Editorial Policy

We believe it is important to disclose information and appropriately communicate them to our stakeholders. The purpose of this report is to convey our efforts on how to realize a sustainable society in comprehensible terms. In editing the report, we have included the data and details of activities taken by overseas manufacturing subsidiaries. We also expressed ideas by incorporating as many figures and photographs as possible, and we introduce each of our activities through their own page layout. We also welcome people to view the English version that is available from our website (http://www.j-display.com/Environment/report.html). Please contact us via our website below with any comments, suggestions, and so on, so that we can use these as reference in the future. Please use the URLs below to access our website and contact us using these forms.

Inquiries about products, etc. 〉〉〉 https://www.webcoms.jp/jdi/jp/form.php
Inquiries from shareholders and investors 〉〉〉 https://www.webcoms.jp/jdi/ir/jp/form.php

Covered Organizations
This report lists a portion of the activities of the domestic sites and the overseas manufacturing subsidiaries of Japan Display Inc.

Target Period
April 2019 – March 2020
(Some activities outside of the above period are also included.)

Guidelines referenced
Environmental Report Guidelines 2018

Publisher
Japan Display Inc. (Issued by CSR & Environment Promotion Department, Environment Promotion Section)

Month Issued
August 2020
Management Message

Thank you very much for your continued support of Japan Display Inc.

JDI has marked a new start as a result of fund procurement from Ichigo Trust in March 2020.

In addition, although the negative effects of the novel coronavirus crisis on our current business operations are unavoidable, while prioritizing employee safety, I view the change in the market as a new business opportunity and will guide management aiming for our company to coexist with the future post-COVID-19 society.

Rebuilding a sustainable corporate base

As a leading manufacturer of small and medium-sized displays that interface people and the world, we develop, design, and manufacture cutting-edge products and deliver them to the global market.

In order to realize our corporate philosophy and to achieve sustainable growth, we aim to further strengthen our business competitiveness by investing management resources in our core competency, LTPS (low temperature poly silicon) technology, and through its evolution. Aiming to rebuild our revenue base, in addition, we will strive to optimize assets, strengthen cost competitiveness by achieving the level of performance customers truly demand, and secure a stable product supply network by diversifying our supply chain. Furthermore, while continuing strengthening high-value-added technologies in the growing non-mobile business markets, including in-vehicle equipment, wearables, VR, and specialized industrial equipment, our efforts such as applying technology cultivated in our display business to sensors in the healthcare field will lead to further business growth.

Toward realizing a virtuous cycle of environment and growth

JDI is continuously improving its environmental activities, paying more attention to the relationship between its business plan and management, as well as its strategic directions, which are in accord with the Environmental Management System Standard, ISO 14001 (2015 version). We are also promoting ongoing improvements by incorporating responses to survey items by a third-party assessment institution (CDP), etc.

In recent years, efforts such as those directed at ESG (Environment, Social, and Governance) and SDGs (sustainable development goals to be achieved by 2030, as summarized by the United Nations in 2015, such as the eradication of hunger and measures against global warming) are rapidly expanding. In addition to promoting future business, our company is contributing to the realization of SDGs.

As a foundation of our business operations, we comply with laws and regulations and respond to demands from customers and various stakeholders regarding environmental issues. We strive to prevent production- or product-related incidents to create a sustainable environment.

In product-related areas, we have established and implemented development processes aimed at providing products that meet environmental requirements, such as the management of chemical substances contained in our products and the design of environmentally conscious products, and are working to meet various regulations and customer requirements.

As environmental initiatives are extremely important issues for our company, we would put forth the environmental policies shared across our group, strive to achieve environmental goals for key topics and strengthen our initiatives aimed at environmental issues, work to decrease the environmental load, and, to improve our corporate value, will push forward with both business activities and environmental activities.

The future of JDI

We can provide various values by strategically utilizing an abundance of IP (intellectual property) and combining our strong backplane technology with its advancement together with frontplane technology. In addition to biometric sensors empowered by the backplane technology cultivated from our display business, and high image quality and low power consumption suitable for medical settings, we aim to develop applications of our core technologies, including non-contact sensing displays.

Focusing on a post-COVID-19 world, we will apply a number of technologies, such as next-generation sensors, which serve as important pillars of our future growth strategy, and we will enter the advanced medical care and health care fields, capturing market positions in business fields that lie beyond the conventional display field.

For our stakeholders

Regarding our inappropriate accounting process in the past, we take the points indicated by a third-party committee seriously and shift from a company with a board of corporate auditors to one with a nominating committee, etc. to ensure transparency in management and fairness. We will also strive to improve and strengthen internal control, and do our best to regain the trust from our stakeholders and to enhance corporate value.

In addition to creating a level of brand value that meets customer expectations and further improvement of our highly-acclaimed technical capabilities, we aim to increase our trust as a supplier and become an indispensable partner for our customers by achieving business recovery, etc.

We believe that it is important to communicate with local communities in order to continue our business activities. Therefore, we are engaged in various social contribution activities, such as activities through which we contribute to the local communities where our business sites are located.

