LINTEC's Value Creation

Three Divisions Working as One

As a manufacturer, LINTEC conducts its business primarily through the Sales Division, which interfaces with customers on a day-to-day basis; the Research & Development Division, which creates new technologies and products; and the Production Division, which is responsible for the stable supply of high-quality products. The three divisions work in unison within all processes, from development to sales, enabling LINTEC to create original value and provide products that make customers happy. Research personnel accompany sales staff to customers to get a precise picture of customer requirements, while sales and research staff visit production sites to consult on solutions for particular issues that arise.

Sales

LINTEC's six business operations produce a wide diversity of products. Materials and equipment are combined to offer comprehensive solutions to issues faced by customers.

Customer

Research and Development

Original technologies developed over many years are fused at sophisticated levels in the development of groundbreaking new products. Market-dialogue R&D, where research staff communicate directly with the customer, is one of LINTEC's strengths.

Production

State-of-the-art production facilities, original production technology, and rigorous supply chain management are deployed to supply a steady stream of safe and high-quality products to customers.

Human Resources

Our employees lie at the heart of our concerted business activities.
LINTEC seeks to foster human resources, which it regards as an important asset, and provide them with a congenial working environment.

Sales

The Business Administration Division, which is responsible for sales, provides customer coverage throughout Japan from 11 offices. The Iidabashi office is the largest, with approximately 300 staff in Tokyo, and the network also includes Osaka and Nagoya. The LINTEC Group has more than 50 production and sales offices in Asia, Europe, and North America, supplying LINTEC products worldwide.

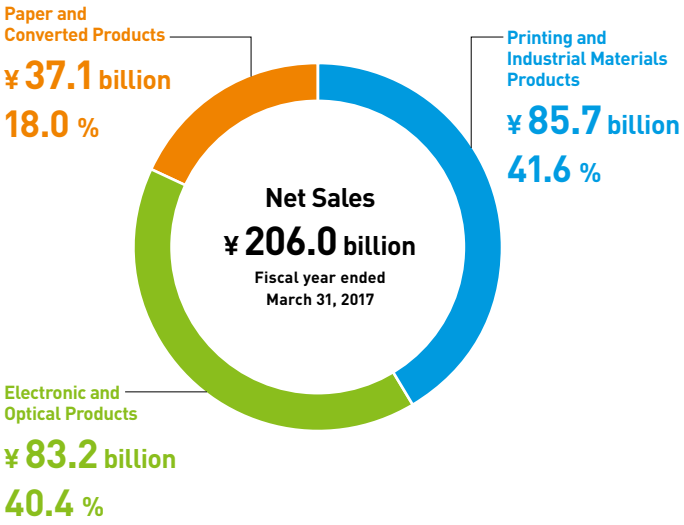
The Group's business is divided into six operations, each of which conducts sales activities based on its own strategies. These operations are classified under three segments—Printing and Industrial Materials Products, Electronic and Optical Products, and Paper and Converted Products—in accordance with product, technology, and market.

- **Printing and Industrial Materials Products**
  - Printing & Variable Information Products Operations
  - Industrial & Material Operations
- **Electronic and Optical Products**
  - Advanced Materials Operations
  - Optical Products Operations
- **Paper and Converted Products**
  - Fine & Specialty Paper Products Operations
  - Converted Products Operations

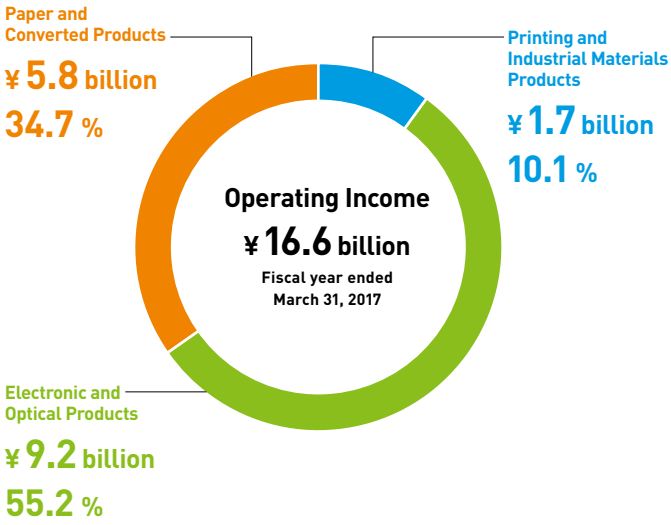





Share of Net Sales



Share of Operating Income



Note: Operating income composition data is based on figures before the elimination of intra-segment transactions.

A Message from the General Manager

Makoto Hattori
Director, Managing Executive Officer
General Manager, Business Administration Div.

I became General Manager in April 2017 and feel a strong sense of responsibility for achieving the goals of the medium-term business plan LIP-2019. The numerical targets of the plan's final year were compiled on a bottom-up basis so that if each operation reaches its targets the Group will too. Having failed to reach the targets of the previous medium-term business plan, I intend to put a structure in place for thorough analysis of the causes if our performance deviates from target and rapid remedial action.

"Strengthening of regional strategy" is a key LIP-2019 initiative. It requires us to think about Japan, Asia, Europe, and North America, for example, as individual markets. This is not a Japan / overseas divide. Although Japan is said to be a mature market, many of our businesses have a domestic emphasis and most materials, technology, and services originate from Japan. Japan therefore remains an important market that merits continued effort. In Asia, the subsidiaries that have been put in place in Southeast Asia and India in recent years are not yet functioning at full strength, and we will be reorganizing the network in accordance with changes in market conditions. In Europe and North America, we will aim to expand sales in Printing and Industrial Materials Products in conjunction with the three companies that became subsidiaries in 2016. In all markets, the most important thing is to understand the true demands of the markets, and to this end we will take steps to strengthen our communication with customers.

