

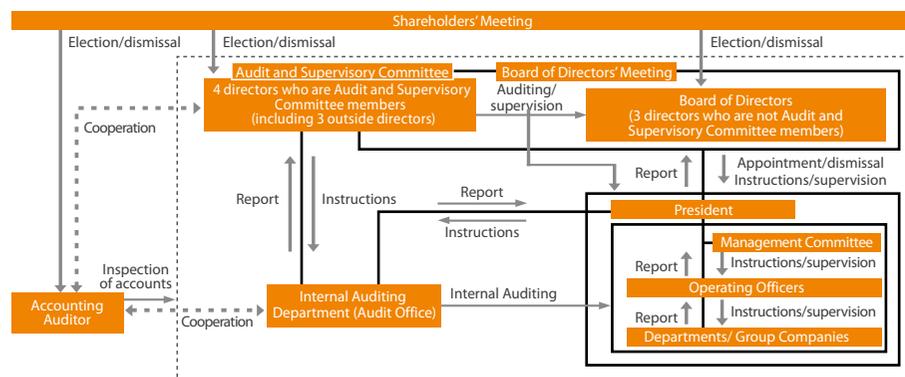
We seek to gain stakeholder trust by consistently generating corporate value as a Group. In doing this we believe that we must enhance our corporate governance and raise the compliance awareness of each employee.

Corporate Governance

We strive to be a company that builds and maintains relationships of trust with stakeholders who support us and consistently enhances its corporate value. To this end, ensuring sound, transparent and efficient management is essential, as is viewing the ongoing enhancement of corporate governance as a vital management concern.

On June 23, 2016, EIZO gained approval at the 49th general shareholders' meeting to transform itself from a Company with Board of Company Auditors to a Company with Audit and Supervisory Committee, effective that same day, with the goal of further enhancing our corporate governance and raising corporate value.

Corporate Governance System



Board of Directors

The Board of Directors, composed of three directors who are not members of the Audit and Supervisory Committee and four directors who are members of the Audit and Supervisory Committee, bases its decisions on frank discussions while also striving to strengthen its supervision of management. The board meets on dates scheduled for each fiscal year and as needed. All important matters related to the company's decisions are discussed, and status reports on the execution of operations are presented on a regular basis. Three of the four directors who are members of the Audit and Supervisory Committee are outside directors (as of June 22, 2017). They maintain no special interests in the company and therefore act in a highly independent capacity. The outside directors participate in decision-making on important matters from an objective and impartial standpoint while auditing and supervising the execution

of operations by directors. We have selected all the outside directors mentioned above as independent directors as stipulated under the Tokyo Stock Exchange regulations.

Management Committee

The Management Committee is mainly composed of full-time directors and operating officers and is convened as required to accelerate strategic decision making, respond to important issues and deliberate or report on the status of operations and other matters.

Operating Officer System

We have introduced an operating officer system to separate the supervision of management and the execution of operations while accelerating the pace of operational execution.

Audit and Supervisory Committee

Our Audit and Supervisory Committee is composed of four members including three outside directors. It meets on dates scheduled for each fiscal year and as needed. Its members audit and supervise the execution of duties by directors in accordance with the audit policy, plans and other committee decisions. These audits and supervisory functions are conducted through the investigation of operations and assets by attending the Board of Directors and other important meetings in cooperation with the Internal Auditing Department and Internal Control Department.

Internal Auditing System

The Internal Auditing Department carries out internal audits in accordance with the Basic Annual Audit Plan, based on the Basic Regulations on Internal Audits, which specifies audit policies. All findings of these internal audits are reported to the president. The Internal Auditing Department is composed of two members. An auditor who has wide knowledge of the departments to be audited is separately appointed to carry out the audit.

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. Under this policy, we have proceeded to develop related systems and to complete the groundwork for managing our 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.

Risk Management

As part of our development of an internal control system, we have established and operate a risk management system to integrate and centralize the management of risks that could affect our business activities. Risk management is supervised by the Management Conference and the Risk Management Committee, and risks identified by each department are examined by the committee. Any risk that could have a significant impact on our business is identified as a material risk by the Management Committee. Appropriate countermeasures are discussed and implemented.

In view of the increasingly global nature of our business, we expanded the scope of risk identification and evaluation to include Group companies in and outside Japan.

