VISUAL TECHNOLOGY COMPANY

CORPORATE SOCIAL RESPONSIBILITY REPORT 2016

EIZO®

Contents

Editorial Policy for the CSR Report

- Editorial Policy: We have compiled an explanation on topics we consider important and a report on the impact and effects of our business activities on society and the environment, using the GRI Guidelines as reference.
- Scope of the report: EIZO Group Exceptions to the scope of coverage are explained in the notes to the relevant sections.
- Period covered: April 1, 2015 to March 31, 2016 (FY 2015)
- Issue date: October 2016
- Issue date of previous report: October 2015
- Issue date of next report: October 2017
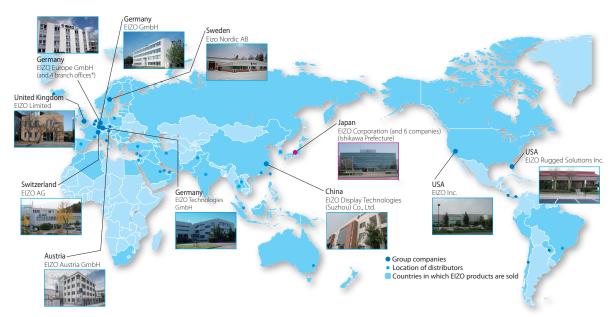
- CSR Promotion System: CSR activities come under the responsibility of the General Affairs Division, are supervised by the operating officer responsible for CSR and implemented by all Group companies. They are also subject to a management review by the CSR Committee, comprising the heads of each department, and reported to the Board of Directors.
- Contact information: EIZO Corporation General Affairs Department
  Tel: +81-76-274-2406

◆ Corporate Information

Company Name	EIZO Corporation
Business Activities	Development, design, manufacture and sales of visual display systems, amusement monitors and related services
Established	March 6, 1968
President	Yoshitaka Jitsumori
Address of Headquarters	153 Shimokashiwano, Hakusan, Ishikawa 924-8566, Japan
Group Sales	74,878 million yen (FY 2015)
Group Employees	2,239 including temporary workers (consolidated, as of March 31, 2016)
Group Companies	17 (EIZO Corporation and its 6 domestic subsidiaries and 10 overseas subsidiaries, as of September 1, 2016)

Germany
EIZO GmbH

Sweden
Eizo Nordic AB

Germany
EIZO Europe GmbH
(and 4 branch offices*)

United Kingdom
EIZO Limited

Japan
EIZO Corporation (and 6 companies)
(Ishikawa Prefecture)

USA
EIZO Rugged Solutions Inc.

Switzerland
EIZO AG

Germany
EIZO Technologies
GmbH

China
EIZO Display Technologies
(Suzhou) Co., Ltd.

USA
EIZO Inc.

Austria
EIZO Austria GmbH

● Group companies
● Location of distributors
■ Countries in which EIZO products are sold

EIZO Europe GmbH is composed of the head office in Germany and four branch offices in Belgium, Czech Republic, Italy and the Netherlands.

Our products are well received around the world, with current sales in over 80 countries and territories through our Group companies and 20 global distributors.

Development, Production and Sales

- **EIZO MS Corporation**
  Japan: Manufacturing of visual display systems, amusement monitors, and electronic circuit boards
- **EIZO Support Network Corporation**
  Japan: Field service, security and maintenance, and other services for visual display systems
- **EIZO Engineering Corporation**
  Japan: Development and designing of visual display systems, and temporary staff services
- **EIZO Medical Solutions Inc.**
  Japan: System integration services for the healthcare market
- **EIZO GmbH**
  Germany: Development, manufacturing, sales, and servicing of visual display systems for the healthcare market
- **EIZO Technologies GmbH**
  Germany: Development, manufacturing, sales, and servicing of visual display systems for industrial market and controller boards for monitors
- **EIZO Rugged Solutions Inc.**
  USA: Development, manufacturing, sales, and servicing of graphics hardware solutions for rugged market
- **EIZO Display Technologies (Suzhou) Co., Ltd.**
  China: Development, manufacturing, sales, and servicing of visual display systems
- **Irem Software Engineering Inc.**
  Japan: Development, manufacturing, and sales of amusement software

Sales

- **EIZO Inc.**
  USA: Sales and servicing of visual display systems
- **EIZO Nordic AB**
  Sweden: Sales and servicing of visual display systems
- **EIZO Europe GmbH**
  Germany (and branch offices in Belgium, Czech Republic, Italy and the Netherlands): Sales and servicing of visual display systems
- **EIZO AG**
  Switzerland: Sales and servicing of visual display systems
- **EIZO Limited**
  United Kingdom: Sales and servicing of visual display systems
- **EIZO Austria GmbH**
  Austria: Sales and servicing of visual display systems

Others

- **EIZO Agency Corporation**
  Japan: Insurance service and distribution of materials and products

◆ Financial Information

■ Financial Highlights

	FY 2013	FY 2014	FY 2015
Net sales (millions of yen)	73,641	72,576	74,878
Visual Display Systems	45,706	48,576	54,626
Amusement Monitors	21,966	15,127	15,279
Other	5,969	8,872	4,973
Operating income (millions of yen)	6,833	4,472	5,081
Ordinary income (millions of yen)	7,998	4,704	5,698
Net income attribute to owners of parent (millions of yen)	5,437	3,321	4,202
Total equity (millions of yen)	69,201	79,293	78,011
Total assets (millions of yen)	92,931	106,519	104,792
Net assets per share (yen)	3,245.70	3,719.08	3,658.95
Basic net income (yen)	255.05	155.80	197.10
Shareholders' Equity (%)	74.5	74.4	74.4
Equity ratio (%)	8.3	4.5	5.3
Price earnings ratio	10.6	16.9	14.4
Cash flows from operating activities (millions of yen)	4,685	1,445	6,772
Cash flows from investing activities (millions of yen)	(1,208)	(3,426)	(3,033)
Cash flows from financing activities (millions of yen)	(1,066)	923	(1,386)
Cash and cash equivalents, end of year (millions of yen)	19,080	18,022	20,221

In FY 2015, the category "Monitors for Computer Use" was renamed to "Visual Display Systems," and the sales of graphics board, quality management software, peripheral devices and the like were moved from "Other" to "Visual Display Systems." Comparisons with the previous term were made after recalculating the results of the previous consolidated fiscal year based on the categories after the change.

■ Net Sales

(billions of yen)

FY 2011: 59.5
FY 2012: 58.2
FY 2013: 73.6
FY 2014: 72.5
FY 2015: 74.8

■ Operating Income/Operating Margin

■ Operating Income ─●─ Operating Margin

(billions of yen) (%)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Operating Income	4.4	2.0	6.8	4.4	5.0
Operating Margin	7.4	3.5	9.3	6.2	6.8

■ Sales and Percentage Breakdown by Product Category (FY 2015)

Others 6.6% 4.9 billion yen
Amusement Monitors 20.4% 15.3 billion yen
Consolidated Net Sales 74.8 billion yen
Visual display systems 73.0% 54.6 billion yen

■ Composition of Net Sales by Region (FY 2015)

North America 6.8% 5.1 billion yen
Others 4.5% 3.3 billion yen
Europe 34.6% 25.9 billion yen
Consolidated Net Sales 74.8 billion yen
Japan 54.1% 40.5 billion yen

■ Dividends

■ Year-end Dividend ■ Interim Dividend ─●─ Payout Ratio

(yen) (%)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Year-end Dividend	25	25	30	30	35
Interim Dividend	25	25	25	30	35
Total	50	50	55	60	70
Payout Ratio	67.5	66.7	21.6	38.5	35.5

EIZO Contributes to Society and Local Communities as a Visual Technology Company with Advantages

September 2016

Yoshitaka Jitsumori
President, EIZO Corporation

Our Business Activity in itself Constitutes EIZO's Social Responsibility

Our most important social responsibility is our business activity. We believe our social responsibility is to pursue business with integrity, which includes contributing to society by providing products, solutions and services, returning to society the benefits produced through our business, and ensuring compliance with laws and regulations as well as respect for human rights throughout our business operations. Through the results of materiality analysis of our CSR, we reconfirmed that the material issues we must address through our business are represented in the EIZO Group Principles of Conduct – Seven Promises, which reflects the concepts underlying the United Nation Global Compact, and we have therefore compiled this CSR Report to align with these principles.

Unique Business Model Combining Value Delivery and Community Contribution

Fiscal 2015 was the first year of the Fifth Mid-Term Business Plan (fiscal 2015–2017), during which the company intended to evolve beyond being a conventional monitor manufacturer into a "Visual Technology Company." In the monitor market, where other companies are ceasing production in Japan, we are utilizing our production in Japan as a core and driving a solutions business centered on visual display systems with determination and confidence to survive in the market. The business model that we have built and strengthened for many years is focused on the highly efficient production of a wide variety of products while developing a large number of products that meet diverse technical needs. This is a unique model that has no equal in the monitor sector. To further strengthen this model, we acquired a system integration business

for the healthcare market from Imation Corporation Japan in October 2015 and the surgical/endoscopy monitor business from Panasonic Healthcare Co., Ltd. in July 2016.

In February 2016, we completed construction of a factory building at the head office, anticipating the growth of the Vertical & Specific (V&S) market over the next five years. We are dramatically reforming our production lines and thoroughly optimizing our process management through IoT to improve productivity by 30% to 40%. By concentrating the development and production functions of high-end visual display systems in Ishikawa Prefecture, we can secure increased productivity that more than makes up for higher labor cost compared to that in China and Southeast Asia.

This business strategy is our largest regional contribution. The breakdown of our production volume by business location is 76% in Japan (Ishikawa Prefecture), 18% in Germany, 4% in China and 2% in the United States. In an industry in which overseas production is prevalent, we maintain employment, production and tax payment in Japan (Ishikawa) and continue to strive to be a company that is supported by local people, who feel pride in EIZO's achievement and in the company's presence in the prefecture.

A Global, Broadminded Merit System and Tradition of Maintaining a Sound Corporate Culture

EIZO ensures gender equality in hiring and treatment through its merit system tradition, which has been established through its overseas expansion from the earliest stage and adopted childcare leave and reduced working hours early so that everyone can aspire to become a manager. Nevertheless, there has been a tendency among female employees to limit their career potential. However, I expect their mindset will change soon as we have the first female manager in fiscal 2015, representing an actual career path example for female employees in the company.

CSR procurement has been a recent focus of attention. Naturally, the company procures only from suppliers who meet our CSR requirements since, from the beginning, we advanced into the European market, which maintains the world's strictest environmental standards, and complied with the FDA in the United States along with other regulations in the medical sector.

I do not believe that many other companies have been as sound, open or broadminded as EIZO. We are proud that so many people are attracted to this corporate culture and its commitment to production in Japan, and have joined the company so far from the metropolitan centers.

Design Business Models for the Next 10 Years

Up to now, we have developed businesses by branching out into healthcare, creative work, industry and other particular applications from our mainline B&P (business & plus) in a relatively natural pattern of growth. However, now we sense an urgent need to set a completely new goal and build bridges to reach it. Consequently, at the beginning of 2016, I adovocated the design of a business model for the next 10 years under the theme, "Design 2025," and future executives are currently leading the project.