Printing and Industrial Materials Products

Printing & Variable Information Products Operations

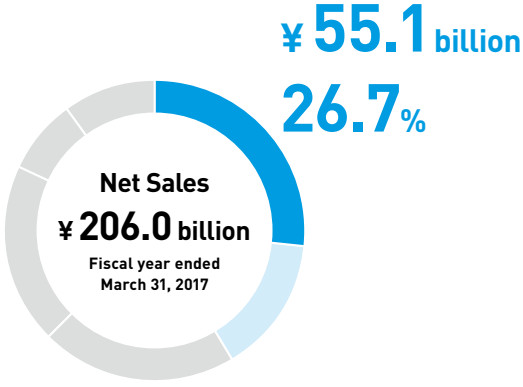
These operations manufacture and sell the Group's mainstay adhesive papers and films for labels. In particular, they have an approximately 60% share of Japan's adhesive film market. Overseas, a manufacturing and sales network is being expanded in China and Southeast Asia, and in 2016 business expansion also included making U.S. company MACTAC AMERICAS, LLC a LINTEC subsidiary.

Main Products

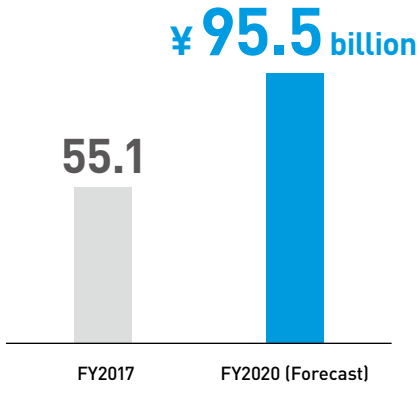
- Adhesive papers and films for labels

Sales

Results of Fiscal Year 2017



Goal for Fiscal Year 2020



(Fiscal years ended / ending March 31)

Masaaki Yoshitake
Executive Officer
General Manager, Printing & Variable Information Products Operations, Business Administration Div.

Business Strategies

The Japanese market for adhesive papers and films for labels is maturing, but we will aim for further growth in share by stepping up sales activities tailored to specific regions. Overseas, in the fiscal year ended March 31, 2017, our business was impacted heavily by the economic slowdown in China and strike action at PT. LINTEC INDONESIA. We plan to review our sales strategies for Southeast Asia, with LINTEC ASIA PACIFIC playing the central role, while also launching new products that use local materials. In Europe, we will be aiming to expand sales by exhibiting at the world's largest label event, Labelexpo Europe 2017, in autumn in Belgium, and drawing on the marketing strengths of U.K. company LINTEC GRAPHIC FILMS. In the U.S., we will use MACTAC AMERICAS' sales channels to market LINTEC products while also rolling out MACTAC products in Southeast Asia.

Industrial & Material Operations

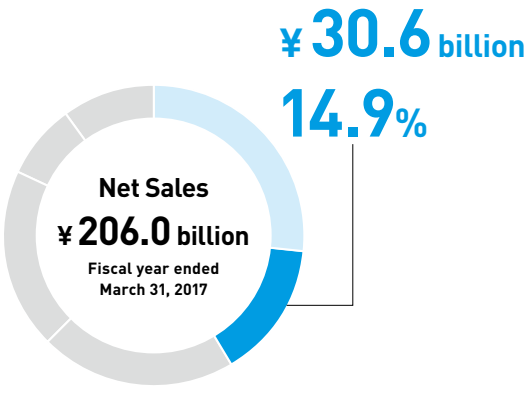
These operations provide an extremely wide range of products, from window films with various functions such as cutting out heat and ultra-violet light when they are attached to building and automobile windows through to automobile-use adhesive products for vehicle body decoration and protection, industrial-use adhesive tapes for bonding components in mobile and other devices, barcode printers used in production lines and distribution, labeling machines for automated labeling, films for outdoor signs and advertising, and interior finishing mounting sheets.

Main Products

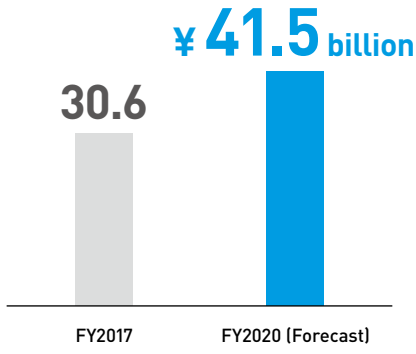
- Window films
- Automobile-use adhesive products
- Industrial-use adhesive tapes
- Barcode printers
- Labeling machines
- Films for outdoor signs and advertising
- Interior finishing mounting sheets

Sales

Results of Fiscal Year 2017



Goal for Fiscal Year 2020



(Fiscal years ended / ending March 31)

Shuji Morikawa
Director, Executive Officer
General Manager, Industrial & Material Operations,
Business Administration Div.

Business Strategies

A major topic for Industrial & Material Operations is strengthening our overseas business foundation centered on window films and motorcycle- and automobile-use adhesive products. We have established a good reputation for product quality overseas, and now we need to collaborate with LINTEC ASIA PACIFIC and the three U.S. and European companies that became subsidiaries in 2016 on fleshing out our sales network and raising brand awareness. Training globally oriented staff and developing products adapted to local requirements are pressing tasks in this regard. Fundamental business management rationalization has been announced for MADICO in the U.S., which is still performing weakly, and we will also work with our manufacturing bases in Thailand and Suzhou, China to build an optimum production and sales structure for window films and other products.

In Japan we will be focusing on distribution and automotive applications, and we will also step up our sales promotion activities for signs and graphic sheets in anticipation of growth in demand.

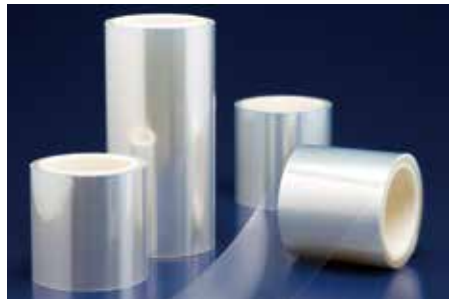
Electronic and Optical Products

Advanced Materials Operations

We are building a unique position in the electronics industry with products such as specialized adhesive tapes that are essential in semiconductor chip manufacturing and mounting processes, and we also make equipment that leverages these tapes' special features fully. In addition, we produce release films that are crucial in the production of multilayer ceramic capacitors, which are tiny electronic components. The development of new, next-generation sheet materials is another of our focuses.