Business Continuity Plan (BCP)

To be prepared in the event of a major disaster and other incidents, EIZO formulated a BCP disseminated throughout the company. Particularly with regard to our BCP for disaster response, we have established procedures for restoring critical operations and resuming the supply of our products within one month, in addition to confirming employee safety and facilitating necessary rescue operations in the immediate aftermath of a major disaster.

Compliance

We have established an organizational structure for guaranteeing compliance and have been developing measures and systems to ensure effectiveness. We are steadily promoting these measures in accordance with 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. We also organize study groups for each job position, such as officers, managers and new employees to establish full awareness of the role and importance of compliance and cultivating an ethical mindset.

We established the EIZO Group Principles of Conduct – 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 and seek to instill a thorough awareness among all Group officers and employees in Japan and overseas.

Strengthening the Information Management System

We ensure the proper handling of important information managed internally, including confidential information and personal 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 Whistle-Blowing System

To further strengthen our compliance system, we set up a liaison point both inside and outside the company to provide answers to questions and advice on problems concerning legal issues or the content of the Principles of Conduct, which may arise in the course of our operations. In addition, we strive to ensure early detection of illegal activity or misconduct 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.

Outside Directors Dialogue



Eiji Ueno
Outside Director and
Member of the Audit and
Supervisory Committee

Masaaki Suzuki
Outside Director and
Chairman of the Audit and
Supervisory Committee

Atsushi Inoue
Outside Director and
Member of the Audit and
Supervisory Committee

We asked Mr. Suzuki, Mr. Ueno and Mr. Inoue, outside directors who have served as Audit and Supervisory Committee Members since June 2016, to share their views on how governance has changed at EIZO since its transition a year ago to a Company with an Audit and Supervisory Committee.

❖ Enhancing Objectivity and Transparency with a New Corporate Structure

EIZO Corporation transitioned from a Company with a Board of Company Auditors to a Company with an Audit and Supervisory Committee in June 2016. What are your impressions of this change?



Suzuki: First, there has been a change in the role we are expected to fulfill. Previously, the main responsibility of the Board of Company Auditors was to determine the legality of the execution of operations by directors. In addition to that, we now oversee the appropriateness of corporate management. The activities of the Audit and Supervisory Committee include receiving reports from the Audit Office and do not differ significantly from those of the Board of Company Auditors in terms of items covered. However, since EIZO's Audit and Supervisory Committee comprises four directors, I feel our discussions have taken on greater depth than before, with respect to each item, including matters discussed by the Board of Directors and internal auditing reports. What are your impressions?

Inoue: When I was a company auditor, I mainly focused on checking results from an auditing perspective. After the transition, however, I began to take a long-term perspective in evaluating the management of the company, and my interest in its future plans has grown.

Ueno: Before I became a member of the Audit and Supervisory Committee, I was a full-time auditor, which made me very aware of the need to ensure internal control for effective corporate governance. I now pay closer attention than before to the depth and subject of audits conducted by the Audit Office. Also, I maintain a more rigorous eye on reports from the Accounting and Finance Department and the General Affairs Department from the standpoint of internal control.

Suzuki: With respect to the structure, the Board of Directors, prior to the transition composed of six directors including one outside director, is now seven directors, four of whom are Audit and Supervisory Committee members, including three outside directors. I think this has increased the speed of operational execution and raised the objectivity and transparency of management even further.

Ueno: In addition, while it's not mandated under Japan's Companies Act, EIZO has one full-time member in the Audit and Supervisory Committee. This individual gathers information inside the company on a daily basis and reports to us during the meetings of the Audit and Supervisory Committee that are held before Board of Directors meetings, and that has added more substance to the information we receive.

Inoue: I agree. The presence of a full-time Audit and Supervisory Committee Member has great significance for EIZO.

Suzuki: It's also important that this full-time Audit and Supervisory Committee Member has a voting right as a director on the board. In that sense, I think the structure itself is excellent. As a result of the transition, EIZO now has two directors involved in the execution of operations. And four other directors are members of the Audit and Supervisory Committee, three of whom are outside directors. This means that some of the important decisions on operational execution are delegated to the managing directors, which seems to be creating a good balance between rapid decision-making and supervision.

Ueno: I would like to move on to our next topic: the future shape of governance. A year has passed since EIZO became a Company with Audit and Supervisory Committee, and the company has revised the matters to be deliberated on by the Board of Directors. Additionally, it delegates all or part of the decision-making on the important execution of operations to the managing directors within the boundaries stipulated by law in an effort to reduce the number of Board of Directors meetings. The board will now meet once every two or three months instead of monthly. In light of this, what are your views on the future of governance at EIZO?