While respecting the human rights of each employee as well as diversity, we promote the creation of a comfortable work environment that protects the health of our employees. We are also working on work style reforms aimed at promoting diverse work styles.

Issuing of CSR Reports

We have been issuing annual environmental reports since 2012. From this year, it will take the form of the “CSR Report,” which will include society-related information and other data. We believe that this report is one of the important means available for us to improve communication with everyone. Your honest opinions and impressions are always appreciated.

We appreciate your continuing support.

Minoru Kikuoka

Representative Executive Officer, President and CEO
Providing the Social Values that JDI Aims For

Based on our corporate philosophy “With fresh perspectives and advancing technologies, we work constantly to realize a world that is inspiring and free of stress,” we will contribute to the realization of a convenient, safe, secure, sustainable, and comfortable society by providing key components that connect people and things to the society through our business activities.
The small- and medium-sized displays from Japan Display are installed in many products in a wide range of fields, such as smartphones, in-vehicle devices, medical devices, digital cameras, wearable devices, and VR (virtual reality) devices. LTPS (low temperature poly silicon) TFT technology, which is the basic technology of our products, will be further enhanced and deepened to enhance its competitiveness. At the same time, we aim to grow our business with OLED displays, which offer excellent definition, power consumption, and manufacturability. In addition, we are proceeding with the creation of next-generation sensors and their solutions business as a new business area, transcending the boundaries of displays based on the technology we have cultivated over many years.

With these input and output interface technologies, we will provide comfort, safety, security, and convenience to people around the world for 5G (5th generation mobile communication system) and Beyond 5G. At the same time, we aim to help create a sustainable society through technologies and services designed to realize both sound economic conditions and a low-carbon society.
Toward a Post-COVID-19 World

The entire world is facing the threat of COVID-19. To fight against this invisible threat, we aim to contribute to the “new normal” lifestyle of people around the world by deploying the cutting-edge technology that we possess.

Hover Sensor

It has been pointed out that people can become infected with a virus through contact with devices. To mitigate this potential risk, JDI will continue to develop its “hover sensor,” created using a non-contact sensing technology that can reduce contact, contributing to a more hygienic society.

Bio Image Sensor

We have developed a flexible image sensor that can scan various biological data using one sensor. Going forward, we will continue to contribute to improving self-care based quality of life (QOL) and make use of the technology in the medical and nursing care fields.

Monitors for Medical Care Applications

JDI supplies medical displays that meet the needs of high contrast, high resolution, rich gradation, and high reliability. We are proceeding with development aimed at bringing the high performance of these monitors to a higher level and will continue to contribute to medical care development.
CSR Management

We act in accordance with our behavioral guidelines for the realization of our corporate philosophy and vision, and work to solve social issues and create social value.

Our Purpose

With fresh perspectives and advancing technologies, we work constantly to realize a world that is inspiring and free of stress.

Our Vision

We shape our future with every movement we make. We create multisensory realities that transform into extraordinary moments you can see, hear, touch, smell, and taste.

Our Behaviors

- We welcome challenge, and always bring customer tasks to completion.
- We move quickly with unconventional ideas, and strive to exceed expectations.
- We adapt to, enjoy, and drive positive change.

Approach to CSR (=CSR Basic Policy)

For the purpose of not only complying with laws and regulations but also implementing management in compliance with corporate ethics, JDI has established “JDI Ethics” which serve as specific guiding principles for all officers and employees to comply with. JDI Ethics are the foundation of our CSR activities.

JDI Ethics define our basic stance for our relationship to various stakeholders. We consider our major stakeholders to be our customers, business partners, employees, shareholders/investors, and local communities. JDI believes that it is important to establish mutual understanding and trusting relationships with our stakeholders in order to continue and develop its business.

ISO26000 Core subject

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<td>Compliance Committee (Fundamental Policy for Compliance)</td>
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<td>Safety and Health Committee (Safety and Health Management System)</td>
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Relationships with Our Stakeholders

Our business activities are based on relationships with various stakeholders. We consider our major stakeholders to be our customers, business partners, employees, shareholders/investors, and local communities. JDI believes that it is important to establish mutual understanding and trusting relationships with our stakeholders in order to continue and develop its business.

- Customers: We communicate closely with our customers and share our business results and business activity information with them.
- Business Partners: We hold supplier meetings and ask for their cooperation in our business efforts.
- Employees: We share our business results and business activity information with our employees.
- Shareholders/Investors: We hold briefing sessions for analysts and financial institutions to explain about our corporate performance and communicate with them.
- Local Communities: We communicate with local communities through social contribution activities, etc.
Corporate Governance

Our company believes that enhancing corporate governance will lead to improved corporate soundness, transparency, and corporate value. We are building a system and developing various systems based on the principles of Japan’s Corporate Governance Code established by the Financial Instruments Exchange.

Our Basic Policy View

1. Japan Display Inc. (hereafter “the Company”) seeks to achieve sustainable growth and increase its corporate value over the medium to long term through the practice of important corporate principles. In order to achieve these goals, the Company has instituted a “Corporate Governance Basic Policy” that contains its basic view of corporate governance as well as a framework and set of policies based on its view of corporate governance.