Main Products

- Semiconductor-related adhesive tapes and equipment
- Multilayer ceramic capacitor-related tapes

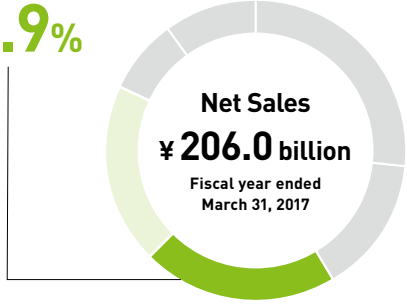


Sales

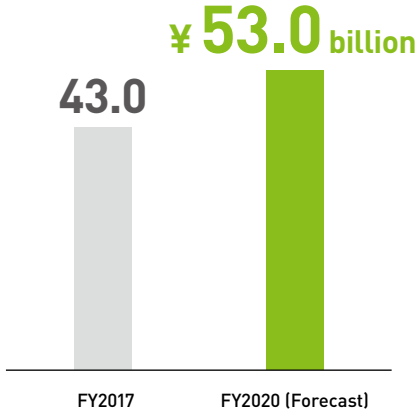
Results of Fiscal Year 2017

¥43.0 billion

20.9%



Goal for Fiscal Year 2020



(Fiscal years ended / ending March 31)

Takeshi Kaiya
Executive Officer
General Manager, Advanced Materials Operations, Business Administration Div.

Business Strategies

The electronics industry is vibrant but products that are selling well now may not do so in the future. We constantly strives to anticipate needs so that we can supply our customers with products that meet their requirements just when they need them. Demand for quality in our products continues to rise year after year as end products increase in sophistication and capacity while becoming thinner. We will be strengthening our ties with suppliers as we strive for a stable supply of high-quality products.

We think that demand for semiconductors and electronic components will rise significantly going forward due to the growth of the Internet of Things (IoT) and the introduction of next-generation, high-speed communications. We will aim to meet our targets by developing next-generation products, such as optically clear adhesive sheets for automobile panels, as a fourth pillar of operations to stand alongside our established pillars of semiconductor-related adhesive tapes and equipment and multilayer ceramic capacitor-related tapes.

Optical Products Operations

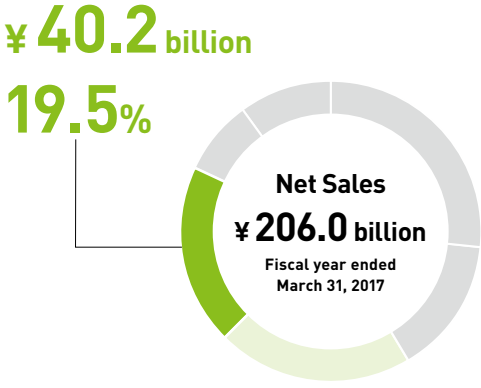
We deploy our development technologies for special adhesives and surface coating materials and precision coating technology and use cutting-edge production facilities to provide adhesive processing for optically functional films such as polarizing films and retardation films that are used in LCDs. We also undertake surface improvement processing for polarizing films, such as antiglare hard coat processing, which protects films from scratches and reduces reflectivity.

Main Products

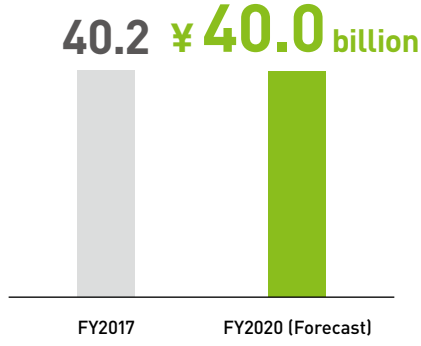
- Polarizing films and retardation films (adhesive processing)
- Polarizing films (surface improvement processing)

Sales

Results of Fiscal Year 2017



Goal for Fiscal Year 2020



(Fiscal years ended / ending March 31)

Shinji Ito
General Manager, Optical Products Operations, Business Administration Div.

Business Strategies

The optical display market is in a period of major change as organic light-emitting diode (OLED) displays become more widespread and Chinese LCD panel makers emerge. To survive this difficult period successfully, we believe it is important to listen to our customers and then think and act.

While the market shift from LCDs to OLED displays is gradually progressing, the market size for these displays is still small, meaning that they do not have a significant impact on our business at the moment. However, we must pay close attention to the level of quality that will be demanded in the future and to how volume and cost will change. We will continue to strengthen ties with our Group customer, an optical functional film manufacturer, as we seek to supply high-quality products utilizing the cutting-edge facilities that started up in 2016 and build an optimal global production structure for market change.

Paper and Converted Products

Fine & Specialty Paper Products Operations

We have the leading share in the Japanese market for color papers for envelopes and colored construction papers. We also manufacture and sell specialty papers including oil resistant papers used in food packaging, dust-free papers for use in places such as clean rooms, high-grade printing papers with special textures, and high-grade papers for paper products used in business cards and postcards. Our business is currently centered on Japan but we will be undertaking sales activities with an eye on overseas markets.

Main Products

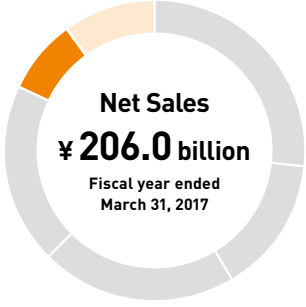
- Color papers for envelopes
- Colored construction papers
- Special function papers
- High-grade printing papers
- High-grade papers for paper products

Sales

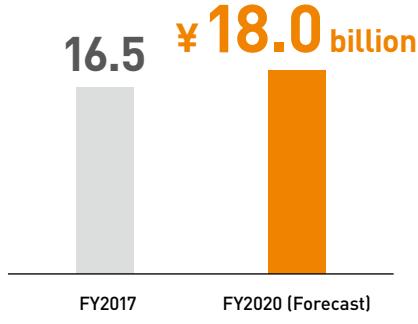
Results of Fiscal Year 2017

¥16.5 billion

8.0%



Goal for Fiscal Year 2020



(Fiscal years ended / ending March 31)

Toshimi Sugaya
Executive Officer
General Manager, Fine & Specialty Paper Products Operations, Business Administration Div.

