chemicals, is whether the surrounding environment will be polluted or not. In Japan, steps to prevent the emission of pollutants are established and their practice is generally assured, so that people outside plants have a high level of trust in the plant management system. Local communities outside Japan, however, have a great deal of concern about pollutants escaping from chemical plants. In countries outside Japan, if you don't give an account of what you did, people think that you did not do it, unlike in Japan, where the elegance of silence is valued. Therefore, I strongly advise Lintec to consider disclosing what it is doing to prevent pollution in its CSR report.



Makiko Akabane
Director of CSR Asia
Japan Office

Response to Third-Party Opinion

Ms. Akabane provided us with a third-party opinion for the first time for our 2017 report. We accept her opinion and will continue to promote CSR management.

Our CSR activities outside Japan have gradually been spreading, so we will enhance our reporting on more specific initiatives.

To foster a sense of ethics, ongoing activities that are based on the company motto and intended to share compliance guidelines and raise awareness are crucial. Therefore, we will also feature such activities in our report.

Our group has 11 plants outside Japan, and systematically operates an environmental management system certified as globally integrated. We will consider covering the progress of our pollution prevention measures in our report.

We will continue to enhance and promote corporate activities based on CSR to be a company that contributes to achieving a sustainable society.

Hiroyuki Nishio
Representative Director, President, CEO and COO

Editor's postscript

LIP-2019, the medium-term business plan started in April 2017, sets forth "activities for realizing a sustainable society" as one of the key initiatives. Enhancing defensive and aggressive CSR activities based on the company motto, "Sincerity and Creativity," is becoming more important.

With support from many people, we will further promote CSR activities across the group in order to meet stakeholder expectations.



CSR Report 2017 production project members