2. In order to have a transparent, fair, rapid and decisive decision-making process that serves the interest of stakeholders, customers, employees and local communities, the Company is committed to further strengthening our Corporate Governance in accordance with the fundamental ideas listed below.

Corporate Governance System

JDI is a company with a nominating committee and other committees allowed for by the Companies Act. We strive to establish an execution system that enables fast business operations and ensure the effectiveness of the management supervisory function by separating management supervision and business execution. The Board of Directors, with a majority comprised of outside directors, utilizes the Nomination Committee, Compensation Committee, and Audit Committee to provide highly effective supervision of management, and create and maintain a sound and transparent management system. The Board of Directors decides on basic management policies as well as other important matters and clarifies the scope of responsibility for executive officers. With the exception of matters stipulated by laws, articles of incorporation, and the rules of the Board of Directors of this company, the Board of Directors greatly delegates decision-making authority regarding business execution to the executive officers.

Internal Control System (As of August 26, 2020)

The Company has an Internal Control System for the purpose of ensuring appropriate business operations. The creation of this System was begun immediately following the commencement of business to achieve sound and efficient organizational management. The development of the basic policy concerning the maintenance and operation of the Internal Control System (“Basic Policy on the Internal Control System”) was completed in June 2012. Since then the Basic Policy and the Internal Control System have been in use but with partial modifications based on legal revisions and organizational changes.

Risk Management System

For the eight risk categories, namely, natural disaster and accident risks, legal (litigation) risks, financial risks, economic risks, labor risks, political risks, social risks, and business activity risks, the JDI Group performs assessment of assumed risks in terms of their probability and their impact if they were to materialize, considers and formulates countermeasures for risks whose degree is greater than the predetermined level, and implements countermeasures throughout the Group following a management review. The Group reviews items and content of risk assessment (setting of the degree of significance) every year. We have also established the necessary rules and systems to prevent risks and minimize their impact when they occur.

Compliance

In accordance with the Fundamental Policy for Compliance, the Company has instituted the Compliance Committee as a forum where representatives from related units deliberate and implement measures to establish and cultivate compliance promotion systems and programs. A compliance administrator is assigned to each division to ensure awareness of compliance measures among the employees of each division.

The Compliance Committee is supervised by the chairperson appointed by the Board of Directors and consists of the representatives of divisions that prepare compliance-related policies and measures. The Committee meets once every half-year and holds extraordinary meetings as necessary. Furthermore, the Meeting of Compliance Administrators is held, which is a venue for deepening understanding of the results of deliberations by the Compliance Committee and for information sharing among compliance administrators.

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Together with Our Employees

We aim to develop new businesses that “transcend the boundaries of displays.” In order to do so, we must challenge our technological capabilities to produce new items that create a better future with completely different ideas that move beyond displays. In order to continue contributing to the realization of a prosperous society, we are working on strategic and systematic human resource development.

Corporate Human Resource Development

Human Resource Development System

We have established the Human Resource Development Committee, a committee that coordinates human resource development for the entire company with the purpose of developing the capabilities abilities of each employee by providing education and training systematically and effectively. Under the Human Resource Development Committee, we have established specialized subcommittees for each specialized field in order to build and work on our own educational program. The training areas are categorized into categories such as specialized fields, including rank/selection, global, CSR/compliance, and provide training opportunities according to the career and growth stages of each employee.

Employee Career Development Support

In order for our business to continue to create a dynamic world for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth for people, it is necessary for each individual employee to have more of awareness for taking on challenges to strive for growth.

Objective Management System

We are implementing objective management at the individual level to improve communication with superiors, support employee capability development, and improve business execution.

Career Review System

We have a system where employees themselves report once a year about self-employment future hopes, satisfaction, and other career related matters, deepening the culture of thinking together about the future of our employees.

Self-development Program

We provide various self-development programs in order to actively support all employees so that they have educational opportunities and are always willing to learn. In the self-development incentive program, we provide an environment to meet the various needs of employees themselves (various schools, distance learning, self-development books, etc.) and support self-directed capacity development. We support employees in acquiring 160 qualifications available. In addition, we launched a doctoral degree acquisition support system in FY2018, and, starting in FY2020, we have been expanding the scope of support to professional degrees (MBA/MOT, etc.) and working to create highly specialized human resources who can play an active role both inside and outside the company.

Types of Support

<table>
<thead>
<tr>
<th>Description</th>
<th>Qualification Acquisition Support Subsidy</th>
<th>School Subsidy</th>
<th>Distance Learning Subsidy</th>
<th>Subsidy for Purchasing Self-development Books</th>
<th>Company recommended Education/Qualification Acquisition Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Subsidy for employees who receive national or regular qualification acquisition education for self-development purposes.</td>
<td>Subsidy for when an employee receives education at a school, such as a language school, for self-development purposes.</td>
<td>Subsidy for employees who receive distance learning courses (real estate salesperson, social insurance consultant, etc.) for self-development purposes.</td>
<td>Subsidy for employees to purchase books for self-development purposes, etc.</td>
<td>Subsidy for courses, distance learning, and qualification acquisition when recommended by the company.</td>
</tr>
</tbody>
</table>

Degree Acquisition Support System

We aim to develop human resources who can discuss and co-create with customer and supplier researchers on an equal footing, as well as highly specialized professionals who are effective in our business and management.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>From 2019</th>
<th>From 2020</th>
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<tbody>
<tr>
<td>2019</td>
<td>4</td>
<td>1</td>
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</table>

Respect for Human Rights and Diversity

Based on JDI Ethics, while respecting the human rights of each employee as well as diversity in every situation including recruitment and treatment, we promote the creation of a comfortable work environment that protects the health of employees. Also, in order to promote the active participation of diverse human resources, we are working to reform work styles with the aim of realizing diverse work styles as well as supporting a balance between work and child rearing.