Business Strategies

Our market is shrinking as the paperless trend gains traction, and to secure earnings in this environment LINTEC's medium-term business plan LIP-2019 calls for new product launches to sustain and expand current business in Japan combined with proactive development of new markets, including overseas markets.

The market environment is harsh for our mainstay color papers for envelopes, but sales of products that prevent the contents from being seen from the outside are growing steadily. Our new water-repellent products have been well received and we want to continue developing and offering such high-value-added products. We will work to expand sales of special function papers, which represent one of our fortes, in overseas markets, where these papers have yet to fully penetrate.

Converted Products Operations

We endow papers and films with special functions, such as releasability and resistance to water, heat, and abrasion to create release papers and films that protect the adhesive surfaces of a variety of adhesive products. We also produce casting papers that are used as patterning papers for placing designs on synthetic leather and casting papers used in the manufacture of carbon fiber composite material sheets from fibers.

Main Products

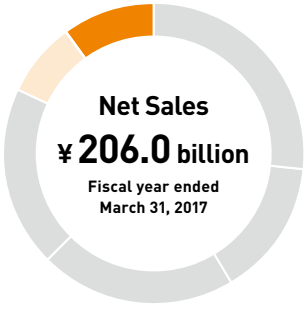
- Release papers for general-use
- Release films for optical-related products
- Casting papers for synthetic leather
- Casting papers for carbon fiber composite materials

Sales

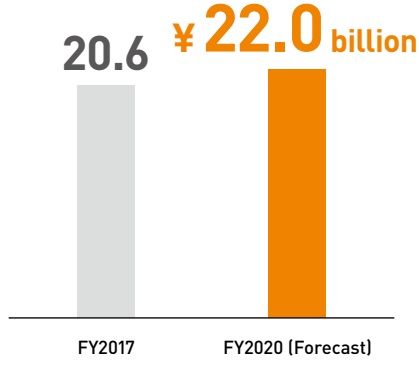
Results of Fiscal Year 2017

¥20.6 billion

10.0%



Goal for Fiscal Year 2020



(Fiscal years ended / ending March 31)

Yutaka Iwasaki
Executive Officer
General Manager, Converted Products Operations, Business Administration Div.

Business Strategies

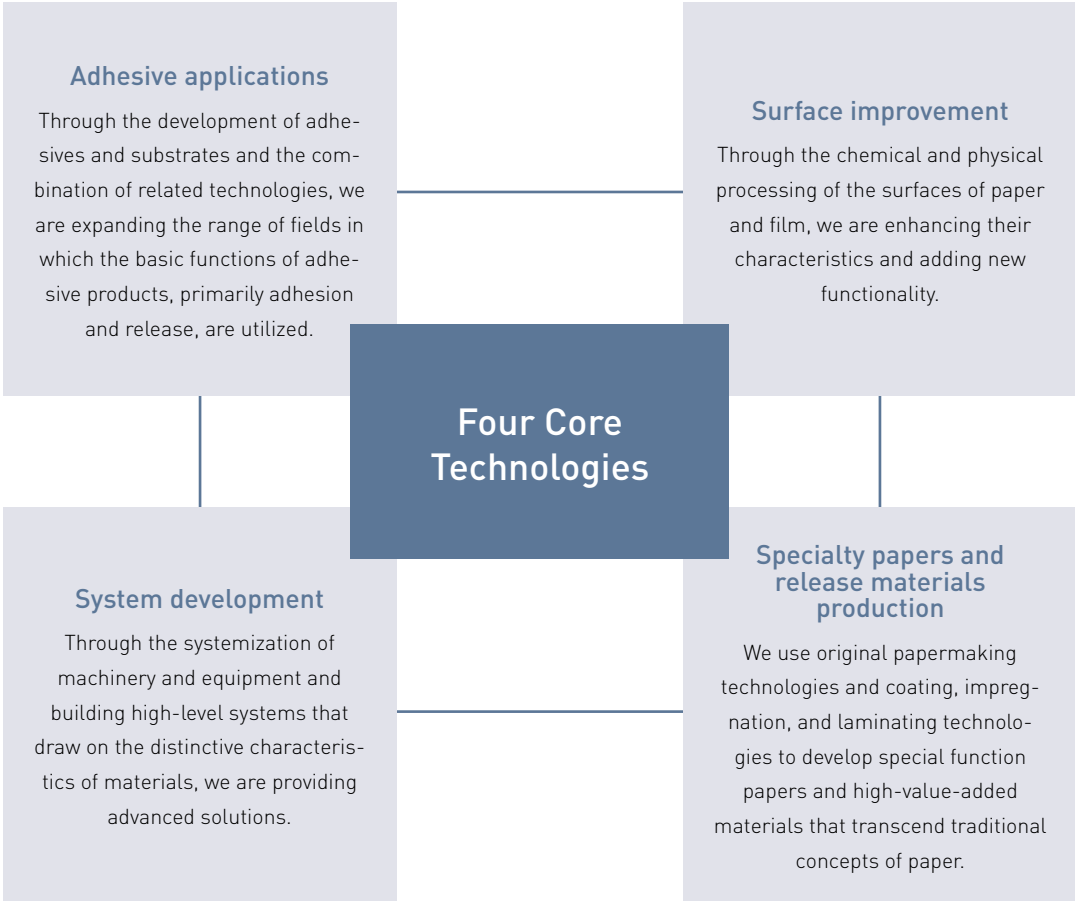
Our business environment is extremely severe due to a variety of factors. These include intensifying price competition due to globalization, the emergence of Chinese manufacturers for casting papers for synthetic leather, and the temporary decline in demand for passenger planes that use carbon fiber composite materials brought about by lower crude oil prices.

