

Seven Promises 5

We will strictly respect and comply with both the letter and spirit of the law.

Corporate operations require absolute legal compliance.

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

Compliance

Eizo Philosophy on Compliance

Eizo recognizes 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, that we respond immediately and transparently to illegal or unethical actions by taking appropriate corrective and preventive measures, and that we provide sufficient compliance training for all officers and employees. We will, therefore, establish an organizational structure for guaranteeing compliance, develop measures and systems to ensure effectiveness, and steadily promote these measures based on an annual plan from a long-term perspective. We are actively cultivating an ethical mindset among management and employees by providing comprehensive training on the role and importance of compliance.

We established the Eizo Nanao Group Code of Conduct 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.

*The entire text of the Eizo Nanao Group Code of Conduct can be found on our website:

www.eizo.com/about/code_of_conduct.asp

Strengthening the Information Management System

We ensure proper handling of confidential information in accordance with our Information Handling Guidelines (Action Policy). We have also appointed an information management representative with overall responsibility for establishing a company-wide information management system.

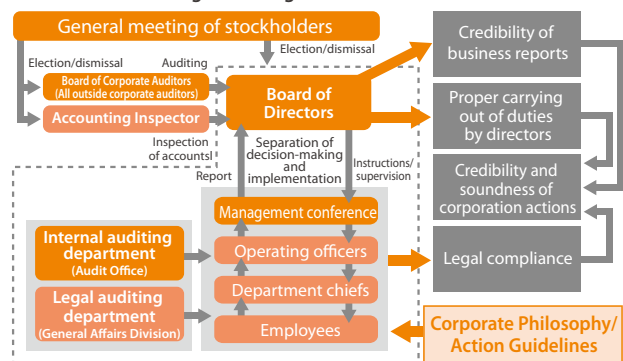
Internal Notification Program

To further strengthen our compliance system, we set up a liaison point for officers and employees who are seeking advice on questions and problems concerning legal action or the content of the code of action 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 an internal notification program 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 reporter 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.

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.

Overview of Management Organization



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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.

Among the seven Board of Directors, we have appointed a single outside director to provide supervision and advice from a third-party perspective and thereby increase the transparency of management decisions (as of March 31, 2009).

Management Conference

A system of operating officers has been put into place to accelerate strategic decisions and strengthen the business operation system. A management conference is held monthly and as required. The conference studies and reports on key business operation issues, countermeasures and progress. All key, business-related issues are reported at the management conference.

Board of Corporate Auditors

Eizo has adopted a system of corporate auditors. The board of corporate auditors consists of four members (one full-time and three part-time, as of March 31, 2009) 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. The full-time corporate auditor also attends internal audits. The Audit Office reports on the findings of these audits in response to requests from directors. Finally, the full-time corporate auditor attends audits conducted by the accounting auditor and participates in meetings between the accounting auditor and our company.

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.

Auditors for each internal audit are appointed by the general manager of the Audit Office as necessary. In fiscal 2008, a quality and environmental management audit was conducted by sixteen auditors, a personal information management audit by ten auditors, and an internal control audit by eight auditors.

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 2007). Based on the policy, we have proceeded to develop related systems and to complete the groundwork for establishing an internal control system.

Prior to these efforts, an internal control system for financial transactions was established in accordance with the Financial Instruments and Exchange Act, and we exercise thorough control over our financial operations.

Officer 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.

Risk Management

As part of our corporate governance, we have established and operate a risk management system based on a group-wide perspective. The Risk Management Committee takes the lead in the company's risk management activities. In fiscal 2008, we identified key risks from among all risks surveyed in the previous fiscal year and confirmed existing countermeasures and implemented additional measures for each risk. In March 2009, we simultaneously conducted our first internal audit as well as an internal compliance audit to review the status of preparation and operation for countermeasures against risks, and we confirmed that they were satisfactory. Looking ahead, we will seek to further reduce exposure to risk by promoting countermeasures against major vulnerabilities while also enhancing our Business Continuation Plan (BCP) related to potential disasters.

Risk Management System