Work Style Reform Measures

Employees can continue to work while caring for elderly relatives, raising their children, and while receiving medical treatment. We are realizing diverse and flexible work styles by improving work-life balance and productivity of employees.

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Work Life Balance and Work-At-Home System</td>
<td>Employees can continue to work while caring for elderly relatives, raising their children, and while receiving medical treatment. We are realizing diverse and flexible work styles by improving work-life balance and productivity of employees.</td>
</tr>
<tr>
<td>Telecommuting (from home or satellite office)</td>
<td>We are realizing diverse and flexible work styles by improving work-life balance and productivity of employees.</td>
</tr>
<tr>
<td>Joyful Holiday Program</td>
<td>We encourage employees to refrain from work-related activities during holidays and fully separate work and private life (annual leave acquisition priority).</td>
</tr>
<tr>
<td>Hourly Annual Leave Program</td>
<td>We realize a work-life balance for employees by creating more diverse and flexible work styles for employees.</td>
</tr>
</tbody>
</table>

Other Support Program

- Accumulated Annual Paid Leave Program (available for childcare, nursing care, infertility treatment, pregnancy protection/treatment during pregnancy, self-development, social contribution, community contribution, volunteer activities, etc.)
- Unlicensed Daycare Subsidy Program
- Extended Daycare Subsidy Program
- Return Entry Program (program for re-entering the company), etc.
Relationship with Society

Together with Our Customers and Society

We aim to ensure that all departments involved in our product planning, design, manufacturing, sales, and service understand what customers need, and provide products and services that satisfy their needs. In addition, with the cooperation of our business partners, we are working toward the thorough management of chemical substances based on the Green Procurement Guideline and to avoid the use of conflict minerals, which could lead to human rights violations.

Quality Assurance

In order to provide our customers with trouble free, reliable products and services based on our Quality Policy, we have established a quality management system. All departments involved in planning, design, manufacturing, sales, and service cooperate with each other so we promote quality assurance activities.

In our quality management system, the PDCA (Plan, Do, Check, Act) cycle is implemented and continuously improved, and not only our company but also many of our business partners cooperate in quality management efforts to ensure product quality. We have also enhanced our customer support system so that customers can use our products with peace of mind. Customer feedback is always focused on and analyzed in order to make further improvement.

Quality Policy

1. To provide satisfying quality to customers in accordance with our corporate philosophy.
2. To be responsible for our quality, act with speed and honesty, and make further improvements.
3. To be compliant to requirements and continually improve the quality management system.

Green Procurement Efforts

The entire JDI Group works to manage the chemical substances contained in its products so that it conforms to legal regulations such as the RoHS Directive and REACH Regulations, and is responsive to its customers’ demands.

1. Enactment of Green Procurement Guideline

We enacted our Green Procurement Guideline to reflect both legal restrictions in various countries on the chemicals contained in products and our customers’ demands. We ask our suppliers to comply with the guidelines. The Green Procurement Guidelines are reviewed annually and are disclosed on our website.

We continuously comply with laws and regulations and make every effort to control chemical substances contained in our products.

2. Managing Suppliers’ Management Systems for the Chemical Substances in Products

We ask our suppliers to establish a management system for the chemical substances contained in raw materials and other procured items that follow the Guidelines for the Management of Chemical Substances in Products set by the Joint Article Management Promotion-consortium (JAMP). Using the system that links suppliers with JDI (JDesc Survey Site), we confirm whether a management system has been established. Suppliers that do not meet JDI’s standards are asked to correct and improve their management systems.

Responsible Sourcing of Minerals

JDI implements a survey on the use situations of conflict minerals and the identification of refiners upon survey requests from customers. Also, in our supply chain, we are requesting our business partners to work on the non-use of conflict minerals based on the survey results. JDI will promote the non-use of conflict minerals with our business partners and fulfill our social responsibilities from a humanitarian perspective.

JDI Conflict Minerals Survey System (JCOMS)
Relationship with Society

Activities Undertaken at Our Sites

By establishing and complying with JDJ Ethics regarding our relationship with society, we aim to be a company trusted by society as a “Good Corporate Citizen”. We are actively engaged in social contribution activities such as contribution to local communities at each of our domestic and overseas sites. In addition to our business activities, we will continue to contribute to local communities and society through various activities.