Amid these conditions, we will strive to increase profits not by engaging in price competition to respond to the cheap prices of rival companies but rather by offering differentiated quality and services to our customers. To this end, we need to promote our business at an unrivaled pace in terms of everything from launching new products to improving quality and responding to customer inquiries.

Going forward, we will make concerted efforts in product development and improvement focusing on various key issues, such as developing casting papers for synthetic leather using a brand-new embossing method, enhancing the durability of casting papers for carbon fiber composite materials, and increasing the number of solvent-free release papers to respond to the environment.

Research and Development

As a technology-centered company, we realize that strengthening R&D capabilities is one of our most important management strategies for achieving sustainable growth. Two approaches help us to create both products that resolve our customers' technological issues and products that are unprecedented, innovative, and lead the market: the developing of functional materials and related processing technologies that leverage our proprietary technological capabilities and a market-dialogue style of research that emphasizes user needs. Going forward, we will further strengthen our R&D systems to accelerate the speed of product development and create new technologies.



Research and Development Structure

The Research & Development Division's research center has not only state-of-the-art research facilities but also a clean room with the same semiconductor-related equipment that is found in the production environment of our customers. The addition of the Advanced Technology Building, with its large-scale pilot coaters that closely resemble factory mass production facilities, in 2015, provided a structure for smooth flow from R&D to mass production. Approximately 200 research personnel are at work in eight laboratories and other departments. In addition, the Nano-Science & Technology Center in the U.S. state of Texas is engaged in research in new fields outside our current technology domain.

R&D Achievements

In the fiscal year under review, R&D expenses incurred by the Group amounted to ¥7.6 billion. The following is an overview of the principal R&D activities conducted by each operational segment.

Printing and Industrial Materials Products

Printing and Variable Information Materials

We continued with our development of functional label materials designed to meet our customers' required specifications with the aim of supplying label materials for a diverse range of applications precisely when customers need them. We developed a label material suitable for cold environments as low as minus 196°C in medical and pharmaceutical fields. It is intended for displays and management labels on blood and cell samples and vaccines that are preserved in a frozen state. For displays and process management in the distribution, medical and pharmaceutical sectors, we developed a general-use new label material that allows for variable information printing and publishing from small lots. This new product features tolerability of heat, humidity, and alcohol and supports direct thermal printers.

Commercial and Industrial Materials

We are constantly engaged in the development of functional adhesive materials for use in many different industries. Using the light diffusion film technology which we have developed for optical displays, we succeeded in developing vision control films that are uniquely designed for window glass. With these films, customers are able to control areas they wish to hide from view without compromising on glass transparency or natural lighting. Because windows appear either transparent or frosted depending on the viewing angle, privacy can be protected while preserving the view from the window. The films are suitable for use in offices and shops, as well as on windows, doors and partitions in houses, due to the fact that they reduce the likelihood of fragments scattering if a window is broken and also cut out UV.

Through these and other R&D activities, this segment incurred R&D expenses of ¥2.7 billion.

Example of light diffusion film in application
(left: looking downwards; right: looking upwards)

Electronic and Optical Products

Semiconductor-Related Materials

Semiconductor packages with flip chips connected by bumps (protruding electrodes on the circuit) have come into widespread use as electronic devices such as smartphones have become thinner and achieved higher performance. We enhanced our lineup with back grinding tape that protects wafer surfaces within production processes and can be used with bumps of any height. Meanwhile, we also launched a new backside coating tape for flip chips that supports manufacturing processes. Functional tapes are essential in the production of intelligent sensors and 3D NAND flash memories that use thin wafers, and by bringing such products to market, we play a part in the social development of IoT.

Optical Functional Materials

We are engaging in the development of adhesives for optical displays. We developed a vehicle display adhesive that prevents the formation of bubbles on plastic and is resistant to heat, humidity, and bleaching; an adhesive that inhibits corrosion of indium tin oxide and other materials used in touch sensors while also cutting out UV and blue light; and a functional adhesive for large-screen televisions. As a result of customizing features to produce superior performance in areas that particular customers require, we are close to the adoption of our specialty light diffusion films, which control the diffusional field, in many different types of reflective displays. They have also been adopted as projection screens at airports and other locations. As these screens can be attached to the surface of existing structures, we expect them to be widely used.

Through these and other R&D activities, this segment incurred R&D expenses of ¥3.7 billion.

Reflective LCD using LINTEC's light diffusion film (right)

Research and Development

Paper and Converted Products

We developed and commenced sales of a new white craft paper that has excellent water-repellent characteristics and is suitable for offset printing and laser printers as a new version of an existing product that was launched in 2015. The new version is also ideal for envelopes because of its concealment feature of more than 99% and the fact that it can protect important information they contain from view.

Through these and other R&D activities, this segment incurred R&D expenses of ¥1.3 billion.

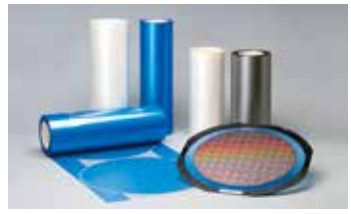
Column: LINTEC Semiconductor-Related Adhesive Tapes

LINTEC entered the semiconductor business field in 1986 through the development of UV curable dicing tape that controls adhesion via UV radiation. This groundbreaking tape adheres strongly when thin wafers are being diced into chips to prevent the chips from scattering and reduces adhesion through UV radiation for easy removal when the chips are picked up. It currently has a global market share of around 50%.

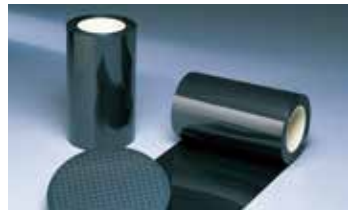
Surface protective tapes have been gaining market share in recent years. They are used to protect circuits on wafer surfaces when the backside is being ground to make the wafer thinner. LINTEC tapes are winning plaudits for quality and performance as wafers become thinner and circuits become finer and more complex.