We will continue to offer values that only EIZO can deliver to society. In addition, we welcome the comments and feedback of our stakeholders in response to this report.

Corporate Philosophy

Through the pursuit of imaging solutions

with advanced technologies,

we enrich people in their professional

and personal lives.

EIZO Group Principles of Conduct
– Seven Promises

We establish the following "EIZO Principles of Conduct" as guidelines for each EIZO Group employee and as a commitment to our stakeholders. We pledge to conduct our business in accordance with these Principles.

1. We will supply high-quality products and services loved by customers through creating and offering new value by unique technologies and ideas.
2. We will promote our manufacturing and business activities in consideration of reducing their environmental burdens.
3. We will act as an international corporation with a global outlook and mindset.
4. We will conduct open and fair trade.
5. We will seek to build and maintain strong bonds of trust with our stakeholders (business partners, employees, shareholders, and the local community).
6. We will strictly respect and comply with both the letter and the spirit of the law as a good corporate citizen.
7. We will respect basic human rights and value a broadminded corporate culture.

Participation in the United Nations Global Compact

THE GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

EIZO became a participant of the United Nations Global Compact (UNGC) in September 2012. Through this voluntary initiative, member corporations cooperate in the development of a global framework for sustainable growth by demonstrating responsible, creative leadership in their actions as good corporate citizens.

As a corporate participant, EIZO will engage in an ongoing effort to realize the UNGC's ten CSR principles in the areas of human rights, labor, the environment and anti-corruption, under the personal leadership of the company's president.

We applied the following process to identify the material issues that EIZO must address through its business.

▌ Organizing issues

- Organizing material issues for CSR with a panoramic view of the EIZO Group's value chain
- Organizing opportunities and demands for involvement with key stakeholders

see page 22 for details

▌ Evaluating materiality

Evaluating the issues to be addressed along two axes: materiality for stakeholders (degree of societal expectation) and materiality for the EIZO Group

▌ Extracting aspects

Extracting material aspects using the GRI G4 Guidelines as reference

▌ Reconfirming Principles of Conduct

Reconfirming they are represented in the EIZO Group Principles of Conduct – Seven Promises

see page 6 for details

● Material issues

Product responsibility
Product and service labeling

Environment
Products and services

Economy
Economic performance
Procurement practices

Society
Anti-corruption
Anti-competitive behavior
Compliance

Labor practices and decent work
Diversity and equal opportunity

Human rights
Human rights evaluation
⋮

High

Materiality for stakeholders
(degree of societal expectation)

Low   High

Materiality for the EIZO Group
(degree of contribution to the task and our own growth)

EIZO's Approach to CSR

Our business activity in itself constitutes our most important social responsibility. We are aware that our social responsibility lies in engaging in business with integrity, which includes contributing to society with products, solutions and services, returning all the benefits produced through our business to society, and complying with laws and regulations while respecting human rights. In addition, with the view that participating in and supporting regional activities constitute part of our social responsibility, we enthusiastically engage in such activities.

In this context and as the basic policy underlying our CSR, we uphold the EIZO Group Principles of Conduct, which serve as both a guideline for the EIZO Group and our promise to stakeholders.

Fiscal 2015 Results of New Activity Reporting and New Disclosure Items

The fiscal 2015 results of new activity reports and new disclosure items are listed below.

Seven Promises	Fiscal 2015 Results of New Activity Reports and New Disclosure Items	Report Page
Creating New Value	We demonstrated that visual display is playing a role in every setting of our life and that visual display systems with unique value added by EIZO as a Visual Technology Company are conveying a sense of security and inspiration.	9
Environmental Consideration for Our Products and Business Operations	We attained Environmental Targets for all items except "reduced fuel consumption." We introduced solar panels and other environmentally sound features into the new factory building.	16
Operating as an International Corporation	We are expanding sales activities to emerging countries where growth of particular markets is expected. We have assigned local sales personnel to Saudi Arabia and India to enhance our approach to customers.	20
Open and Fair Trade	Obtained an agreement on the "EIZO Supplier Code of Conduct" in the form of the "Supplier Declaration" from all business partners involved in procurement.	21
Strong Bonds of Trust with Stakeholders	Started introducing initiatives to contribute to local communities, not only at the head office in Japan but also in Germany, Switzerland, the United Kingdom and the United States.	24
Strict Respect and Compliance with both the Letter and Spirit of the Law	In addition to the composition and activities of the Audit and Supervisory Committee that began in 2016, we published the "Message from an Outside Director."	26–27
Broadminded Corporate Culture	Expanded disclosure of quantitative information, including the retention rate of young employees and the rate of taking paid leaves. We also worked to improve the description of our program for having children visit the workplace as well as educational programs for young employees.	28–30
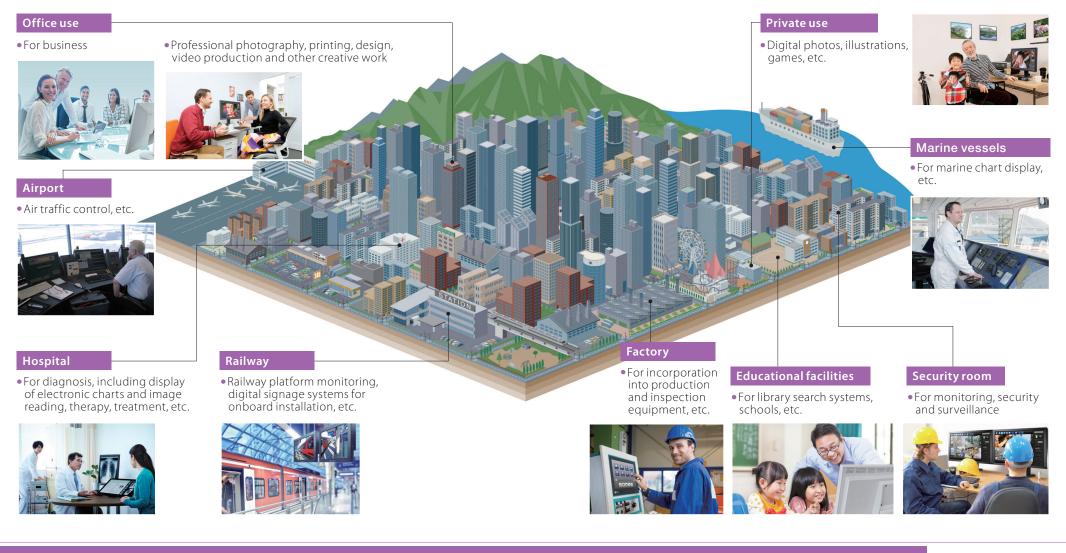
Creating New Value

We will supply high-quality products and services loved by customers through creating and offering new value by unique technologies and ideas.

Our products are used around the world in a variety of fields, each requiring different specifications and functions.
Beyond listening and responding to customer requests in each field, we relentlessly pursue proprietary technologies and ideas
to create and offer new sets of values that extend our promise to consistently deliver products that customers appreciate.

◆ Wherever You Look, You See EIZO

Imaging solutions enrich every setting of daily life. EIZO, as a "Visual Technology Company," delivers a sense of security and inspiration with its systems that add unique value to visual displays.

Office use
- For business
- Professional photography, printing, design, video production and other creative work

Airport
- Air traffic control, etc.

Hospital
- For diagnosis, including display of electronic charts and image reading, therapy, treatment, etc.

Railway
- Railway platform monitoring, digital signage systems for onboard installation, etc.

Factory
- For incorporation into production and inspection equipment, etc.

Private use
- Digital photos, illustrations, games, etc.

Marine vessels
- For marine chart display, etc.

Educational facilities
- For library search systems, schools, etc.

Security room
- For monitoring, security and surveillance

◆ EIZO Solutions

▶ For the Business & Plus Markets
Focusing on User Comfort to Reduce the Physical Strain of Using PCs

We focus on ergonomics-based design so that users can use our products for long hours without experiencing symptoms of stress. Thus, we offer comfortable PC environments in various locations such as offices, schools and homes. We have further improved comfort in multi-monitor environments by adding products featuring a fully-flat bezel-less design to our lineup.

EV2750 features the world's first* fully-flat bezel-less design. The bezel of the model is as narrow as 1 mm on all four sides, and the typical grooves around the front buttons and optical sensors have been eliminated, allowing users to enjoy seamless viewing and concentrate on their tasks in a multi-monitor configuration.

* Research by EIZO on liquid-crystal displays as of September 1, 2015

▶ For the Healthcare Market
Accelerating the Solutions Business to Support the Evolution of Medical Care

In today's increasingly advanced and complicated medical care systems, not only medical doctors but also nurses, clinical engineers and other staff are cooperating in the treatment of patients. Therefore, creating an environment that facilitates information sharing and the exchanging of opinions is essential. To do this, EIZO proposes comprehensive image solutions, including image display monitors suitable for the required image environment, image management software and a network environment through its consultations for intelligent operating rooms, Interventional Radiology (IVR) rooms and control rooms.

EIZO acquired a system integration business for the medical market from Imation Corp in October 2015 to accelerate its solutions business, which it launched as EIZO Medical Solutions Inc. in November of the same year. We also acquired the surgical/endoscopy monitor business from Panasonic Healthcare Co., Ltd. in July 2016 to complete our lineup of surgical/endoscopy monitors.

▶ For the Creative Work Markets
Supporting Creative Settings by Maintaining Accurate Color Displays

We are committed to accurate color reproduction and high added value, and we contribute to improving efficiency and accuracy in every creative setting by offering monitor solutions that achieve and maintain accurate color display. The professional series of our color management monitors is being widely used by professional photographers and those involved in printing, design and video production.

Quick Color Match, a free software application released for photography enthusiasts, offers easier-than-ever color matching for prints and monitor display. Thus, we also support people in enjoying creative activities for fun.

▶ For the Industrial Markets
Supporting Customers' Businesses through a Finely-Tuned Response to the Specialized Needs of Each Industry

We flexibly address the diverse requirements of each industry by offering a broad range of products and customization. Also, we support the businesses of customers through small-lot delivery, taking advantage of our flexible production system, long-term stable supply based on our purchase capability and maintenance system.

ATC (Air Traffic Control)
We contribute to our mission of ensuring safety in the sky by providing air traffic control towers and control rooms with products such as high-brightness LCD monitors capable of clearly displaying flight status information under daylight conditions.

Marine Vessels
We offer products that support Electronic Chart Display and Information System (ECDIS) and other products that meet various standards for ships. We also offer optical bonding models with improved visibility and durability using in-house processing lines.

Railway
We provide digital signage systems for onboard installation and products for monitoring railway platforms.

Security & Surveillance
We contribute to enhancing public safety by supporting the stable operation of security

systems, using highly reliable monitors equipped with unique technology that allows for clarity in every detail and 24-hour continuous operation.