Social Contribution/Helping Local Communities

Interaction with Local Communities

Occupational Safety and Health/Health Promotion Activities

Welfare Contribution Activities

Contribution Activities at Overseas Sites

By establishing and complying with JDJ Ethics regarding our relationship with society, we aim to be a company trusted by society as a “Good Corporate Citizen”. We are actively engaged in social contribution activities such as contribution to local communities at each of our domestic and overseas sites. In addition to our business activities, we will continue to contribute to local communities and society through various activities.

Social Contribution/Helping Local Communities

Interaction with Local Communities

Occupational Safety and Health/Health Promotion Activities

Welfare Contribution Activities

Contribution Activities at Overseas Sites
Environmental Initiatives

Environmental Management Activities

We have established an environmental management system, and are working to make continuous improvements based on the activity plans determined in the environmental management review and the environmental goals corresponding with our Environmental Policy. In FY2019, we implemented all activities as planned and achieved all environmental targets.

Environmental Policy

We will continually improve our environmental management system and, taking into account the life cycle of our display products into account, will work to reduce environmental burdens.

We will comply with domestic and overseas legal requirements and other voluntarily accepted requirements.

We will set environmental targets and other objectives concerning the following priority themes, and will promote activities for their achievement in order to conserve the environment.

Priority themes

1. We will work to reduce the environmental burden of our business activities.
   We will: 1-1) Promote global warming countermeasures, energy conservation, and the effective use of water; 1-2) Thoroughly manage chemical substances and promote their reduction and substitution; 1-3) Promote the 3Rs (Reduce, Reuse, Recycle) to address waste.

2. We will reduce the environmental burden of our products.
   We will: 2-1) Promote the development of environmentally conscious products.; 2-2) Thoroughly manage chemical substances contained in our products; 2-3) Promote green procurement.

3. We will work on activities for the conservation of biodiversity and environmental activities in local communities.

Environmental Management System

JDI’s environmental management system in Japan, with the Representative Executive Officer/CEO as the Chief Executive of the Environment, consists of the Environmental Management Officer and Environmental Promotion Officer, the Shinshiba and Ebina Offices, and manufacturing sites to promote continuous environmental management activities. The JDI Group’s overseas manufacturing sites, too, have set up environmental management systems to promote environmental activities. To secure the consistency of environmental activities across the JDI Group, we are making efforts to strengthen governance in our overseas manufacturing subsidiaries through means such as periodic liaison conferences.

Activity Plans and the Results

In accordance with activity plans approved through Environmental Management Reviews, we operate a PDCA cycle to implement continuous improvement activities.

Fiscal Year 2019 Activity Plans and Results

<table>
<thead>
<tr>
<th>FY2019 Environmental Plans and Results</th>
<th>Items</th>
<th>1st Quarter (Apr. – June)</th>
<th>2nd Quarter (July – September)</th>
<th>3rd Quarter (October – December)</th>
<th>4th Quarter (January – March)</th>
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<tbody>
<tr>
<td>Environmental Initiatives</td>
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<tr>
<td>Environmental Management Review</td>
<td>Plan</td>
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<tr>
<td>Environmental Promotion Message</td>
<td>Result</td>
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<tr>
<td>Environmental Promotion Committee</td>
<td>Result</td>
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<tr>
<td>External/water audits</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management Message</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Colloquial compliance [large targets]</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental education</td>
<td>Plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental education</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental education</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental education</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Strengthening of government authorities at overseas subsidiaries</td>
<td>Plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Strengthening of government authorities at overseas subsidiaries</td>
<td>Result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development of plan for next year</td>
<td>Plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2020 Plans</th>
<th>Items</th>
<th>Action</th>
<th>Indicator</th>
<th>Target value</th>
<th>Actual value</th>
<th>Evaluation result</th>
</tr>
</thead>
</table>
| Reduction of 
emissions of 
CO2 | Reduction amount (t-CO2) | 457,081 or less | 421,812 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (m3) | 19,869,000 or less | 18,848,000 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (t) | 18,672 or less | 15,371 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (t-CO2) | 30 or more | 15,371 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (m3) | 73,000 or more | 30,534 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (t) | 12,786 or less | 15,371 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (t-CO2) | 5,730 or more | 5,900 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (m3) | 16,246,000 or less | 18,770,000 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (t) | 145 | 15,371 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (t-CO2) | 47 or more | 15,371 | ○ |
| Reduction of 
emissions of 
CO2 | Reduction amount (m3) | 16,246,000 or less | 18,770,000 | ○ |

Results of activities in FY2019

<table>
<thead>
<tr>
<th>Sites</th>
<th>Initiative</th>
<th>Results of activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic sites</td>
<td>Targets are as described in all KPIs.</td>
<td>All initiatives completed successfully.</td>
</tr>
<tr>
<td>Global Network</td>
<td>Targets are as described in all KPIs.</td>
<td>All initiatives completed successfully.</td>
</tr>
</tbody>
</table>

Japan Display Inc. Group  CSR Report 2020  23
Environmental Initiatives

Our Value Chain and Global Warming Prevention

Our Value Chain and Efforts to Minimize Environmental Risks

In order to minimize the risks of the environmental pollution and the destruction of ecosystems, JDI continually implements water quality management and air quality management efforts. Throughout the value chain of our products, from Raw materials procurement, Transport, Production, Use by customers and markets, until Final disposal, we engage in environmentally considerate business activities. In cooperation with our business partners, we implement thorough chemical substances management and use Eco-friendly materials. In response to the demands of customers and markets, we provide products and services that contribute to the reduction of environmental burdens, through means such as thin, light, and compact design and low power consumption.