Our global share in backside coating tape for flip chips is almost 100%. Flip chips have protruding electrodes on their circuit, which are flipped for direct mounting on the substrate. LINTEC was the first mover in developing tapes with a view to reinforcing the backside surfaces of flip chips as chips became thinner.

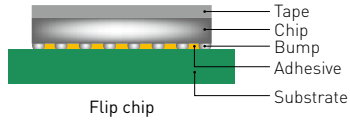
We will aim to raise our presence further in the semiconductor industry through the continuous provision and development of innovative new products with consistently high quality.



Dicing tape



Backside coating tape for flip chips



Flip chip

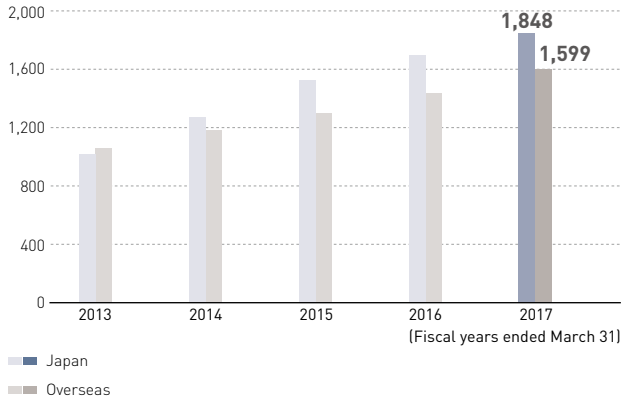
Semiconductor chip manufacturing back-end processes

Intellectual Property Activities

The LINTEC Group aims to increase corporate value by developing original products that fully satisfy customer needs. We therefore position intellectual property, including patents, trademarks, and design rights, acquired through these development activities as important management resources. While placing the utmost emphasis on respecting the rights of other companies, the Intellectual Property Department of the Research & Development Division promotes Companywide and strategic intellectual property activities that include identification of new candidates for invention at R&D sites to add to our intellectual property rights, which are the lifeblood of a technology-centered company.

Accordingly, while linking activities such as patent portfolio building for our foundation and growth business domains with our business strategy, we aim to improve profitability based on intellectual property.

Number of Patents



A Message from the General Manager

Tatsuya Tsukida
Executive Officer
General Manager,
Research & Development Div.

Under our previous medium-term business plan, LIP-2016, we sowed the seeds for bringing groundbreaking products from our laboratories to market. The Advanced Technology Building completed in 2015, which enabled us to conduct testing on large-scale pilot coaters instead of on facilities in our plants, was extremely effective in improving development speed. As testing in the research center can be done without stopping existing facilities, we avoid production losses on lines in our plants and we are also able to obtain more detailed data. We also have coating facilities for use in developing mass production processes for next-generation products, and I think we will achieve striking results in the next three years.

Our first step under the new medium-term business plan, LIP-2019, was to bring a planning department under the wing of the research center in April 2017. The aim was to incorporate our basic tenets of "front-loading design"[1] and "one-stop development"[2] fully into the medium- and long-term development process to give concrete shape to the research activities of each lab without delay. Our research staff are instructed to deliver marketable products in the area on which they are working with the aim of creating as many new products as possible to contribute to business. The globalization of LINTEC business has increased the importance of having research staff stationed overseas. Such staff not only provide technological support for overseas customers but are also very effective in obtaining an accurate picture of customer requirements. We therefore intend to second research staff to our subsidiaries overseas.

1 "Front-loading design" involves identifying development issues and risks as far as possible in the initial stages of product development and devising early responses to minimize the necessity for revisions at a later stage.

2 "One-stop development" consists of developing mass production processes in parallel with new materials development.

Production

The LINTEC Group utilizes sophisticated clean room facilities, cutting-edge manufacturing facilities, and original production technologies in making products appropriate for wide-ranging customer requirements. While establishing good relationships with our suppliers, we are actively making efforts to operate quality, environmental, and business-continuity management systems. In doing so, we deliver peace of mind and reliability to our customers.

Production Structure

In Japan, our large and diverse product lineup is manufactured at 10 production plants. Keeping our eye on market needs, we are constantly striving to enhance efficiency in production by introducing the latest facilities to replace older ones and reconstructing plant layouts. Each plant also works on its own reforms and takes steps to increase yield and reduce costs. Overseas, we have more than 10 production plants, which link with their Japan counterparts to form an optimal production network.

1 Agatsuma Plant

2 Kumagaya Plant

3 Chiba Plant

4 Tatsuno Plant

5 Shingu Plant

6 Komatsushima Plant

7 Mishima Plant

8 Ina Technology Center

Zero Accident Culture

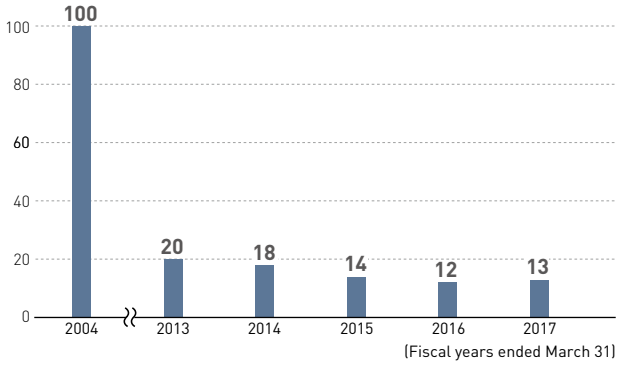
Safety is the top priority in LINTEC Group plants, which are operated to preempt injuries to personnel. Our practices include risk assessment, which enables us to put safety standards in place, and hazard prediction exercises as we pursue our 5S* program of organizing, clearing up, cleaning, cleanliness, and discipline. Safety and hygiene committees hold monthly meetings at all our sites in Japan and overseas to enable us to ascertain progress in our safety activities and share information. In April 2017, a safety conference was held for domestic plant safety officers for the exchange of information about each plant's initiatives. We will continue activities on multiple fronts in accordance with our zero accident culture.