Factory Automation (FA)

We have adopted cases without any gaps around vent holes or buttons to prevent the entry of foreign matter, and we prepared housings for flexible installation in different types of locations as well as incorporation into equipment and systems.

▶ **For the Entertainment Market**

Enriching Games, Video Watching and Other Entertainment with Our Visibility Technology

Our products for the entertainment market have functions to enable enjoyment of a wide variety of entertainment from games to animation, photos, video and e-books to contribute to enriching customers' recreation time and daily lives.

EIZO also sponsors professional eSports* teams and an array of game tournaments, held in Europe and North America, in an effort to expand the entertainment market.

* Competition-type computer games: "electronics sports"

Our new model FS2735 automatically improves visibility of both dark and light areas. Its smooth image display supporting 144 Hz input and AMD FreeSyncTM enhances the user game performance.

▶ **For the Amusement Market**

Enlivening the Market by Providing Products Supported by Our Technological Excellence

We design and manufacture LCD monitors installed in pachinko equipment, capitalizing on the EIZO Group's advanced visual display technology. Our products enliven the amusement market by offering a realistic expression of images and stories with a strong gaming feel, and they become customer favorites year after year.

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Operating Room Solutions

CuratOR™

The new brand from EIZO — solutions for visual technology in the OR

Osaka Medical College Hospital
Introduced CuratOR Surgical Panel, an image management system for operating rooms

In March 2016, the hospital's central operating building opened and began full-fledged operation of 20 operating rooms, including two hybrid operating rooms*. EIZO provided CuratOR Surgical Panel SP1-55 in the computed tomography (CT) hybrid operating rooms. While many hospitals in European countries, including Germany and Switzerland, have introduced CuratOR Surgical Panels, Osaka Medical Hospital is the first to do this in Japan.

EIZO implemented the project for all 20 rooms, including the CT hybrid rooms, from consulting on the image environment of the rooms sought by Osaka Medical Hospital to the coordination of necessary hardware and software, installation and wiring.

The P1-55 unit is fully embedded into one wall of the operating room and equipped with a built-in 55″ monitor featuring a high-brightness display at a full HD 1920 × 1080.

* A hybrid operating room combining operating tables for treatment and photography systems for examination.

◆ Competitive Advantages of EIZO

Since its founding, the EIZO Group has consistently focused its technology and passion on creating visual display products. We continue to concentrate our energy and efforts on developing products that are a step ahead of the times by using advanced devices and pursuing cutting-edge technologies. Our goal is to deliver reliable, high-quality products that both satisfy and inspire our customers. The outcomes of these accumulated efforts are EIZO's competitive advantages: our business model, excellence in development and quality, and our global network.

▶ Business Model

We have built on our Core Visual Technology* of software, hardware and peripheral technologies developed through our work on monitors for the Business & Plus (B&P) market in order to expand into the Vertical & Specific (V&S) market by developing new products with the additional performance and functions required in various fields. Leveraging the technology, procurement and production synergies among our business units has enabled us to create advanced products with proprietary features to further develop and expand our business. This unique business model has been the major driver of our growth.

■ Business development leveraging the synergies among business units

Creative Work
Business & Plus
Healthcare
©SANYOBUSSAN CO., LTD.
Amusement
Industry
Entertainment

Image processing (analysis, recognition, correction, and extension)
Color management
Display device development
Core Visual Technology
High-quality and highly reliable design
Display device processing
Highly accurate adjustment and production

* A highly sophisticated technology that goes beyond what competitors offer.

▶ Excellence in Development and Quality

● Development

In the course of creating visual display products, we have gained the full spectrum of technologies required for developing monitors. This in turn has enabled us to quickly deliver new, cutting-edge products and high-quality products with enhanced functionality.

● Quality

• Consistent quality control through 100% self-development and self-production

We have always been committed to 100% self-development and self-production. One of our competitive advantages lies in our ability to integrate quality control, from development and manufacturing to after-sales service, and we remain committed to working in concert Group-wide to further enhance quality.

• Development of environmentally sound products

We have a proven track record of incorporating the principle of environmental preservation into product development, and since the early years of our company, we have been highly regarded in Europe, where environment-related standards are particularly stringent. As public concern for the environment grows, we will work harder to develop environmentally sound products by, for example, actively participate in the formulation of environmental standards.

• Rigorous attention to quality control

The key to the success of our products is the stringent inspections we conduct on the image quality of our monitors at different stages, from development to production. We make every effort to ensure that the image quality of all our products is reviewed at the highest level of accuracy from the perspective of the user, through measures such as confirming some inspection criteria by human eye in addition to machine.

▶ Global Network

We leverage our extensive capabilities by generating synergies in development, production and sales among our 17 Group companies worldwide.

For details on our global network, please refer to pages 2 and 20.
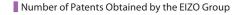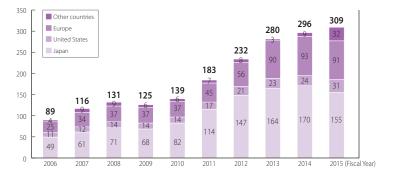
◆ Protecting Intellectual Property that Enhances Value

We actively seek to obtain patents and design rights for the technologies and designs created through product development.
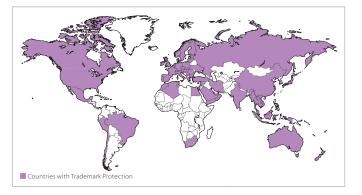
Our recent focus has been on attaining patents and design rights in countries and regions where we expect product sales to grow such as China, India and Russia, in addition to Japan, Europe and the United States, our current main markets. Overall, our goal is to construct a global network of intellectual property.

We also believe that trademarks, including the names of our company and products,

are key to protecting and enhancing EIZO brand value. We therefore strive to obtain and maintain trademark rights in all the countries where we sell our products.

▶ Centralized Management of Intellectual Property for the Entire Group

We have centralized the management of all intellectual property (including patents, design rights, and trademarks) owned by the Group and encourages the creation of intellectual property group-wide.We have also established a system to facilitate the use of intellectual property and the sharing of related information among Group companies.

▶ Creating Intellectual Property and Obtaining Rights

We have introduced a survey and application procedure for patents and designs to our product development process with the aim of preventing missed opportunities for identifying new core and peripheral technologies created during the process.

It is our goal that each patent or design application technology is effectively utilized as a powerful patent or design right which is useful in our business. To achieve the goal, we strategically select target countries for the applications and develop a network of patents and design rights centered on application technologies.

In addition, we regularly assess the value of patents and design rights in order to appropriately manage our intellectual property.

▶ Encouraging the Creation of Intellectual Property

We have established and manage an incentive program for employee inventions to encourage employees to produce patents and designs. We also have an internal awards program for inventors and creators of patents and designs that have contributed to our business.

▶ Respect for Intellectual Property Rights

Beyond creating intellectual property, we also exercise the utmost care to ensure our products and applied technologies do not infringe upon any third-party intellectual property rights. In the event a third party is found to have infringed upon intellectual property rights of EIZO, we demand that appropriate action be taken to protect these rights.

▍Number of Patents Obtained by the EIZO Group

▍Areas the EIZO Brand Has Penetrated (Countries with Trademark Protection)

■ Countries with Trademark Protection

◆ EIZO's Quality Assurance System

Under our Quality Management Policy, we seek to ensure reliable long-term use of EIZO brand products by establishing an integrated quality control system that encompasses development and manufacturing to after-sales service and making continuous improvement throughout the system.

▶ Quality Standard

The quality of our products constitutes the foundation of the EIZO brand. We comply with the quality standards and regulations of each country where we sell our products as well as with the certified standards for each product. We have also established our own reliability standards that reflect diverse events including cases from both in and outside the company. These standards are applied to all EIZO brand products (LCD monitors).

In addition, we have sought to unify and standardize selection criteria for components used in our products to maintain and standardize product quality by applying these criteria to all Group companies.

▶ Gathering and Reflecting Customer Feedback

We provide after-sales service through Group companies in nearly every country where we sell our products, which has enabled us to develop an accurate understanding of customer requests and expectations.

We compile and shares customer feedback with Group companies in an effort to consistently offer high-quality, attractive products and services.

▶ Quality Management System

All Group companies involved in development and production have obtained certification under the international quality management standard ISO 9001, and ISO 13485 for medical equipment. We have incorporated these standards into the Group's quality management system in an ongoing, voluntary effort to maintain and improve the system.

Quality Management Policy

The EIZO Group is committed to continually fulfilling customers' expectations by proposing and offering high quality products, services, and solutions. We therefore:

1 Aim to develop high quality products by pursuing the world's highest level of technology.

2 Carry out our responsibility for environmental preservation by actively reducing the effects on the environment in every business activity from product development to manufacturing to sales and service.

3 Set the quality target which are carried out and reviewed by all the employees in every business activity.

4 Establish a quality management system, review it periodically, and continually improve it to sustain its validity and suitability.

5 Respond to the trust of both medical professionals and patients by providing medical equipment with assured quality, effectiveness and safety.

6 Comply with legal and social requirements.

Environmental Consideration for Our Products and Business Operations

We will promote our manufacturing and business activities in consideration of reducing their environmental burdens.

We are conscious of the importance of environmental preservation as a common issue for all humankind, and are committed to do our utmost to protect the environment in all aspects of our corporate operations, with particular emphasis on efforts that result in environmentally sound product specifications.

Environmental Policy

We, the EIZO Group, are aware that our products have an impact on the environment. In our product development work we therefore consider friendliness to the environment to be part and parcel of product quality. We endeavor to supply our customers worldwide with products developed to common specifications that meet or exceed the environmental requirements of individual countries as well as our own environmental standards. We are conscious of the importance of environmental preservation as a common issue for all humankind and pledge to do our utmost to protect the environment in all aspects of our corporate operations.

1 We endeavor to constantly remain up to date on and to strictly adhere to environmental laws and standards applicable to our corporate operations and products, as well as other environmental preservation requirements of society at large. We determine environmental objectives and targets based on a clear understanding of such requirements as well as the environmental impact of our corporate operations and products. These objectives and targets are reviewed on a regular basis to achieve ongoing improvement of our environmental management system and performance.

2 At the research and development stage, we pay careful attention to the design of our products to minimize the consumption of resources and energy, ensure ease of recycling, and reduce the volume of toxic substances. Our aim is a continuous raising of our environmental standards.

3 In our corporate operations we give due consideration to conserving energy and resources. We work to reduce the volume of waste products generated by our operations and to dispose properly of all waste generated. We are engaged in positive efforts to promote the collection and recycling of used products discarded by consumers.

4 We constantly monitor the latest information related to the environment through our information network, which includes our overseas facilities and affiliated companies. We endeavor to share information appropriately by disclosing and disseminating details of our own environmental initiatives, and we work with others in common efforts aimed at preserving the environment.

5 We educate all company members and strive to deepen their awareness of environmental matters, while creating members of a team that will be committed to the effective use of natural resources and energy, and to the protection of our global environment.

