

Corporate Governance

Basic Philosophy

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

Corporate Governance System

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

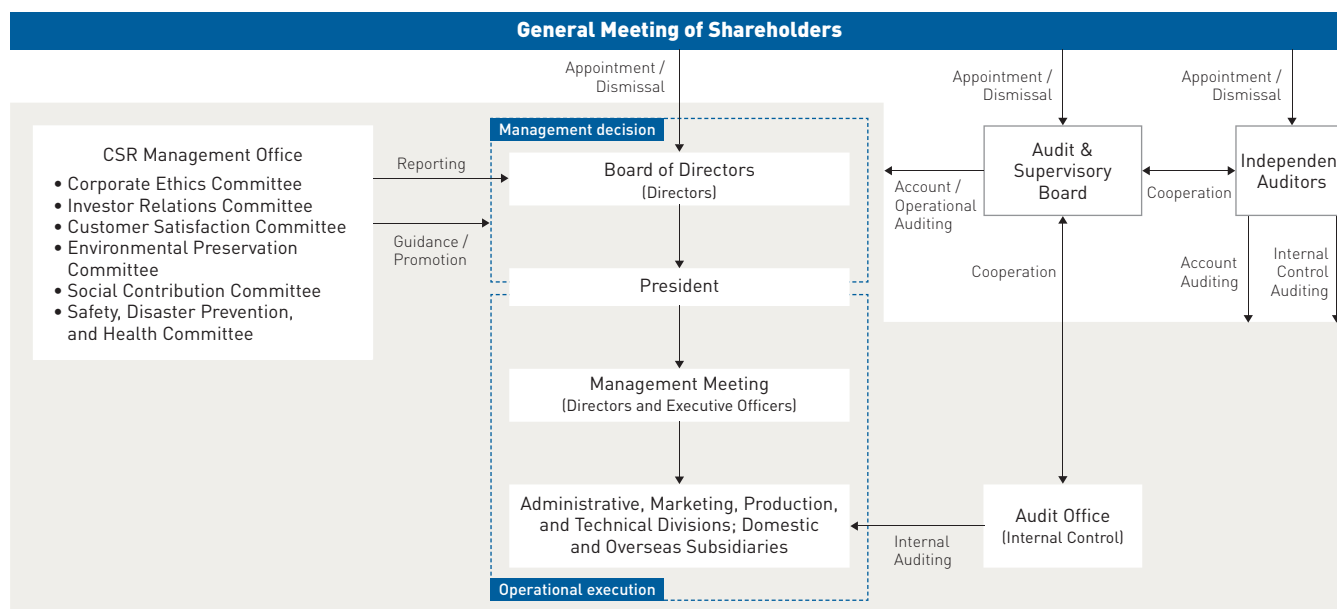
Additionally, LINTEC employs an audit & supervisory board system and ensures swift management and the effectiveness

of its oversight systems. Consisting of four board members, two of whom are its outside auditor, the Audit & Supervisory Board in principle holds a monthly meeting. By sharing the results of the business audits performed by each auditor, the auditors reinforce checks on the decisions of directors and operational execution of the Company's management.

Internal Control Systems

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

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



Risk Management System

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

Limited Liability Contracts

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

Internal Audits and Audit & Supervisory Board Members' Audits

Regularly performing audits of divisions, worksites, and plants, the Audit Office also inspects the legality and compliance with internal regulations of operational execution processes and results.

In addition, in accordance with audit policy, planning, and separation of duties, audit & supervisory board members attend Board of Directors' meetings and management meetings, expressing opinions and listening to the views of directors and the internal audit division, and also attend other major meetings and review important documents. Additionally, they work together with the internal audit division and independent auditors to audit all aspects of directors' activities, receiving reports from independent auditors and traveling to subsidiaries as necessary to receive operations reports.

Outside Directors and Outside Audit & Supervisory Board Members

LINTEC has selected Shinichi Sato and Satoshi Ohoka as outside directors and Toru Nozawa and Kazumi Idogawa as outside audit & supervisory board members.

Outside directors

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

Outside audit & supervisory board members

Name	Reason for selection as outside audit & supervisory board member
Toru Nozawa	Because he is able to apply his knowledge and experience from his director experience, and many years of business experience at the administrative division of Nippon Paper Industries Co., Ltd., to the Company's auditing system
Kazumi Idogawa	Because he is able to apply his accumulated specialist knowledge and experience as a certified public accountant to the Company's auditing system

Remuneration of Corporate Officers

Total remuneration by corporate officer type

Corporate officer type	Total remuneration (Millions of yen)	Total remuneration by type (Millions of yen)			Number of people receiving remuneration
		Basic remuneration	Stock options	Bonuses	
Directors (excluding outside directors)	406	310	22	73	10
Audit & supervisory board members (excluding outside audit & supervisory board members)	36	36	—	—	2
Outside officers	16	16	—	—	4

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

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