* 5S: *Seiri* (organizing), *Seiton* (clearing up), *Seiso* (cleaning), *Seiketsu* (cleanliness), and *Shitsuke* (discipline) in Japanese

Thorough Quality Management

The LINTEC Group has acquired ISO 9001 certification, the international standard for quality management systems, for 21 sites in Japan and overseas. We are working to further reinforce our quality assurance system by obtaining ISO 9001 for other departments and acquiring integrated certification for related sites. When comparing major quality incidents by year, if the fiscal year ended March 31, 2004, is set as 100 in an index of major quality incidents, the level has been 20 or less for the past five years. We construct and implement management systems that enable us to take swift action if a quality incident should occur, collecting information, analyzing causes, and taking steps to prevent recurrence. This framework is in place in Japan and overseas.

Ratio of Quality Incidents to the Number Recorded



Fair Transactions

LINTEC has a basic policy for fair and transparent transactions based on the principle of free competition among suppliers, and our procurement activities comply with all relevant laws and regulations and social norms. For major suppliers, we require evaluations through self-audit check sheets for assessing suppliers based on quality, chemical substance management, administration and services, and CSR. We periodically review our purchasing processes while maintaining and strengthening partnerships.

Green Procurement

The LINTEC Group is committed to procurement that aims to reduce environmental impact through rigorous chemical substance management for raw materials, parts, and secondary materials. When procuring a new material or responding to a new regulation, we ask for suppliers' understanding in conducting ingredient examinations to monitor for the presence of regulated substances. In the fiscal year ended March 31, 2017, we carried out such examinations on approximately 5,000 items. In addition, we request that suppliers engage in proactive environmental preservation activities and undertake rigorous chemical substance management.

Environmental Management

We have acquired global integrated certification under international standard ISO 14001 for a total of 25 sites, including the LINTEC head office and plants, Research Center, Group company TOKYO LINTEC KAKO, INC., and 11 overseas Group companies. Following the 2015 revision of ISO 14001, we are working to achieve compliance with the revised standards and will continue to promote the acquisition of global integrated certification by overseas Group companies as we strengthen Companywide engagement in environmental preservation.

Production

Reduction of Environmental Impact

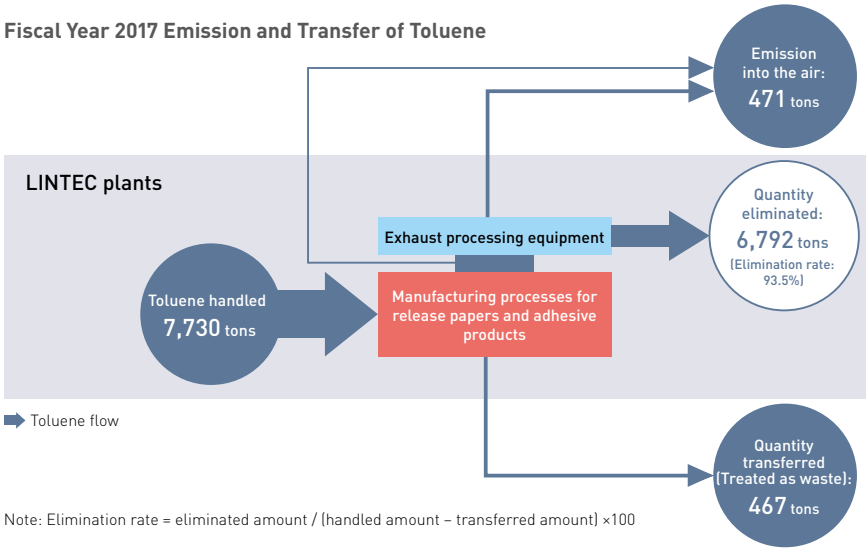
The LINTEC Group is working toward the realization of a sustainable society with manufacturing that has low environmental impact. CO_2 emissions were reduced to 195,000 tons in the fiscal year ended March 31, 2017, from 200,000 tons in the previous year. Although the amount of waste generated in production increased, the final landfill ratio was approximately 0.03% and we have achieved zero emissions with rates below 1.0% for 10 years. In papermaking, the amount of water used per unit of production improved by 6.8% over the previous year. We are also constantly seeking to reduce the amount of volatile organic compounds (VOCs) including organic solvents that are released into the atmosphere.

Compliance with Environmental Laws, Directives, and Regulations

The LINTEC Group seeks to be compliant with environmental laws, directives, and regulations in Japan and overseas and reduce chemical substances that are harmful to the environment. In addition to responding to restricted substances stipulated by REACH[1] and RoHS,[2] we conduct environmental impact examinations of raw materials that we purchase and disclose necessary information to our customers.

In the fiscal year ended March 31, 2017, we reported nine substances under the PRTR system.[3] The total volume was 7,826 tons, of which 7,730 were toluene. Toluene emitted into the air amounted to 471 tons, an increase of 30 tons over the previous year, while the quantity transferred (treated as waste) was 27 tons less than in the previous year, at 467 tons.

Fiscal Year 2017 Emission and Transfer of Toluene



Note: Elimination rate = eliminated amount / (handled amount – transferred amount) ×100

1 REACH: EU regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals

2 RoHS: EU directive on the Restriction of the use of certain Hazardous Substances

3 PRTR system: The Pollutant Release and Transfer Register system that requires companies to estimate the volume of chemical substances they have released and transferred in waste and report the data to the government

Environmentally Friendly Products

The LINTEC Group has embraced the rise in environmental awareness of recent years, and continues to develop products to meet a wide range of environmental needs. Our environmentally friendly product lineup pays heed to reuse, recycling, and energy saving.