◆ Environmental Management System

After establishing an environmental management system under our Environmental Policy, we obtained ISO 14001 certification* in July 1998. Since then we have implemented measures for waste reduction and reduced resource and energy consumption. We have also taken a step farther in light of a number of factors, including society's movement toward environmentally sound products and growing public interest in eco products, by operating our environmental management system, which emphasizes environmental targets centered on environmentally sound products.

* EIZO MS Corporation, EIZO GmbH, EIZO Technologies GmbH, and EIZO Display Technologies (Suzhou) Co., Ltd. have also obtained certification.

▶ Activities under the Environmental Management System

We continued to undertake many tasks for meeting our environmental targets for fiscal 2015 that would achieve results in product specifications. We also sought to accomplish these tasks and targets by sharing them with in-house organizations, including the design and development departments. We successfully reduced power consumption during suspension and use, exercised stricter control over chemical substances used in parts, and manufactured products that meet advanced environmental standards.

▶ Environmental Management System Audits

Our ISO 14001 certification was maintained and updated in fiscal 2015 after a third-party institution conducted an external audit.

◆ Environmental Targets/Performance Report

Scope: EIZO Corporation Headquarters area, EIZO MS Corporation, and EIZO Display Technologies (Suzhou) Co., Ltd.

Environmental Theme	Focus	Environmental Objective	FY 2015 Environmental Targets	FY 2015 Actual Results	Self-evaluation	FY 2016 Targets
Efforts to prevent global warming	CO_2 reduction	Reduced power consumption	Reduce electricity consumption to no more than 9.20 million kWh/year Expand effort to upgrade interior lighting to LED	Maintained electricity consumption to less than 8.344 million kWh/year	○	Reduce electricity consumption to no more than 10.125 million kWh/year Constrain and manage energy consumption in new company buildings and equipment Prepare for compliance with the energy saving law
		Reduced fuel consumption	Reduce consumption of fuel LPG: no more than 138 t; kerosene: no more than 20 kl	Controlled LPG consumption to less than 128.7 t/year, but kerosene consumption was 22.9 kl/year, exceeding the target	△	Reduce consumption of fuel LPG: 145 t max; kerosene: 20 kl max
		Environmentally sound product design	Achieve compliance with ENERGY STAR 7.0 Incorporate energy-saving features	Reduced electricity consumption of products developed in fiscal 2015 Decided on models for compliance with ENERGY STAR 7.0	○	Further expand products with lower electricity consumption Increase and upgrade products with EU energy labels
			Promote smaller, lightweight products; conserve resources consumed for packaging materials and circuit boards	Reduced body dimension and weight of models developed in fiscal 2015 by about 20% and 30%, respectively, compared to conventional models	○	Promote smaller, lightweight and resource-saving products
Creating a sustainable society	3Rs (reduce, reuse, recycle)	3R design	Respond to reuse of amusement monitor components (survey and review)	Designed products assuming long hours of operation through reuse	○	Continue to respond to reuse of amusement monitor components
		3R activities	Maintain industrial waste generation below 360 t and purchase of copier paper below 5,950 kg	Industrial waste generation: 338.2 t, purchase of copier paper: 5,538 kg	○	Maintain industrial waste generation below 360 t and purchase of copier paper below 5,950 kg
Environmental issues	Management of chemicals	Reduced consumption of chemicals	Reduce use of organic solvents and related waste (including those generated by the new optical bonding facility)	Began using alternate material to replace IPA for washing Continued collection and monitoring of usage data of fill materials for bonding	○	Proper control and reduction of chemical substances used in our facilities
Environmental compliance	Compliance with environmental laws and standards	Standards compliance	Continue to pursue green procurement	Managed chemical substance data based on EIZO Green Procurement Standards and responded to a large number of requests for environmental surveys from corporate customers	○	Continue green procurement
			Prepare to obtain ENERGY STAR 7.0	Completed preparation for response to the new standards Completed the selection of 10 current products to be renewed in accordance with the new standards	○	Obtain certification at early stage with a view to the new ENERGY STAR 7.0
			Obtain TCO Certified Displays 7	Obtained TCO Certified Displays 7 certification for newly developed FlexScan series	○	Obtain TCO Certified Displays 7 and expand scope of certified products

○: Results exceeding 75%, △: Over 50% and under 75%, ✕: Under 50%

Status of Group Companies

The current status of Group companies is as follows.

- EIZO Display Technologies (Suzhou) Co., Ltd. (ISO 14001 certification: 2011)
  Environmental targets applied to EIZO Corporation Headquarters area and EIZO MS Corporation (Hakui factory and Nanao factory) were also applied to EIZO Display Technologies (Suzhou) Co., Ltd. starting in fiscal 2012 to establish an environmental management system encompassing all three companies.
- EIZO Technologies GmbH (ISO 14001 certification: 2012) and EIZO GmbH (ISO 14001 certification: 2009)
  Both companies operate in accordance with local environmental conditions and regulations, including those for CO_2 emissions reduction, 3Rs and management of chemicals.

▶ Environmental Considerations in Our New Factory

Photovoltaic installation

Solar panels are installed on the rooftop of the new factory (about 180 kW) and on the ground to power the flood control system for the storm water reservoir (about 250 kW).

* The installation is designed to not interfere with required rainwater adjustments.

Basic Product Development Sequence

In product development, we endeavor to meet the legal requirement and standards as well as to enhance the environmentally sound quality of our products including compliance with the legal requirement and standards, domestic and overseas legal requirements and standards, industry trends and social conditions. In addition, we conduct product environmental assessments in accordance with our own Environmental Compliance Standards to measure the environmental soundness of products.

The standards are linked to our system for developing, implementing and meeting companywide environmental targets for each fiscal year, and are revised every year toward improving the environmental soundness of our products. We also evaluate and control chemical substances throughout our supply chain in line with our Green Procurement Standards so that they comply with chemical substance regulations.

Green Procurement

▶ Our Philosophy on Green Procurement

Our Environmental Policy for preserving the global environment applies to all our business operations, and respect for the environment is incorporated into product development to create a recycling-based society.

Our Green Procurement Standards were established to guide material procurement and to meet the expectations of customers and society as a whole by maintaining and strengthening our environmental preservation activities. The standards were also intended to fulfill our social responsibility by enabling us to quickly respond to the evolving environmental rules and regulations in each country.

Our suppliers' efforts to reduce environmental impact and preserve the environment are just as important to us as their quality, prices, delivery schedule, services and technological excellence. In selecting products, parts and materials, including packaging, we place higher priority on those that are environmentally sound as well as meeting our quality, function and cost requirements.
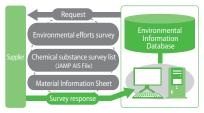
These efforts are helping to reduce the environmental impact of our business operations while at the same time expanding markets for environmentally friendly products.

▶ Management of Chemical Content Information

Amid growing concern for the environment across the globe, we voluntarily monitor chemical substances toward obtaining certifications for environmental standards in Japan and overseas, and support our green procurement efforts. These efforts include surveying the environmental activities of our suppliers and the chemical substances contained in the parts we procure from

them. We have established a database for collecting and managing the results of these surveys to determine which suppliers and materials best align with our values, and we also use the information in evaluating the environmental compliance of our own products.

■ Flow of Chemical Content Survey

Compliance with Environmental Standards and Legal Requirements

In our effort to proactively develop environmentally sound products, we observe the legal requirements of Japan and other countries and comply with major voluntary environmental standards in each market for our flagship products.

In Europe a number of regulations are being enforced, including the WEEE Directive (collection and recycling of discarded electrical and electronic equipment), the RoHS Directive (use of certain hazardous substances in electrical and electronic equipment), the REACH Regulation (registration, evaluation, authorization and restriction of chemicals) and the ErP Directive (eco-designing for energy-related products). These regulations were developed in Europe; however, they have been playing an important role in encouraging other countries and regions to take similar steps. Our products comply with these regulations.
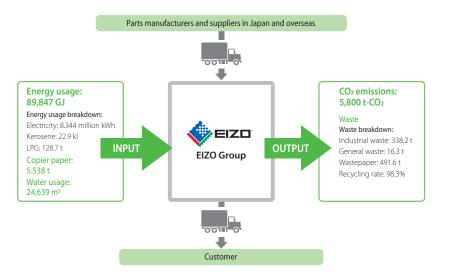
We also respond to environmental labeling standards such as TCO Certified Display 7 (international comprehensive standards for monitors), EPEAT (international environmental standard for PCs/monitors), ENERGY STAR 7.0 (energy efficiency standard established in the United States) and PC Green Label (Japanese environmental standard for PCs/monitors). In addition, we are actively involved in the development of TCO, ENERGY STAR and PC Green Label.

EIZO will continue to focus on developing green products while keeping an eye on the development of environmental labeling.

Overview of the Environmental Impact of Our Business Operations

(Scope of calculations: four areas as listed below)

Parts manufacturers and suppliers in Japan and overseas

Energy usage:
89,847 GJ

Energy usage breakdown:
Electricity: 8.344 million kWh
Kerosene: 22.9 kl
LPG: 128.7 t

Copier paper:
5.538 t

Water usage:
24,639 m³

INPUT → EIZO Group → OUTPUT

CO₂ emissions:
5,800 t-CO₂

Waste
Waste breakdown:
Industrial waste: 338.2 t
General waste: 16.3 t
Wastepaper: 491.6 t
Recycling rate: 98.3%

Customer

Environmental Impact by Area

Area	EIZO Corporation Headquarters area	EIZO MS Corporation		EIZO Display Technologies (Suzhou) Co., Ltd. (China)	Total
		Hakui factory	Nanao factory		
Operations	Development and manufacturing (assembly) of monitors	Production of circuit boards	Assembly of monitors	Development and manufacturing (assembly) of monitors	
Energy usage (GJ)	52,387	26,947	9,190	1,323	89,847
Energy Resources — Electricity (10,000 kWh)	458.6	270.3	92.2	13.3	834.4
Energy Resources — Kerosene (kl)	22.9	–	–	–	22.9
Energy Resources — LPG (t)	128.7	–	–	–	128.7
Copier paper (t)	4,092	909	277	260	5,538
Water usage (m³)	18,847	2,435	2,500	857	24,639
CO₂ emissions (t-CO₂)	3,378	1,730	590	102	5,800
Waste — Industrial waste (t)	201.4	33.8	103.0	–	338.2
Waste — General waste (t)	13.2	2.2	0.9	–	16.3
Waste — Wastepaper (t)	201.5	74.4	215.7	–	491.6
Waste — Recycling rate (%)	97.9	95.9	99.8	–	98.3

Environmental Risk Management

▶ Facility Management
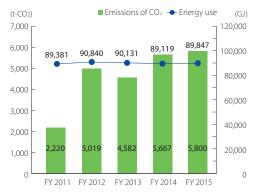
In principle, we ensure compliance with stringent voluntary management standards, including standards not bound by law.