■ Value Chain

- Raw materials
- Transportation
- Planning and design
- Production
- Customers, markets
- Recycling, Final disposal

JDII’s business activities

- Efforts to prevent air pollution: We operate smoke and soot emitting facilities and volatile organic compound emitting facilities under the Air Pollution Control Law. Regular measurements and on-the-spot inspections by authorities in FY2019 found no exceeding of regulatory values for all measured items. We will continue to work toward management of atmospheric emission standards and improvement of related facilities.
- Efforts to prevent water pollution: In accordance with the Water Pollution Control Law, we have established voluntary standards that are more than 20% stricter than regulated values for water discharged into rivers and sewage systems for 15 items related to the living environment and 28 hazardous substances, which are agreed upon with local government agencies in the vicinity of each of our plants, and we conduct measurement control based on these standards. Regular measurements and on-the-spot inspections by authorities in FY2019 found no exceeding of regulatory values for all measured items. We will continue to work toward management of discharged water quality and improvement of related facilities.
- Chemical substances management: We control the use of chemical substances used in manufacturing and other processes, under internal rules categorized in accordance with legal regulations. We manage the use of chemical substances contained in products in accordance with the RoHS directives, REACH regulations, and other laws and regulations, as well as through green procurement.

■ Proper disposal of wastes: In our Environmental Policy, we approach to wastes reduction and conserve 3Rs (Reduce, Reuse, and Recycle) activities. Moreover, in accordance with the Waste Management and Public Cleansing Act, we separate specially-controlled industrial wastes, industrial wastes, and general wastes, and perform the risk management for each. We comply with the proper disposal of wastes and also work to reduce the risk of illegal dumping.
- Noise and vibration management: In accordance with the Noise Regulation Act, the Vibration Regulation Act, and other related regulations, we are operating the specified facilities (compressors, blowers, etc.). Perform measurements of noise and vibration at the boundaries of our plants grounds every year to confirm that these are within regulatory values. In FY2019, no items exceeded regulatory values.
- Conservation of biodiversity: In accordance with the Basic Act on Biodiversity, we work toward the conservation of ecosystems through greening activities at our plants and nature restoration activities in surrounding areas. Within the area of our Mobara plant, an artificial “Hotaru-gawa” creek and a “Koi-carp” pond were setup. Furthermore, the Ishikawa plant is home to the Sizo-no-Mori forest.

Our Value Chain and Global Warming Prevention

In energy management, monitoring and analyzing changes in power usage at each site is necessary. We have introduced a power usage monitoring tool that allows us to see power used in real time.

Energy Visualization Efforts

At the Mobara Plant, we are using existing collected data to provide information to our intrainet in order to visualize energy use from high-mix production and fluctuations in demand. Although the plant has undergone remodeling since its inception, the accumulated data was not used effectively and only confirmed by some management departments.

■ Power Usage Breakdown

Energy Data Ingestion and Visualization

Renewable Energy Activities

The popularization and spread of renewable energies throughout society is becoming important from the perspectives of global warming countermeasures and energy source diversification. Our company is introducing solar power generation systems to promote renewable energy.

Tottori Plant

Renewable energy activity

As a part of our efforts to prevent global warming, the Tottori Plant introduced a plant rooftop solar power generation system in 2001.

The system was installed and launched jointly with The New Energy and Industrial Technology Development Organization (NEDO), to expand the adoption of solar power generation. Its maximum power output is 150 kW (with a total of 903 solar power generating panels).

The system generated 117 MWh of electricity in FY2019, contributing to the reduction of approximately 56 t-CO2.
Environmental Initiatives

Energy Conservation Activities/Waste Management

In its Environmental Policy, JDI takes an approach to reduce (control generation), reuse, and recycle wastes, and is committed to a variety of activities. JDI, as a part of the entire electrical/electronic industry, is committed to Japan’s low carbon society action plan, and is working to improve energy efficiency toward the achievement of the 2020 target.

Higashiura Plant

Energy Conservation Through Exhaust Fan Stoppage in Refrigeration Unit Room

At the Higashiura Plant, in order to improve the efficiency of the energy used in production, we have integrated heat sources so that refrigeration units can be supplied with energy with good operating efficiency. As a result, the number of refrigeration units operating in the refrigeration room (five refrigeration units installed) was zero in winter (free cooling) and one from spring to autumn, and the amount of heat waste could be reduced significantly. In addition, the exhaust heat fans in the refrigeration room were stopped for further energy conservation.

Higashiura Plant

Energy Conservation Achieved Through Boiler Replacement

The operating efficiency of the smoke-tube boilers used at the Higashiura Plant decreased from 92% (initially planned efficiency level) to 79.5%. We installed a new “once-through boiler” with high operating efficiency and adjusted the operation with the existing smoke-tube boilers to reduce the amount of city gas used.

