

We will strictly respect and comply with both the letter and the spirit of the law as a good corporate citizen.

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 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. 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 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 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.

## Risk Management

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 designated as a “serious risk” by the Management Committee, comprising full-time officers and managing officers. Appropriate countermeasures are discussed and implemented.

As our business activities became even more global in nature, we expanded the scope of risk identification and evaluation to Group companies in and outside Japan.

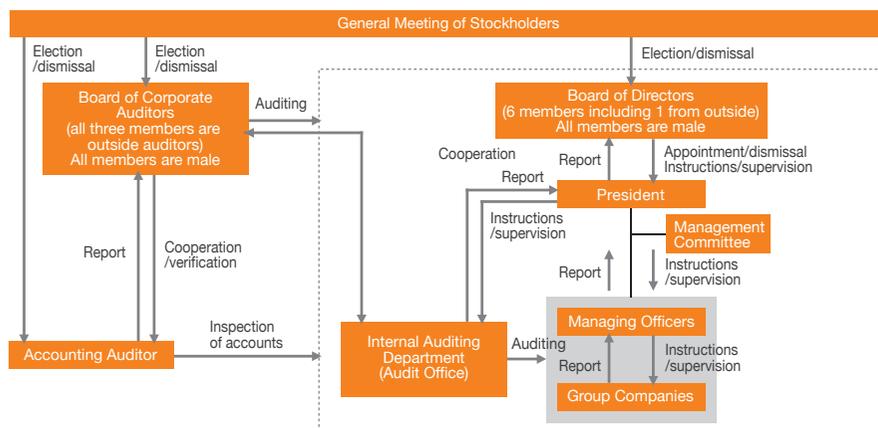
### ► Business Continuity Plan (BCP)

To be prepared in the event of a major disaster, EIZO formulated a BCP for responding to natural disasters and a BCP for handling the outbreak of the new influenza virus, and these plans have been 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.

## 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



#### 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 the execution of operations are presented on a regular basis. One of the six directors is an outside director (as of June 29, 2015) who maintains no special interests in the company and therefore acts in a highly independent capacity. The outside director participates in decision-making on important matters from an objective and partial standpoint and supervises the execution of operations. We have designated the outside director and all outside corporate auditors as independent directors as stipulated under Tokyo Stock Exchange regulations.

#### Management Committee

The Management Committee is composed of directors (excluding the outside director), a fulltime auditor and managing officers, and is convened as required to accelerate strategic decision making, respond to important issues, and deliberate or report on the status of operations.

#### Managing Officer System

We have introduced a managing officer system to separate the supervision of management and the execution of operations, while accelerating the pace of operational execution.

#### Board of Corporate Auditors

We have adopted a system of corporate auditors. The board of corporate auditors consists of three members (one full-time and three part-time, as of June 19, 2015), who are all outside corporate auditors. Corporate auditors attend key meetings of the Board of Directors.

#### 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 performance-based compensation paid to officers, we have endeavored to further clarify directors' management responsibilities for corporate performance. Also, we explicitly limit bonuses to within 2% of consolidated operating income for each fiscal year (up to a maximum of ¥200 million) under the compensation system in an effort to ensure transparency of the calculation method.

#### 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. 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 an internal control system for financial transactions in accordance with the Financial Instruments and Exchange Act, and exercise thorough control over our financial operations.