▶ Regulatory Compliance

We strive to comply with regulations governing corporate activities such as the Air Pollution Control Act, the Water Quality Pollution Control Act, and the Waste Disposal and Public Cleansing Act by collecting information on revisions and new regulations and by regularly monitoring and measuring the status of our response. Our emissions of air pollutants NOx, SOx, soot and dust are regularly measured in accordance with the Air Pollution Control Act and have remained well below the legal limit. In addition, we adhere to our own voluntary management standards, even in operations for which there are no applicable laws. No compliance problems were found in fiscal 2015, and no administrative guidance, admonitions, orders or reprimands were received. In addition, no complaints about environmental issues were received from our neighboring communities.

Prevention of Global Warming, and Energy Conservation

Emissions of Greenhouse Gases (Japan and China)

Legend: Emissions of CO₂ (bars), Energy use (line)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Emissions of CO₂ (t-CO₂)	2,220	5,019	4,582	5,667	5,800
Energy use (GJ)	89,381	90,840	90,131	89,119	89,847

With regard to greenhouse gas emissions, we measure CO₂ emissions by converting figures for electricity, kerosene and LPG use into CO₂. We strive to reduce consumption of energy resources to reduce our CO₂ emissions. Although energy usage was almost the same as in the previous year, our greenhouse gas emissions rose during the current fiscal year, mainly due to an increase in the conversion factor for Hokuriku Electric Power Company.

• Calculations of CO₂ emissions associated with electricity use are based on the conversion factor of Hokuriku Electric Power Company and the conversion factor used in China.

▶ Energy Use

In February 2016, the completed construction of a new factory in the area of the EIZO Corporation's headquarters increased electricity demand. On the other hand, as a result of our year-round efforts to save energy, focused on the operation of our air conditioning units, total energy use was essentially the same as in the previous year. However, we were unable to achieve our target for kerosene consumption because the volume of kerosene that we consumed was driven up resulting from a change in the use of a building where kerosene is used for air conditioning. As for equipment, we upgraded interior lighting to LED in some areas of EIZO MS Corporation. We will continue to pursue Group-wide energy savings while also maintaining comfortable working conditions.

■ Targets and Actual Results

	FY 2015 targets	FY 2015 results	Targets achieved	FY 2016 targets
Electricity	9.20 million kWh	8.344 million kWh	○	10.125 million kWh
Kerosene	20 kl	22.9 kl	×	20 kl
LPG	138 t	128.7t	○	145t

▶ Water Use

We use only groundwater in EIZO Corporation's Headquarters area (affiliated companies use the public water supply). We monitor water usage and wastewater discharge to reduce the risk of subsidence and stress on wastewater treatment systems. We use water in our corporate buildings as well as for the snow melting system and for watering plants in the summer. Our manufacturing processes do not use any water.

▶ Industrial Waste

Our total volume of industrial waste increased 20.6% year-on-year to 338.2 t. A major factor for the rise was the increased size of packing materials to accommodate larger liquid crystal display panels, procured externally.

▶ Appropriate Management of Chemical Substances

We closely manage kerosene and organic solvents in compliance with regulations such as the Fire Service Act and the Industrial Safety and Health Act. We do not use any substances subject to the PRTR Law*.

* Pollutant Release and Transfer Register: Regulation governing the monitoring and promotion of efforts to more effectively manage the release of controlled substances into the environment.

■ Discharge of Industrial Waste and Recycling Rate

- ■ Discharge of Industrial Waste
- ● Recycling rate

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Discharge (t)	225.0	246.1	311.2	280.5	338.2
Recycling rate (%)	95.7	96.9	97.1	97.2	98.3

◆ Collection and Recycling of Used Products

The EIZO Group has been collecting and recycling used products in compliance with environmental laws and regulations in each of the countries where it operates.

Japan

◆ Collection of Used EIZO Products from Homes

In compliance with the Waste Disposal Act and the Law for Promotion of Effective Utilization of Resources, EIZO established its Product Collection and Recycling System for free collection of monitors for home use.

End-of-Life EIZO Monitors (for Home Use) Collected in FY 2015		
	CRT monitors	LCD monitors
Volume in weight (kg)	11,782	8,281
Quantity (units)	477	1,183
Recycled volume (kg)	9,515	7,235
Recycling ratio (%)	81	87

◆ Collection of Used EIZO Products from Corporate Users

In compliance with the Waste Disposal Act and the Law for Promotion of Effective Utilization of Resources, we have been collecting and recycling used products for business use under our Product Collection and Recycling System.

End-of-Life EIZO Monitors (for Business Use) Collected in FY 2015		
	CRT monitors	LCD monitors
Volume in weight (kg)	371	1,596
Quantity (units)	15	228
Recycled volume (kg)	273	1,218
Recycling ratio (%)	74	76

Europe

◆ EIZO Monitors Discarded in Europe

The European WEEE Directive went into effect in August 2005 toward reducing environmental impact through promotion of the three R's of Reduce, Reuse and Recycle for discarded electrical and electronic equipment. EIZO has complied with the directive by establishing a collection and recycling system for applicable products sold in Europe.

United States

◆ EIZO Monitors Discarded in the United States

EPEAT Standards require the provision of collection services for used electric/electronic equipment based on "Plug-In to eCycling Guidelines for Materials Management" issued by the United States Environmental Protection Agency (EPA). EIZO has met this requirement by establishing a collection and recycling system for applicable products sold in the United States.

Operating as an International Corporation

We will act as an international corporation with a global outlook and mindset.

In order to ensure the delivery and ongoing worry-free use of our products worldwide, our Group companies and distributors in various countries maintain strong mutual relationships to support customers and achieve sound corporate growth.

◆ Development and Production Network – Coherent Development and Production System

The EIZO Group has three production sites in Japan, three in Germany and one in the United States and China, forming a network that maintains a coherent development and production system throughout the Group. This system enables us to apply stringent quality control from development to production, promote the creation of development synergies that maximize the strengths of each base, and construct an optimal production system for each market and customer. In addition, we promptly share information obtained in the course of development and production along with opinions and requests obtained from markets and customers to incorporate into product development and customer support.

◆ Sales Network – Group Companies and Distributors

EIZO products are sold in more than 80 countries and territories through our Group companies and 20 global distributors (as of June 2016).

▶ Direct Sales System in Europe

Our business extends to specialized markets for medical, graphics, industrial and air traffic control monitors. Customers in these markets demand direct, ongoing communication with the manufacturer as well as solid global support. To effectively respond to these specific market environments and diversified sales channels, we have sales subsidiaries in the United Kingdom and Germany. We are striving to achieve further business growth in Europe by reinforcing regional sales centered on the two sales subsidiaries.

Furthermore, to expand our sales activities into emerging markets, where our specialized markets are expected to grow, we employed local sales staff in Saudi Arabia, the U.A.E. and India and are enhancing our approach to customers.

▶ One Country/Territory, One Distributor System

From the very beginning of selling proprietary products outside Japan, we have adopted a one country/territory, one distributor system, in which a single distributor (or Group company) is responsible for all sales within a given country or territory. This unique system enables us to accurately discern customer needs in each country or territory by distributors or Group companies that fully understand the culture and values of their respective regions and provide optimal products. It also allows us to offer products through sales methods that are appropriate for each country or territory.

≪ EIZO United ≫

Group companies and distributors gather once a year at the EIZO Corporation headquarters to participate in technology showcase and general and individual meetings to deepen their understanding of EIZO products. They also exchange information on their respective activities to broaden their collective base of knowledge and forge closer ties among Group companies and distributors.

▶ Mindset as an International Corporation — Efforts Related to Conflict Minerals

We are deeply concerned that some important mineral resources used as raw materials for components of IT and electronic products and quarried in troubled regions of the DRC (Democratic Republic of the Congo) and its nine neighboring countries are used to fund the military groups that abuse human rights and destroy the environment.

Given this concern, the Dodd-Frank Act of the United States requires that efforts be made to ensure that designated "conflict minerals," including tantalum, silver, gold and tungsten, are only purchased through legal means with no connection to potential misconduct. The EIZO Group endorses these requirements and has adopted its own policy of using only parts made from raw materials purchased from companies that are not involved in any misconduct and conduct business lawfully. In addition, to fully comply with this policy, the EIZO Group has been reviewing its entire supply chain using the Conflict Minerals Template, a widely-adopted international standard format developed by the Conflict-Free Sourcing Initiative (CFSI), of which the EIZO Group is a member.

Open and Fair Trade

We will conduct open and fair trade.

Our suppliers are essential partners for ensuring the long-term viability of our business.
We therefore ensure transactions are conducted in a fair and equitable manner and strive to forge relationships of trust based on mutual prosperity.

▶ Relationships of Trust Based on Mutual Prosperity

With respect to our suppliers, we are committed to forging relationships of trust based on mutual prosperity to build successful, long-term partnerships, and we strive to conduct transactions that are fair, equitable and transparent.

In overseas sales, authority is delegated in each country to Group companies and distributors who are knowledgeable about local culture and values. This has enabled us to actively engage in overseas sales based on a deep understanding of our products. We have sought to expand sales by building on the relationships of trust and powerful partnerships developed over time, cooperating with distributors in organizing exhibitions, and providing customer support.

▶ Enhancing Employee Awareness

Conducting transactions in a fair and open manner requires each employee to have the necessary level of knowledge and awareness. We seek to deepen employee understanding and awareness with a steady flow of compliance information through our intranet and study sessions. Topics include anti-trust regulations directly related to business transactions as well as procedures for handling confidential information as required by regulations that prohibit insider trading and that govern relationships with suppliers.

▶ Handling of Information Obtained through Suppliers

We obtain confidential information from suppliers and customers through proper channels and will not seek to obtain or use information that is known to have been improperly obtained or disclosed. We also pay the utmost care in handling information we have obtained and follow the appropriate procedures for managing it.

▶ Unequivocal Prohibition of Bribery

We do not offer money or other benefits in violation of the law governing relationships with public servants and employees of public institutions. Likewise in our relationships with suppliers, we do not offer or accept entertainment, gifts or benefits that violate the law or deviate from generally accepted business practices, and we explicitly ensure they understand our corporate stance.

▶ EIZO Supplier Code of Conduct

The company established the EIZO Supplier Code of Conduct to globally ensure sound business operations under the EIZO Group Principles of Conduct. We will pursue CSR through our business activities along with our suppliers by asking all business partners involved in procurement to actively promote CSR activities, including compliance, respect for human rights, environmental preservation and safety and health.

Supplier Declaration

We obtained an agreement on compliance with the "EIZO Supplier Code of Conduct" in the form of "Supplier Declarations" from all business partners involved in procurement.

▶ Basic Procurement Policy

We deal with suppliers on an equal opportunity basis in accordance with procurement policies. In conducting transactions, we select suppliers who meet our standards as listed below.

Selection Standard for Suppliers

❶ Sound management
❷ Technological excellence that will contribute to the quality of our products
❸ Appropriate quality, prices, and delivery schedules for products and materials to be supplied to us
❹ Stable supply capacity and ability to respond flexibly to fluctuations in demand
❺ Compliance with relevant laws, consideration for the environment, and active involvement in environmental preservation

▶ Developing Mutual Understanding with Suppliers

As a manufacturing company that strives to create excellent products that satisfy customers around the world through our primary business operations, we place high priority on controlling quality, delivery schedules and the cost of parts and materials procured from suppliers as well as confirming that supplier operations are environmentally sound. We provide opportunities for regular exchanges of information to address these issues and ensure we and our suppliers share a common understanding of each others' management policies and technical strategies.