Label material using recycled PET derived from used PET bottles

Window film that cuts thermal energy from sunlight

High-adhesion removable-type label material that gives consideration to reuse and recycling

Efforts toward Business Continuation

The Group is building a system that enables business operations to continue or restart quickly if struck by a disaster. All the Company's locations in Japan, subsidiaries TOKYO LINTEC KAKO, INC., and LINTEC SPECIALITY FILMS (TAIWAN), INC., have obtained certification under ISO 22301:2012, the international standard for business continuity management system (BCMS). BCMS study meetings and drills are held at all sites so that, in the event of a natural disaster or accident that disrupts business operations, we can ensure the safety of our employees and then recommence the supply of products promptly, minimizing impact on our customers and other stakeholders.

We also evaluate the business continuity capabilities of suppliers of raw materials that are critical in securing stable supplies of our products. Additionally, we request that these suppliers introduce a business continuity plan (BCP) and establish a system for implementing it on an organization-wide basis.

A Message from the General Manager

Gohei Kawamura
Director, Managing Executive Officer
General Manager, Production Div.

In production, our goals revolve around safety, quality, and yield. As production General Manager, I will be pursuing our goals while also emphasizing speed in implementing necessary measures.

Under the medium-term business plan LIP-2019, I want to put our plants in Japan on an even more solid footing. Keeping an eye on market trends, I will be giving consideration to investments designed to strengthen our production base for the future. This includes reconstructing plants and renewing facilities. Our overseas plants are growing in importance as our overseas sales ratio rises. The Printing and Industrial Materials Products manufacturing bases in China and Southeast Asia are having difficulties, and the Production Division will be giving its full support to these bases to improve earnings. In the U.S., the key will be to realize synergies quickly with the two companies that became subsidiaries in 2016. MACTAC AMERICA's hot-melt formulation and VDI's vapor depositing are attractive technologies, and I want us to create synergies in these areas in the course of LIP-2019.

LINTEC has consistently promoted on-site reform initiatives. In April 2017, a conference was held for our plant safety officers in Japan to report on their safety activities and exchange views on safety. This led to the discovery of points for improvement and to the best activities being rolled out in other plants. I will be looking to maintain a rigorous safety approach as we boost our plants' strengths.

Human Resources

The LINTEC Group employs more than 5,000 people in Japan and overseas including staff at non-consolidated companies. Diverse human resources are precious Group assets. During its 90-year history, LINTEC has sought to foster a culture that values harmonious working relationships and also "stand out in the crowd" individuality. This culture and a deeply rooted Companywide innovation mind-set are key Group strengths. In its efforts to provide a congenial workplace for all, LINTEC pays constant attention to enhancing its systems and training employees.

Respect for Diversity and Human Rights

The LINTEC Group avoids discriminatory treatment of employees based on race, creed, gender, education, nationality, religion, or age, thereby respecting the diversity of individuals. In the areas of recruitment and employment, the Group complies strictly with labor laws and regulations, including the prohibition of unfair discrimination, child labor, and harassment, and endeavors to promote an environment where all employees can go about their work in a positive and energized frame of mind. In 2017, we conducted a Groupwide survey of human rights and working conditions that confirmed we are strong on compliance and show respect for basic human rights. We plan to make this a regular annual survey.

We have a helpline through which employees can consult with the General Affairs & Human Resources Division or a lawyer if they have any concerns or have witnessed illegal behavior in the workplace. Access was extended to overseas Group companies in 2015 and an English-language helpline is also available.

Employee Education

LINTEC has a Companywide training system based on rank, as human resource education programs tailored to years of continuous service and career. To foster a globally oriented workforce and advance the careers of female employees, we also run theme-specific group and correspondence courses to promote objectives such as second-language acquisition and encouraging women to take on a more active role in the workplace. At the same time, the Company's intranet offers e-learning programs to increase all our employees' understanding of topics such as the environment, product quality, BCMS, and CSR.

Training seminar

Work-Life Balance

LINTEC is active in promoting balance between work and personal life for employees to enable them to carry out their work without stress and exercise their abilities to the full. In addition to careful labor management designed to deter employees from working excessively long hours, and the implementation of a flextime system, LINTEC aims to enable employees to match their work style to their lifestyle by augmenting programs such as planned vacation, which encourages employees to take their paid leave. In the fiscal year ended March 31, 2017, we continued to promote the creation of environments in which employees can work with peace of mind through such measures as extending the length of periods of leave and shortening work hours through the family care program, in addition to expanding the field of eligibility for shorter work hours using the childcare program.

Employment of People with Disabilities

The Group's employment ratio for people with disabilities reached 2.06% in the fiscal year ended March 31, 2017, surpassing the legally mandated ratio of 2.0%. We will endeavor to increase the ratio further with measures such as improvements to on-site facilities as required.

Rehiring Systems

To expand work-style options for its employees, the Group operates a "job return" program for rehiring people who are still able to fill posts effectively after resigning for personal reasons such as childbirth, nursing care of a family member, or a spouse's transfer to a different location. We also have a system that enables employees who wish to continue working beyond the mandatory retirement age of 60 to work on one-year contracts to a maximum age of 65.

A Message from the General Manager

Tsunetoshi Mochizuki
Director, Managing Executive Officer
General Manager, General Affairs & Human Resources Div.

To increase labor productivity, it is essential to have diverse human resources with a dynamic and healthy work style. Work-style reform has become a national theme in Japan and at LINTEC we have achieved results with our thorough labor management aimed at deterring employees from working too many hours and our planned vacation system, which has increased employees' use of paid leave.

In regard to diversity, we established a committee to study the promotion of diversity in 2016, and we are seeking to provide support and an appropriate work environment for employees in situations such as caring for family members and bringing up small children. Our promotion of greater female participation includes initiatives to change female employees' way of thinking, a system for returning to work after having children, and the expansion of the female ratio of hired graduates, managers, and section chiefs.

In fostering human resources I have the image of a mountain, with specialty work knowledge at the summit and broader knowledge and understanding of related areas at the foot. The Company as a whole supports career advancement with training courses tailored to the employee's level and theme-specific courses.

I want people to take pride in being a LINTEC employee and family member 10, 20, and 30 years from now and have a smile on their face as they go about their daily life. I also want to maintain an open corporate culture where people can speak their minds. To these ends, I will be making adjustments to the work environment and improvements to human resources systems.