Waste Management

Mobara Plant

Reduction of Etching Solution Waste

In regard to etching equipment at the Mobara Plant, we have focused on daily equipment operation and loss, and have worked to reduce the amount of etching solution used without affecting quality.

For the etching equipment, the etching solution is supplied from the buffer tank to the lower tank of the equipment.

The flow rate was adjusted to reduce the amount of oversupplied etching solution.

Efforts for Reducing Indirect Risks from Wastes (Illegal Dumping, Accidents, etc.)

To reduce illegal dumping and other indirect risks from wastes, JDI uses a check sheet that specifies legal requirements and our voluntary standards to conduct regular on-site checks of business partners (collection and transport operators, intermediate treatment operators), and uses the results to make judgments on the continuation of contracts. Continuation was deemed possible for all business partners visited in FY2019.

PCB waste treatment

PCB waste refers to polychlorobiphenyl (PCB), oil containing it, or waste in which PCB is encapsulated or adheres to. Businesses that store PCB waste are required to report their PCB waste storage status to the government annually in accordance with the provisions of the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. It is obligatory to dispose of or outsource PCB waste disposal. At the Mobara Plant, we plan to perform an appropriate disposal of its stored small-sized waste materials which have a high PCB concentration by March 2022.
Management of Chemical Substances/Environmental Load

At JDI, we perform chemical substance management by broadly classifying these into the chemical substances used in our manufacturing processes, as well as the chemical substances contained in our products. We are also engaged in environmental improvement activities with an understanding about the environmental load caused by chemical substances. Our overseas manufacturing subsidiaries also perform similar operations.

Compliance with amendment of RoHS Directive and Application to Our Management of Chemical Substances Contained in Parts, Materials and Equipment Touching Products

JDI has established the Green Procurement Guideline based on laws and regulations, including the RoHS Directive, ELV Directive, and REACH regulations, and requests from our customers.

With the understanding and cooperation of our suppliers, we manage chemical substances contained in procured items such as parts and materials. Before shipping them for our customers, we examine chemical substances contained in our products.

The European RoHS Directive has been amended to restrict the use of four phthalates substances (DEHP, BBP, DBP, and DIBP) in electrical and electronic equipment put in the EU market on and beyond July 22, 2019. These substances are commonly used as plasticizing agents to give plastics flexibility.

We have designated the phthalates as prohibited substances in our Green Procurement Guideline and have confirmed not to be contained in the procured items from our suppliers with analysis test reports as well as certification forms. Because the phthalates might migrate from molded parts, we have established a new management system for parts, materials, and equipment touching our products.

Customers’ Requests

- Confirmation that JDI’s products meet laws, regulations, and customers’ requests
- Customers’ requests
- Establishment of management forms. Because the phthalates might migrate from molded parts, we have established a new management system for parts, materials, and equipment touching our products.

Environmental Initiatives

In regards to chemical substance management, JDI complies with laws and regulations, conducts green procurement, collects data on chemical substances and measures chemical substances.

Compliance with laws and regulations

JDI complies with laws and regulations concerning chemical substances used and contained in the products. The major laws and regulations concerning chemical substances include the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, RoHS Directive, ELV Directive, and REACH Regulations.

Green procurement

JDI has established the Green Procurement Guideline based on laws, regulations, and requests from our customers, and promotes green procurement. We provide the Green Procurement Guideline to our suppliers and other stakeholders. And we disclose the Green Procurement Guideline on our website.

Collection data on chemical substances

Cooperating with our suppliers, JDI collects data on the chemical substances used and contained in the parts and materials composing the products. We monitor the use of chemical substances in accordance with laws, regulations, and requests from our customers.

Measurement of chemical substances

JDI regularly measures the chemical substances contained in its atmospheric emissions and wastewater discharged. We sample the products and measures the chemical substances contained in them.

JDI monitors the use of the chemical substances and promotes the reduction of discharged amounts of the chemical substances to respect for biological diversity and to contribute to conservation of the environment and a sustainable society.

Environmental Load

Our business activities consist of inputting energy and resources for product production, which are accompanied by outputs such as CO2, wastes, and so on.

An overview of this is shown in the figure below (covering all domestic plants + overseas manufacturing subsidiaries in FY2019). The basis of our environmental improvement activities lies in reducing the amount of inputs and outputs, and we work to address such activities by determining each of these items for every area in a detailed manner.

<table>
<thead>
<tr>
<th>INPUT</th>
<th>FY2019</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (purchased) MWh</td>
<td>918,923</td>
<td>89,620</td>
<td></td>
</tr>
<tr>
<td>Electricity (solar power) MWh</td>
<td>117</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>City gas</td>
<td>12,414/0.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heavy fuel oil KL</td>
<td>2,076</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>LPG</td>
<td>4,496</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>LNG</td>
<td>468</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Diesel oil KL</td>
<td>0</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Amount of water received t</td>
<td>11,467</td>
<td>0.824</td>
<td></td>
</tr>
<tr>
<td>Amount of priority controlled chemical substances used</td>
<td>12,268</td>
<td>97</td>
<td></td>
</tr>
</tbody>
</table>