Materials Procurement Briefing

We conduct regular briefings with our suppliers to explain our basic procurement policy and request their cooperation. We also share information on the market environment and our future direction. Many suppliers attend these briefings, which contribute to a greater understanding of EIZO and to gathering information for subsequent incorporation into business decisions.

We will seek to build and maintain strong bonds of trust with our stakeholders (business partners, employees, shareholders, and the local community).

We will sincerely engage with stakeholders to forge closer bonds of trust through communication channels while fulfilling our responsibilities.
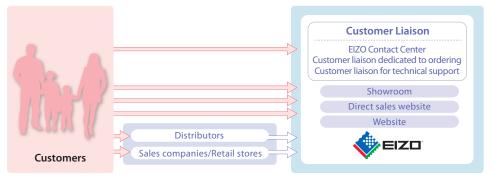
◆ Relationship with Each Type of Stakeholder

EIZO's Stakeholders		EIZO's Responsibility	Communication Channels

Customers
P. 23
	In addition to offering products that satisfy customers, we listen closely to their feedback and provide useful support.	• Creating and offering products with new value.
		• Developing products from the customer's standpoint.
		• Responding clearly to questions and inquiries.
		• Thoroughly responding to customer requests and feedback.
			• Developing better products
			• Setting up Contact centers as customer liaison points
			  – Responding to questions and inquiries before and after purchase
			  – Listening to customer opinions
			  – Technical support
			• Sharing information with relevant departments and considering incorporation into products
			• Interacting with customers at showrooms and through direct dialog
			• Providing and collecting information through participation in various trade shows
			• Providing timely information via the corporate website

Suppliers P. 21	We view suppliers as essential and important partners in the continuation of our business, and forge powerful relationships by sharing management policies and technical strategies.	• Building relationships of trust • Fair business transactions • Explaining corporate policy and broadening understanding among suppliers	• Sharing information and creating mutual understanding as partners • Establishing selection standards, dealing with suppliers on an equal opportunity basis • Holding material procurement briefings
Employees P. 28	We are a company focused on creative development that requires the imaginative ideas and powerful motivation of its employees. We therefore work to create a broadminded corporate climate and a workplace in which employees have a sense of security, and we support our employees in their self-development.	• Motivating workplace environment • Developing excellent personnel • Promoting work-life balance • Securing safety and health	• Providing various educational programs • Supporting self-development activity • Creating workplaces that reflect employee opinions and sound labor-management relations through consultation conferences
Shareholders P. 24	We strive to gain the understanding and trust of our shareholders by providing fair and accurate information on management policies, business strategies and financial performance, and by maintaining transparency in our corporate management.	• Timely and appropriate disclosure of information • Enhanced corporate value	• General shareholders meeting (holding informal gatherings) • Stable dividend payment • Investor relations
Local Community P. 24	We seek to build solid relationships with the local community to gain their understanding and cooperation in pursuing our business operations. We are committed to fulfilling our responsibilities as a corporate citizen.	• Preventing accidents and disasters at each business site • Protecting the regional environment • Cooperating with regional development and promoting culture	• Receiving company visits • Sponsoring various events and organizations • Supporting environmental conservation activities • Corporation with Local Community and association • Participating in local voluntary activities

◆ Relationships with Customers

We provide product information on our Website, at our showrooms and through sales and promotional activities. We strive to directly communicate with customers through various channels in order to fully answer questions and respond to customer requests and feedback.

▎Feedback System for All Types of Customer Input

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Customers  →  Customer Liaison
                 EIZO Contact Center
                 Customer liaison dedicated to ordering
                 Customer liaison for technical support
                 Showroom
                 Direct sales website
                 Website
                 EIZO

           →  Distributors
           →  Sales companies/Retail stores
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▶ Customer Liaison
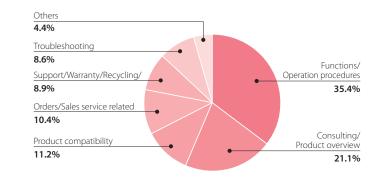
Each Group company has set up a customer liaison process (including access by phone or e-mail) to receive inquiries and questions related to EIZO products and technology. Customer inquiries and requests are promptly shared and appropriately addressed within the company, relevant departments and the Group. They are also utilized to guide product development as well as to prepare information provided to customers.

EIZO Corporation (Japan)	● Set up the EIZO Contact Center as a dedicated liaison for responding by phone and e-mail
EIZO Technologies GmbH (Germany)	● Responds to inquiries through a dedicated liaison and website
EIZO Limited (United Kingdom)	● Provides customer support and technical support by e-mail
EIZO Inc. (United States)	● Provides a dedicated liaison for after-purchase inquiries over the phone ● Offers an e-mail address for general inquiries

EIZO Contact Center (Japan)

The EIZO Contact Center has been set up as a convenient means for customers in Japan to communicate with the company. The center provides answers to inquiries related to product specifications and operating procedures as well as questions related to purchasing products through telephone, e-mail and fax.

▎Calls to the Contact Center (Fiscal 2015)

- Others **4.4%**
- Troubleshooting **8.6%**
- Support/Warranty/Recycling/ **8.9%**
- Orders/Sales service related **10.4%**
- Product compatibility **11.2%**
- Functions/Operation procedures **35.4%**
- Consulting/Product overview **21.1%**

▶ Showroom

Visitors can test the performance of our products while trying out their functions at our showroom, which also serves as a space for communicating with customers.

EIZO Galleria Ginza (Japan)

EIZO Galleria is a showroom located in the Ginza district of Tokyo. Our dedicated onsite staff introduces products and provides advice to customers who want to know more about them. Here our well-received seminars on a variety of topics also provide information on the operating environments of computers for office and home use and on more effectively using EIZO products. Moreover, the showroom is used as a communication space for other types of events such as exhibitions of photographs taken by customers.

Photo exhibition   Showroom   Seminar room

◆ Relationships with Shareholders

We conduct investor relations activities based on the principle of providing fair and accurate information on management policies, business strategies and financial performance to all stakeholders.

▶ Basic Policy on Information Disclosure

We disclose information in a timely and appropriate manner in compliance with the Financial Instruments and Exchange Act and related regulations as well as the "Timely disclosure rules and other regulations for issuers of listed negotiable securities or valuable instruments" of the Tokyo Stock Exchange. We strive to ensure any material information that may affect investment decisions is delivered to all market participants in an equitable manner.

▶ General Shareholders Meeting

We try to schedule our annual general shareholders meeting, taking shareholders' convenience into careful consideration. We also send out invitations as far in advance as possible to provide enough time for shareholders to examine the proposed resolutions and the state of our operations. Furthermore, we provide opportunities for direct communications with our shareholders, such as the display of products and holding of an informal meeting with shareholders at the general shareholders meeting.

▶ Company Presentations for Investors
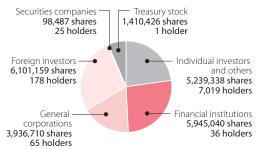
We invite institutional investors to our semi-annual earnings results briefings in Tokyo, where we report on our business direction, activities and performance. We also hold briefings for individual investors to promote a greater awareness of our company.

▶ Status of Shares and Shareholder Composition

▌Status of Shares (as of March 31, 2016)

Shares authorized	65,000,000
Shares issued	22,731,160
Shareholders	7,324

▌Distribution of Shares by Shareholder Type (as of March 31, 2016)

Securities companies
98,487 shares
25 holders

Treasury stock
1,410,426 shares
1 holder

Foreign investors
6,101,159 shares
178 holders

Individual investors and others
5,239,338 shares
7,019 holders

General corporations
3,936,710 shares
65 holders

Financial institutions
5,945,040 shares
36 holders

◆ Relationships with Shareholders Relationships with the Local Community

We seek to build and maintain good relationships with the local communities where each Group company operates. To contribute to developing these areas and creating better environments as a community member, we sponsor and donate local organizations and are actively engaged in activities.

▌Examples of Contributions to Local Communities

Company	Activities	Images
EIZO Corporation (Japan)	• Voluntary participation in beach cleanups and snow shoveling • Donations to local activities • Ishikawa Keiei Tensho Juku: cooperation through operational advice and lectures on an educational project for young corporate managers and future entrepreneurs who will bear responsibility for the future of the regional economy • Co-sponsorship and support for the Orchestra Ensemble Kanazawa • Co-sponsorship and support for La Folle Journée Kanazawa Music Festival as a member of the executive committee • Sponsorship for Zweigen Kanazawa, a soccer team in Ishikawa Prefecture, and the ISHIKAWA MILLION STARS of the Baseball Challenge League	Participation in beach cleanups / ISHIKAWA MILLION STARS / Zweigen Kanazawa
EIZO Technologies GmbH (Germany)	• Donation to activities that support treatments for childhood cancer • Distribution of T-shirts to children at a community running event • Donation to a community for safe bus transportation of school children	School bus
EIZO Inc. (United States)	• Donation to a Boys and Girls Club in the community	Our employees visiting a Boys and Girls Club
EIZO AG (Switzerland)	• Donation of monitors to an organization that supports children and adults with mental disorders	
EIZO Limited (United Kingdom)	• Celebrated Christmas by visiting and holding an event at a senior citizen facility in the community • Co-sponsorship for and participation in an event hosted by a local parent-support organization; donated laptop computers to the organization • Co-sponsorship for an exhibition hosted by students from two local colleges	Christmas event / Participating as staff members in an event to support parenting

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

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 "material risk" by the Management Committee, comprising full-time directors 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)
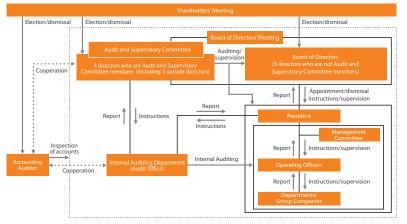
To be prepared in the event of a major disaster, EIZO formulated a BCP for responding to natural disasters and a BCP for handling the outbreak of the new influenza virus, and these plans have been disseminated throughout the company. Particularly with regard to our BCP for disaster response, we have 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 excellent results with the support of our stakeholders. To this end, we view the ongoing enhancement of corporate governance as a vital management concern.

EIZO was transformed from a Company with Board of Company Auditors to a new system as a Company with Audit and Supervisory Committee upon the approval of the 49th general shareholders' meeting on June 23, 2016.

▮ Corporate Governance System

▶ Board of Directors

The Board of Directors, which is 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, makes decisions through frank discussions while striving to strengthen their supervision of management. The board meets monthly and as required. All important matters related to its decisions are discussed, and progress reports on the execution of operations are presented on a regular basis. Three of the seven directors are outside directors (as of June 23, 2016) who 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 and supervise the execution of operations. We have designated all the outside directors mentioned above as independent directors as stipulated under 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.