Inoue: There is a limit to what you can discuss within the rigid framework of a meeting, so I think the company should make good use of the system and let us view the records of operational execution as needed. For example, EIZO has an online bulletin board system with a variety of posts, which outside directors can access from outside the company. Since this excellent system is already in place, if the records of operational execution are posted online, we can flexibly provide feedback without being bound by a typical meeting framework.



❖ Ensuring Diversity in the Governance System

Inoue: I come from a technology background, so I'm interested in EIZO's technical approach to trends in technology and markets, and from time to time I offer my opinions. The market is constantly evolving, and I'm impressed by the way the company has been able to consistently come up with new approaches. What are your views on the roles we are expected to play, from the perspective of ensuring the diversity of directors?

Ueno: I was an auditor at a bank before I came to EIZO, where I have served as a full-time auditor for seven years. Having worked as an auditor for quite a while, I pursue my mission from the standpoint of ensuring effective internal control.

Suzuki: My experience includes managing a financial institution, a paper manufacturer and a real estate company. I gained knowledge about finance as a banker, experienced an M&A during my time at the paper manufacturer, and have accumulated practical experience in governance and compliance as well. I intend to continue offering my opinions to the Board of Directors based on this background.

❖ EIZO's Strength Lies in Highly Competent Top Management and Employees

Suzuki: As I mentioned in last year's CSR Report, I have a high regard for EIZO's top management. Targets for the fourth Mid-Term Business Plan have been met, and the first and second years of the fifth plan are generally on track. This can be attributed to the successful business model developed based on the president's broad perspective and foresight.

Inoue: He has also demonstrated flexibility and deftly shifted the company's market segments within about four years. Change is not easy for those who are too persistent with the details, but he has made the switch with outstanding agility and flexibility.

Suzuki: By addressing mid-term needs and envisioning the company ten years from now, he is looking even further into the future with his DESIGN 2025 message, and young executive candidates are currently developing a business model for the next ten years. I think this point should be highly commended.



Ueno: And it's not just the top management; the presence of highly competent executive officers and employees supports the president in getting his message out, while the growth in human resources provides opportunities for top management to set even higher goals. This virtuous cycle has been highly beneficial for EIZO.

❖ Developing Human Resources to Become a "Strong Company"

Inoue: The business performance of the past few years provides evidence that the company has been making solid growth. The key to further growth lies in the single issue of cultivating human resources.

Suzuki: Yes, the company needs globalized human resources. It must boost its drive to develop human resources in order to nurture a formidable workforce of globalized personnel and add more women to the workforce.

Ueno: We all believe that developing personnel is the decisive factor in the company's survival.

Suzuki: I would like EIZO not just to become an excellent company but also to rise further and become a "strong company." This means having an excellent financial constitution and abundant human resources who can think globally. It's also a company that is capable of consistently providing unique products while significantly contributing to the community so that its presence is itself a source of local pride. While EIZO already meets most of these requirements, it still has unfulfilled potential, and I believe it can become an even stronger company by achieving further growth.

Masaaki Suzuki

Outside Director and Chairman of the Audit and Supervisory Committee

Profile

Joined Nihon Kangyo Bank (current Mizuho Financial Group Inc.) in 1971. Served as Managing Executive Officer of the Dai-Ichi Kangyo Bank and Mizuho Bank, Ltd. before taking on the positions of Executive Operating Officer of NIPPON TOCHI-TATEMONO Co., Ltd., Executive Managing Director of Hokuetsu Paper Co., Ltd., President and Representative Director of Hokuetsu Package Co. Ltd., and Advisor to NIPPON TOCHI-TATEMONO Co., Ltd. Joined the company as director in 2012 and has served as director and chairman of the Audit and Supervisory Committee since 2016.

Eiichi Ueno

Outside Director and Member of the Audit and Supervisory Committee

Profile

Joined Hokuriku Bank, Ltd. in 1976 and served as full-time auditor. Joined the company in 2009 as full-time company auditor. Appointed as director of the Audit and Supervisory Committee in 2016.

Atsushi Inoue

Outside Director and Member of the Audit and Supervisory Committee

Profile

Joined Murata Manufacturing Co., Ltd. in 1973 and served as executive vice president and head of the Device Business Unit. Joined the company in 2012 as auditor and concurrently appointed senior corporate advisor of Murata Manufacturing Co., Ltd. Appointed director of the Audit and Supervisory Committee in 2016.