

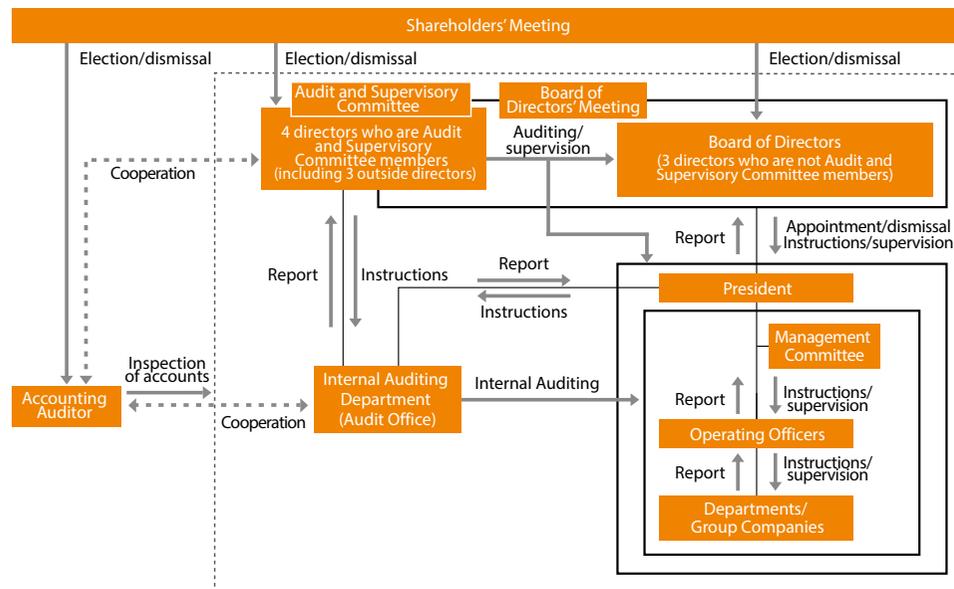
We will strictly respect and comply with both the letter and the spirit of the law as a good corporate citizen.

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.

► 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 20, 2019). 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 at all Group companies in Japan and overseas 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 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 have a basic policy underlying a system that ensures directors execute their tasks in compliance with the law and articles of incorporation, along with a system for ensuring the appropriateness of other operations. Under this Basic Policy on Internal Control System, we have proceeded to develop related systems and to complete the groundwork for managing our internal control systems. An internal control system concerning financial reporting is also in place in accordance with the Financial Instruments and Exchange Act.

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

Our Approach

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

We established the EIZO Group Principles of Conduct – The Seven Promises to serve as our corporate philosophy and a standard in decision-making as well as actions undertaken through the course of our business activities. Moreover, we seek to instill a thorough awareness of the philosophy among all Group officers and employees in Japan and overseas.

For officers and other employees, regulatory and other related information are always available on the corporate intranet, and we regularly provide compliance training material so that they can update themselves and enhance their knowledge. In fiscal 2018, we offered online training for all overseas Group companies and held individual workshops for domestic Group companies.

In addition, we organize workshops for each job position, such as for officers, managers, and new employees, to establish a full awareness of the necessity and importance of compliance and to cultivate an ethical mindset.

Strengthening the Information Management System

In accordance with our established guidelines on information management, we ensure the proper handling of confidential, personal, and other information. We have also appointed an information management representative with overall responsibility for improving our company-wide information management system. In order to strengthen the information management system, we have implemented actions that include the establishment of a contact point for responding to security incidents such as information leaks. In particular, we reorganized the protection system for personal information at Group companies in Japan and overseas in fiscal 2018 and responded to the EU General Data Protection Regulation (GDPR), which is a personal information protection regulation in Europe. We also obtained JIS Q 15001 (Privacy Mark) certification in Japan.

Internal Whistle-Blowing System

To further strengthen our compliance system, we strive to ensure the early detection and prevention of illegal activity or misconduct through our internal whistle-blowing system at all Group companies in and outside of Japan. Officers and regular employees are informed that they should consult on laws and ethics in business and submit a report immediately after learning of activities that are in violation of laws, 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.