▶ Operating Officer System

We have introduced a 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 independent outside directors. They audit and supervise the execution of duties by directors in accordance with the audit policy, plans and other decisions of the committee. These audits and supervisory functions are conducted through the investigation of operations and assets by attending the Board of Directors and Management Committee meetings as well as other important meetings in cooperation with the Internal Auditing 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. 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.

▶ Compensation System

Compensation paid to directors (who are not members of the Audit and Supervisory Committee) consists of fixed and performance-based compensation, in an effort to further clarify directors' management responsibilities for corporate performance and ensure transparency of the calculation method. The total annual amount is limited to less than 350 million yen, excluding salary for employees, combining the fixed and performance-based compensation following a resolution at the 49th general shareholders' meeting on June 23, 2016. With respect to compensation for directors who are members of the Audit and Supervisory Committee, the same shareholders' meeting adopted a resolution to limit the annual amount to less than 50 million yen.

▶ 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 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.

Message from an Outside Director

Outside Director Masaaki Suzuki assumed the position of Chairman of the Audit and Supervisory Committee in June 2016. He provided this message:

▶ Purpose and Goals of a Company

What is the objective of a company? What is the meaning of its existence in society? As someone responsible for governance, I believe a company should pursue two essential goals. One is sound and sustainable growth and the other is fulfillment of the company's social responsibility.

A company exists not only for its shareholders but also for all other stakeholders, including customers, business partners, employees and local communities. While an enterprise needs to pursue higher sales, it is vitally important to raise profits in an appropriate way. In doing so, we can establish a sound management foundation and fulfill our social responsibilities by contributing to all stakeholders through our business operations.

Toward achieving fair profits and sustainable growth, the company was able to expand its monitor business and lay the groundwork for becoming the overwhelmingly top player in particular markets by strengthening its global system during the period of the Fourth Mid-Term Business Plan (Fiscal 2012 to 2014.) Under the Fifth Mid-Term Business Plan, started in fiscal 2015, the company is steadily evolving from a monitor manufacturer into a "Visual Technology Company." Anyone reviewing the achievements of the Fourth Mid-Term Business Plan and goals of the Fifth Mid-Term Business Plan will recognize that corporate governance has become firmly rooted.

▶ Background of Good Governance

I view the three following points as excellent at EIZO.

The first point is that the pursuit of growth and sustainability is backed by the broad perspective of top management. This is demonstrated by the development of an outstanding business model for specializing in visual display systems while deploying business across the globe. The second one is the high transparency for parties in and outside the company. The Board of Directors not only discusses important matters but also receives progress reports on the execution of operations. The compensation paid to the company's managing directors consists of fixed and performance-based portions to further clarify directors' management responsibilities for corporate performance and ensure transparency of the calculation method. In terms of transparency, I also value the informal meeting with shareholders held after the general shareholders meeting. Participating shareholders ask questions that the president himself answers in straightforward terms. This interaction makes us sense shareholders' attachment to the company and pride in being company shareholders.

The third point is the company's broadminded culture. It has established an informal and open culture where it is quite natural for the president and other directors to eat with employees in the company cafeteria. I think this broadminded atmosphere is a very important element for a company focused on creative development.

▶ To Further Enhance Brand Value

In addition to these three points, I expect the company to further strengthen the development of human resources in order to carry out CSR activities. Further enhancing the characteristic features of the company will in turn boost its brand value. As a result, the company will achieve sound, sustainable growth and fulfill its corporate social responsibility at an even higher level.

The company was transformed from a Company with Board of Company Auditors to a new system as a Company with Audit and Supervisory Committee in June 2016. In my role as chair of the Audit and Supervisory Committee, I will work with the best of my ability to reinforce the supervisory function of the Board of Directors and management transparency toward further improving the corporate governance system and raising enterprise value.

Masaaki Suzuki

Outside Director and Chairman of the Audit and Supervisory Committee

Profile

April 1971:	Joined Nihon Kangyo Bank (the bank was reorganized into the Dai-Ichi Kangyo Bank Ltd. (current Mizuho Financial Group Inc.) in October 1971)
June 1999:	Director and General Manager of the Corporate Banking Devision7 of the Dai-Ichi Kangyo Bank Ltd.
May 2001:	Managing Executive Officer of the Dai-Ichi Kangyo Bank
April 2002:	Managing Executive Officer of Mizuho Corporate Bank, Ltd.
March 2003:	Managing Executive Officer of Mizuho Bank, Ltd.
November 2004:	Executive Operating Officer of NIPPON TOCHI-TATEMONO Co., Ltd.
June 2005:	Executive Managing Director of Hokuetsu Paper Co., Ltd.
June 2009:	President and Representative Director of Hokuetsu Package Co. Ltd.
June 2011:	Advisor to NIPPON TOCHI-TATEMONO Co., Ltd.
June 2012:	Director of the company
June 2016:	Director and Chairman of the Audit and Supervisory Committee Member of the company (present post)

Broadminded Corporate Culture

We will respect basic human rights and value a broadminded corporate culture.

EIZO is a company focused on creative development that requires the imaginative ideas and powerful motivation of all its employees. We therefore take various measures to create a broadminded corporate culture by developing an environment that encourages the free exchange of opinions and a workplace in which employees have a sense of security. Much of our top management at overseas Group companies is composed of local personnel, and we pay due consideration to the diversity of each country's cultures and customs in order to create the most suitable working environments.

◆ Laying the Foundations for a Motivating Workplace

We undertake various activities to create a motivating workplace environment that cultivates excellent human resources for the sake of the long-term growth of our personnel as well as further corporate development.

▶ Employment

To ensure that EIZO continues to develop cutting-edge visual technology for creating and offering new values as a company focused on creative development, we are expanding our engineering staff and creating a motivating workplace for our employees.

■ EIZO Group Including Overseas Affiliates (as of March 31, 2016)

| Number of Employees (including temporary workers) | 2,239 | Engineering staff | 735 |
| | | In overseas Group companies | 480 |

■ EIZO Corporation (as of March 31, 2016)

Number of Employees (including term employees)	805	Male	409
		Female	396
		Engineering staff	256
		Foreign nationals	21
Graduate recruits (joined company in April 2016)	29		
Mid-career recruits (joined company from April 2015 through March 2016)	16		
Average age (as of March 31, 2016)	37.8		
Average length of service (as of March 31, 2016)	14.6 years		
Average annual working hours (FY 2015)	2,026 hours		

▶ Developing Trust-Based Labor-Management Relations

Mutual understanding is the cornerstone of labor-management relations. In keeping with this fundamental point, we endeavor to develop trust in labor-management relations by encouraging dialog through the establishment of a consultation conference. These conferences discuss a wide range of topics, from labor-management agreements and reduction of overtime to ways for improving the work-life balance and employee benefit packages. We also maintain good labor-management relations at Group companies under the specific circumstances of each country or company.

As a result, the EIZO Group maintains a high retention rate, which contributes to medium- to long-term human resource development and business operations.

■ Turnover Rate of Young Employees (within one year of joining the company): EIZO Group (in Japan)

March 2014	March 2015	March 2016
2.13%	0%	4.08%

▶ Promoting the Careers of Persons with Disabilities

Persons with disabilities are engaged in careers at many of our worksites, and as of March 2016, 21 disabled persons are currently employed by the Group. At the Group companies in Japan, persons with disabilities represent 2.08% of the workforce, exceeding the minimum legal requirement of 2.0%. This is a result of active recruitment efforts, including participation in joint company information sessions for persons with disabilities and the acceptance of interns with the intention of hiring recent graduates. We will continue improving our workplace environment and creating work opportunities for disabled persons as we expand our business.

■ Percentage of Employees Who Are Persons with Disabilities: EIZO Group (in Japan)

March 2014	March 2015	March 2016
2.33%	1.92%	2.08%

▶ Paying Due Respect to Human Rights

To curtail behavior that undermines individuality at the workplace and throughout our operations, such as forced labor and child labor, discriminatory remarks or actions, and sexual or power harassment, we have clearly stated our position on the matter in our Principles of Conduct and conduct educational.

◆ Promoting Work-Life Balance

To respond to diversifying work styles and ensure employees are able to work with a sense of satisfaction, accomplishment and happiness, we believe it is important for employees to have extra time to refresh their minds and bodies. We also actively support employees who participate in social contribution or volunteer activities.

▶ Opportunities for Recreation and Exchange

A variety of sports and cultural activities have been established within the company, and employees are enthusiastically engaged. In addition, occasional recreation activities are planned in a division or across divisions contributing to the creation of a better working environment. The company provides an environment that supports these activities by, for example, supplementing costs and permitting the use of company facilities.

Participants of a local marathon relay

Tea Ceremony Club

EIZO Technologies GmbH (Germany) employees participating in a running event

▶ Supporting Childcare and Nursing Care

Under the respective laws of each country, we support various programs including maternity leave, childcare leave and nursing care leave, shorter working hours, and leave to care for sick children. We have developed a supportive working environment that includes measures such as reducing working hours up to two hours per day for childcare to flexibly meet employee needs. We plan to enhance our programs for supporting employees with childcare or nursing responsibilities by introducing benefits such as childbirth leave for prospective fathers.

■ Number of Applicants (EIZO Corporation)

	FY 2013	FY 2014	FY 2015
Childcare/Nursing Care Leave	38	45	41
Reduced Working Hours For Childcare or Nursing Care	35	43	49

▶ Family Friendly Day

We invite family members of employees to Family Friendly Day (Workplace Tour.) The aim is to encourage communication in the workplace and at home, continue to advance an open corporate culture and enrich children's understanding of work through observation and direct experience. About 300 family members have participated over the past 10 years. Many were impressed by EIZO's approach and commitment to product quality through their participation in factory tours and manufacturing experiences. Deepening the understanding of family members has also boosted employee morale. EIZO Limited in the United Kingdom is implementing similar initiatives including "Bring Your Child to the Office Day."

Family Friendly Day

Bring Your Child to the Office Day

▶ Creating Leisure Time

As part of our efforts to increase leisure time, we undertake work improvement activities on a unit-by-unit basis and observe a weekly no-overtime day. We also vigorously encourage employees to take compensation days off for working on holidays and take sufficient paid leave. The rate of taking paid leave, in particular, is rising with increased awareness of the work-life-balance. Average working hours increased due to the rise in production volume and development models, replacement of the core system, a temporary increase in administrative tasks accompanying M&A, and other factors. We are striving to reduce working hours through such efforts as active employment in the production department and improving efficiency in the development department.

■ Average Working Hours (EIZO Group in Japan)

FY 2013	FY 2014	FY 2015
1,968 hours	1,954 hours	2,016 hours

■ Rate of Taking Paid Leave (EIZO Group in Japan)

FY 2013	FY 2014	FY 2015
55%	55%	60%

◆ Human Resource Development Efforts

▶ Reinforcing Management Capabilities

Management-level employee training is a high priority at EIZO. We ensure the practical usefulness of training by setting a theme for each fiscal year, such as strategic thinking, customer development and operational reform. Training is offered to candidates for management positions, and newly appointed managers receive training on compliance, fair job evaluation and effective allocation of work to deepen their understanding of these areas.

