

Strict Respect and Compliance with both the Letter and Spirit of the Law

**We will respect and comply with the letter and spirit of laws in our commitment to maintain good corporate citizenship.**

We believe each individual employee must raise their awareness of compliance and the company must conduct sound corporate governance to provide our stakeholders with trust through the ongoing creation of corporate value.

## Compliance

### ◆ Our Philosophy on Compliance

We recognize compliance as one of the most important concerns of management for fulfilling our social responsibility at the highest levels, and this includes ethical responsibility. Our action guidelines on compliance stipulate that we never become involved in illegal or unethical acts, and that we provide sufficient compliance training for all officers and employees. We have established an organizational structure for guaranteeing compliance and have been developing measures and systems to ensure effectiveness, and steadily promoting these measures based on an annual plan from a long-term perspective.

### ◆ Compliance Training

For officers and other employees, regulatory and other related information are always available on the corporate intranet, and we regularly provide training material to encourage them to update and enhance their knowledge toward establishing full awareness of the role and importance of compliance and cultivating an ethical mindset. We established the EIZO Group Code of Conducts—The Seven Promises to clarify our corporate philosophy and action guidelines in concrete terms and to serve as a standard in decision-making, evaluation and in the actions undertaken through the course of our business activities. We also seek to instill a thorough awareness of compliance among all Group employees in Japan and overseas while further enhancing our compliance system based on the prior establishment of the Compliance Committee and by further strengthening our management structure.

### ◆ Strengthening the Information Management System

We ensure proper handling of confidential information in accordance with our established guidelines. We have also appointed an information management representative with overall responsibility for establishing a company-wide information management system.

### ◆ Internal Notification Program

To further strengthen our compliance system, we set up a liaison point to provide answers to questions and advice on problems, concerning legal issues or the content of the principles of conduct, that may arise in the course of our operations. In addition, we strive to ensure early detection of illegal activity and to prevent misconduct by operating a whistle-blowing system that requires officers and employees to report to the liaison point immediately upon learning of activities in violation of laws or ethics, regardless of their own involvement. We ensure that the privacy of the whistle blower is protected and that the individual will not be placed at any disadvantage for reporting the violation. Based on established procedures, immediate action is taken in response to notification, including a fact-finding investigation, a report to the Ethics Committee and the issuing of a termination order or an operational improvement order.

## Risk Management

As part of our internal controls, we have established and operate a risk management system based on a group-wide perspective. The company's risk management activities are led by the Management Conference and the Risk Management Committee.

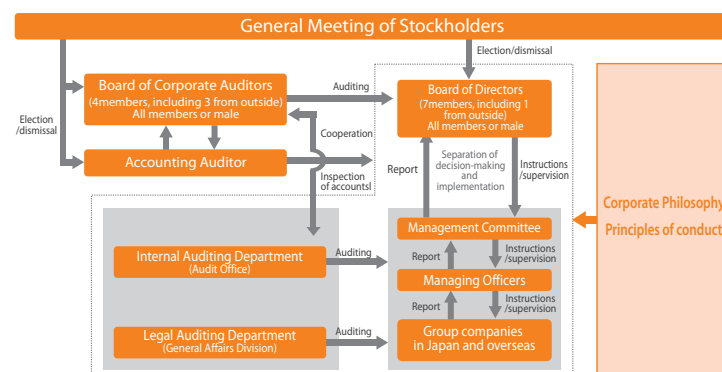
### ◆ Business Continuity Plan (BCP)

We have formulated a BCP for handling an outbreak of the new influenza virus as well as a BCP for responding to natural disasters, and these plans have been disseminated throughout the company. Work is currently underway on the formulation of a plan that summarizes the concrete steps to be taken by each department. Particularly with regard to our BCP for disaster response, we will build and reinforce a system for minimizing the impact of a major disaster by quickly recovering factory operations, diversifying material procurement channels, ensuring critical devices are sufficiently spread out for greater security, and implementing other measures such as promptly switching to alternative parts.

## Corporate Governance

We strive to be a company that consistently produces satisfactory results with the support of our stakeholders. To this end, we view the ongoing improvement of corporate governance as a vital management concern.

### Corporate Governance System



### ◆ Overview of Management Organization

#### ● Board of Directors

The Board of Directors meets monthly and as required to support timely decision-making for today's business environment. All important matters related to the board's decisions are discussed and progress reports on business tasks are presented on a regular basis. Among the seven Board of Directors, we have appointed a single outside director (as of June 21, 2012) to provide supervision and advice from a third-party perspective and thereby increase the transparency of management decisions. We also appointed one outside director and two outside corporate auditors as independent directors as stipulated under Tokyo Stock Exchange regulations.

#### ● Management Committee

The management committee is convened as required to support decision-making by the Board of Directors. The conference studies and reports on measures regarding key business operation issues and tasks at hand and their progress.

A system of operating officers has been put into place to accelerate strategic decisions and strengthen the business operation system, and the management conference is composed of directors (excluding the outside director), a full-time auditor and operating officers.

#### ● Board of Corporate Auditors

We have adopted a system of corporate auditors. The board of corporate auditors consists of four members (one full-time and three part-time, as of June 21, 2012) and includes three outside corporate auditors. Corporate auditors attend key meetings of the Board of Directors. The full-time corporate auditor reviews and discusses with directors important documents, such as draft proposals and contracts. He also collaborates with the Audit Office, the company's internal auditing department, on the review of internal regulation functions.

#### ● Internal Auditing System

The Audit Office reports directly to the president and functions as the company's internal auditing department. It carries out internal audits in accordance with the Basic Regulations on Internal Audits, which specifies audit policies, and with the Basic Annual Audit Plan approved by the president. All findings of these internal audits are reported to the president.

### ◆ Compensation System

With respect to bonuses paid to officers, we have endeavored to further clarify directors' management responsibilities for corporate performance. Also, we have introduced a performance-based compensation system that explicitly limits bonuses to within 3% of net income for each fiscal year (up to a maximum of ¥200 million) in an effort to ensure transparency of the calculation method. (Partially revised in June 2012)

### ◆ Internal Control System

We established our basic policy underlying a system that ensures directors execute their tasks in compliance with the law and the articles of incorporation, along with a system for ensuring the appropriateness of other operations, at a Board of Directors meeting in May 2006 (revised May 2012). Based on the policy, we have proceeded to develop related systems and to complete the groundwork for establishing an internal control system. We have also established in an internal control system for financial transactions in accordance with the Financial Instruments and Exchange Act, and exercise thorough control over our financial operations.