▶ Supporting the Active Participation of Women

EIZO has formulated and released its the Action Plan for Promoting the Role of Women and is working to improve the working environment so that female employees can play leading roles in the company. We are also actively encouraging participation in management training seminars conducted by outside institutions and providing training for selected mid-level employees as part of our effort to promote women to management positions. In the future, we will provide various types of support, including an interview program to advance career development and the encouragement of networking among female employees.

▶ Emphasis on Educating Younger Employees

First-year employees participate in programs on organizational structure and basic knowledge for adulthood and independence, and receive on-site factory training to learn about the foundations of our company. We also conduct a variety of programs specifically targeting first-year employees, including technical training for new engineering staff to ensure they acquire a broad foundation of knowledge on our basic technologies. We also provide a comprehensive education program combining on-the-job training (OJT) and Off-JT for young employees to enable them to develop the ability to get things done well with market insight and a global mindset. For OJT in each department, managers draw up three-year career plans in consultation with young employees, providing a basis for a systematic OJT program. Our Off-JT for upgrading the skills of young employees includes group-based training for acquiring business skills, selling in stores to identify market needs, and overseas internships that provide short-term assignments at overseas Group companies.

▍Education Programs for Young Employees

	1st year	2nd year	3rd year	4th year	5th year+

Technical

New employee training (one month)

Technical training for new engineering staff (one and a half months)

Expertise seminar (in and outside the company)

Training for young employees
- Off-JT 1: Business skill training
- Off-JT 2: In-store sales training
- Off-JT 3: Overseas internship for selected employees
- Off-JT 4: Customer visiting training

Well-planned OJT: 3-year plan with periodic interviews with the supervisor

Training after assignment

Sales/ office work

Common

Business knowledge training (accounting/financial affairs, marketing, compliance, etc.)

Development of Global Human Resources (overseas trainee/temporary assignment, company English conversation classes)

Support for personal development (correspondence study, acquisition of qualifications, online English conversation, etc.)

Fostering the next generation of leaders with job performance, market insight and a global mindset

▶ Supporting Career Development

We encourage employee career development by providing a complete and diverse range of self-development programs, including language classes, business seminars for increasing knowledge about such areas as finance and accounting, compliance, and marketing strategy, and by subsidizing the cost of distance learning or obtaining certifications.

▶ Development of Global Human Resources

To develop global human resources, we provide English and Chinese classes in Japan as well as Japanese classes at affiliates outside Japan, and we hold seminars on cross-cultural communication. We also run an exchange program for engineers between Group companies outside Japan, in which employees are dispatched for one or two years, and a trainee program for young core personnel (short-term assignment, about three months). The program aims to increase the number of employees who can work effectively in a different culture and manage technology with a global perspective, as well as to cultivate new technological expertise.

✎ Voice from a Worksite ✎

I participated in training at EIZO Inc., the Group's sales company in North America, for about three months from July to September in 2015. Accompanying the sales staff of the respective region, I visited over 100 resellers and customers in 13 North American cities. During the visits I was able to listen to overseas customers and staff from the perspective of an engineer, which made me realize there is a variety of values related to products and technologies resulting from cultural differences. From this experience, I learned the importance of developing new technologies from a wide perspective and with an eye for global deployment. I also had opportunities to learn the need for developing cooperative relations across cultural and linguistic borders. Going forward, I want to create new value for EIZO while drawing upon what I have learned from the training.

Yusuke Banba
Asic section
Visual Technologies Department
Joined the company in 2006

◆ Securing Safety and Health

The ongoing development, design and production of high value-added products requires not only a significant investment of management resources but also a consistently safe workplace and efforts to safeguard employee health.

▶ Efforts in Safety Management

We investigate dangerous situations and toxicity and implement countermeasures at each worksite using risk assessment methods and strive to prevent workplace accidents and impaired health, in addition to KYT (hazard prediction training) and 5S activities. We will continue these efforts by identifying and reducing risks through risk assessments and safety screening of newly installed machinery and equipment, and by raising awareness on safety through workplace patrols and employee training.

▶ Efforts in Health Management

Our efforts in this area include regular health checkups and preventive checkups for lifestyle-related diseases, dedicated contact points for responding to employee anxieties and concerns, mental health checkups and face-to-face consultations with industrial physicians, and follow-up guidance based on the results of health checkups. We will seek to safeguard employee physical and mental well-being by raising individual awareness of health management.

Basic Policy on Safety and Health (Safety and Health Management Regulations)

The basic policy on the safety and health of EIZO Corporation is intended to create a healthy and safe working environment for all employees. This is achieved through management of risk factors related to safety and health. Specifically, we constantly strive to identify unacceptable risk factors in the workplace and neutralize them, with the ultimate goal of eliminating workplace accidents.

▌ Medium-Term Plan (Fiscal 2016 to 2018)

Strive to maintain and improve a safe, healthy and vibrant work environment, in which every employee is comfortable, in order to enhance business operations.

▌ Fiscal 2016 Targets/Key Actions and Fiscal 2015 Results

Management Area	FY 2016 Targets/Key Actions	FY 2015 Results		
Safety Management	Achieve zero workplace accidents, reduce traffic accidents during working hours*	· Workplace accidents	3	△
		Frequency rate	0.65	
		Severity rate	0	
	Key points · Fully enforce prevention of workplace accidents during infrequent operations · Implement risk assessment (including chemical substances) · Improve ability to anticipate hazards through KYT (hazard prediction training) activities and fully enforce 5S activities.	· Traffic accidents during working hours*	10 (3 injured someone else, 6 injured self only, 1 injured by someone else)	
		· Unacceptable risks	0	
Health Management	Implement mental health measures in the workplace			△
	Key points · 100% follow-up on checkup results · Promote preventive measures for lifestyle-related diseases (including specific health guidance) · Promote mental health efforts through implementation of stress check tests · Proper management of chemical substances	· Follow-up	96.0%	

· Workplace accidents frequency rate: Number of deaths and injuries caused by industrial accidents per million working hours. Used to express accident frequency.
· Workplace accidents severity rate: Number of work-days lost caused by industrial accidents per million working hours. Used to express accident severity.
* Includes commuting traffic accidents

◆ GRI Guidelines (Version 4) Content Index

The EIZO Corporation Corporate Social Responsibility Report 2016 provides information on the Standard Disclosure items contained in the GRI Sustainability Reporting Guidelines (Version 4).
The following table lists the core items of the Standard Disclosures, for which we have received third-party confirmation from Sustainability Accounting Co., Ltd. (Chiyoda-ku, Tokyo).

Indicator		Report page
Strategy and analysis		
G4-1	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	4-5
Organizational profile		
G4-3	The name of the organization	2
G4-4	The primary brands, products, and services	9-11
G4-5	The location of the organization's headquarters	2
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	2,20
G4-7	The nature of ownership and legal form	2
G4-8	The markets served	2
G4-9	The scale of the organization	2-3
G4-10	The breakdown of the employees	28
G4-11	The percentage of total employees covered by collective bargaining agreements	-
G4-12	The organization's supply chain	21
G4-13	Any significant changes during the reporting period	Not applicable
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	25
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	6
G4-16	Memberships of associations and national or international advocacy organizations	17
Identified material aspects and boundaries		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents; whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	2
G4-18	The process for defining the report content and the aspect boundaries; how the organization has implemented the reporting principles for defining report content	7
G4-19	All the material aspects identified in the process for defining report content	7
G4-20	The aspect boundary within the organization for each material aspect	-
G4-21	The aspect boundary outside the organization for each material aspect	-
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not applicable
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Not applicable
Stakeholder engagement		
G4-24	A list of stakeholder groups engaged by the organization	22
G4-25	The basis for identification and selection of stakeholders with whom to engage	22
G4-26	The organization's approach to stakeholder engagement	22
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded; the stakeholder groups that raised each of the key topics and concerns	22
Report profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	1
G4-29	Date of most recent previous report (if any)	1
G4-30	Reporting cycle (such as annual, biennial)	1
G4-31	The contact point for questions regarding the report or its contents	1

G4-32	The 'in accordance' option the organization has chosen; the GRI Content Index for the chosen option; the reference to the External Assurance Report, if the report has been externally assured	32-33
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	33
Governance		
G4-34	The governance structure of the organization; any committees responsible for decision-making on economic, environmental and social impacts	26
Ethics and integrity		
G4-56	The organization's values, principles, standards and norms of behavior	6
Specific standard disclosures		Report page
Disclosures on management approach		
G4-DMA	Reasons why the Aspects are of material significance, impacts that affect judgment, approach to organizational management, and evaluation of management approach	9-31
Environmental		
Materials		
G4-EN1	Materials used by weight or volume	18
Energy		
G4-EN3	Energy consumption within the organization	18
G4-EN6	Reduction of energy consumption	16,18-19
G4-EN7	Reductions in energy requirements of products and services	16,19
Water		
G4-EN8	Total water withdrawal by source	18,19
Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	18
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	18
G4-EN19	Reduction of greenhouse gas (GHG) emissions	16,18
Effluents and waste		
G4-EN23	Total weight of waste by type and disposal method	19
Products and services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	16-17
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	19
Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not applicable
Environmental grievance mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Social		
Labor practices and decent work		
Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	28

Occupational health and safety		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	31
Training and education		
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	29-30
Diversity and equal opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	28
Human rights		
Investment		
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	28
Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Not applicable
Society		
Anti-corruption		
G4-SO4	Communication and training on anti-corruption policies and procedures	25
G4-SO5	Confirmed incidents of corruption and actions taken	No incidents of corruption were reported.
Anti-competitive behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No legal actions were reported.
Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No fines or non-monetary sanctions were received.
Grievance mechanisms for impacts on society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Product responsibility		
Customer health and safety		
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome	No incidents of non-compliance were reported.
Product and service labeling		
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No incidents of non-compliance were reported.
G4-PR5	Results of surveys measuring customer satisfaction	23
Marketing communications		
G4-PR6	Sale of banned or disputed products	Not applicable
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome	No incidents of non-compliance were reported.
Customer privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable
Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable

◆ Comparison Table for the United Nations Global Compact

	United Nations Global Compact	Coverage by EIZO Group Principles of Conduct – Seven Promises	Page
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	3. We will act as an international corporation with a global outlook and mindset. 4. We will conduct open and fair trade. 7. We will respect basic human rights and value a broadminded corporate culture.	20,21 28
Principle 2	Businesses should make sure they are not complicit in human rights abuses.		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	3. We will act as an international corporation with a global outlook and mindset. 4. We will conduct open and fair trade. 7. We will respect basic human rights and value a broadminded corporate culture.	20,21 28-30
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.		
Principle 5	Businesses should uphold the effective abolition of child labour.		
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	2. We will promote our manufacturing and business activities in consideration of reducing their environmental burdens.	15-19
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.		
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	4. We will conduct open and fair trade. 6. We will strictly respect and comply with both the letter and the spirit of the law as a good corporate citizen.	21, 25-26

◆ Independent Third-Party Assurance Statement