1. The priority controlled chemical substances refer to 38 substances selected as being subject to priority control efforts.
2. The CO2 emissions coefficient for electricity in Japan is 0.476 t-CO2/MWh (the receiving-end CO2 emissions basic unit for FY2011 released by the Federation of Electric Power Companies of Japan). The other conversion factors are from the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Local emissions coefficients for China, Taiwan, and the Philippines were used for the CO2 emissions coefficients from electricity in other countries.
3. Among substances covered in the Act on Promotion of Global Warming Countermeasures, we use the term “greenhouse gas” to refer to these seven substances: CO2, CH4, N2O, HFC, PFC, SF6, and CFC. Emission factors of AR4 are used.
4. Within Japan, this refers only to emissions of the 38 priority controlled chemical substances designated by JDI, and for overseas it refers only to emissions of VOC.
Ecosystem Conservation Activities

SOZO-no-Mori (Ishikawa Plant)

On the grounds of the Ishikawa Plant in 2006, employees, their families, and local people took part in the planting of tree saplings, particularly local species (Japanese elm, cherry, etc.), in the SOZO-no-Mori forest (the Japanese word “scout” means “imaginative power” and can also mean “creative power.”). This was created as a space for enjoying the changing scenery in one of the seasons. Every year, we perform planting flowers in flower beds, weeding, and other maintenance work throughout the forest, mostly through the efforts of employees and their families. In addition, many birds fly around the factory, so we made and installed birdhouses as part of our biodiversity preservation activities started in FY2019. We will continue to promote conservation activities together with local communities so that the trees and flowers of the “SOZO-no-Mori” forest grow further.

Hotaru-gawa Creek and Koi Pond (Mobra Plant)

“Hotaru-gawa” Creek and “Koi-carp” Pond are two artificial bodies of water created on the grounds of the Mobara Plant. Fireflies live around Hotaru-gawa Creek, and flights of dozens of fireflies can be seen in late May of every year. The plant will continue to actively undertake environmental conservation activities to enable future maintenance of this ecosystem.

Activities Undertaken by Overseas Sites

We have three overseas manufacturing subsidiaries which mainly assemble LCD modules. All of the companies have acquired ISO14001 certification, promote the reduction of environmental burdens, and work on conservation of global warming (reducing CO2) and effectively using resources to reduce the amount of waste generated as priority issues. We work to communicate with the companies by holding regular meetings to confirm and to ascertain the progress of each company. The following article introduces the activities of Kaohsiung Opto-Electronics Inc. (KOE).

Environmental Activities at Kaohsiung Opto-Electronics Inc. (KOE)

- Company Overview
  - Company name: Kaohsiung Opto-Electronics Inc. (KOE)
  - Address: 2 East 13th Street, Kaohsiung City, Kaohsiung Export Processing Zone, Taiwan, R.O.C
  - Start of business: June 15, 1967
  - Representative: Hidoki Matsushita
  - Business content: Design, manufacture, and sale of LCD Modules
  - Sales: NT$38.4 billion in 2019
  - Number of employees: 2,118 (Dec. 2019)

- Environmental plans and results of FY2019, and plans for FY2020

<table>
<thead>
<tr>
<th>Name</th>
<th>FY2019 Targets</th>
<th>FY2020 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of fugitive VOC emissions</td>
<td>Reduction of volatile Organic Compounds: 30%&lt;br&gt;Reduction of total VOC emissions of plants</td>
<td>Reduction of volatile Organic Compounds: 30%&lt;br&gt;Reduction of total VOC emissions of plants</td>
</tr>
<tr>
<td>Reduction of hazardous substances in waste products</td>
<td>50%&lt;br&gt;0.05%&lt;br&gt;0.25kg/d</td>
<td>50%&lt;br&gt;0.05%&lt;br&gt;0.25kg/d</td>
</tr>
<tr>
<td>Reduction of organochlorine pesticides</td>
<td>0 %&lt;br&gt;0 %&lt;br&gt;0 %</td>
<td>0 %&lt;br&gt;0 %&lt;br&gt;0 %</td>
</tr>
<tr>
<td>Customer complaints about defects in hazardous substances in waste products</td>
<td>0 %&lt;br&gt;0 %&lt;br&gt;0 %</td>
<td>0 %&lt;br&gt;0 %&lt;br&gt;0 %</td>
</tr>
<tr>
<td>Selecting the first inspection of green products</td>
<td>0 %&lt;br&gt;0 %&lt;br&gt;0 %</td>
<td>0 %&lt;br&gt;0 %&lt;br&gt;0 %</td>
</tr>
</tbody>
</table>

Shift from Environmental Report to CSR Report

In the Corporate Governance Code revised in 2018, non-financial information is described as “items related to the company’s financial position, management strategy, risks, governance and social/environmental issues (so-called ESG elements).” Therefore, stakeholders, including investors, tend to emphasize not only financial information but also the above-mentioned non-financial information as a viewpoint to judge whether or not a company is expected to grow stably over the long term. Based on these points, at first, we appreciate that you have expanded the Environmental Report 2019 into the CSR Report 2020 (hereinafter “this Report”) and have strengthened the disclosure of non-financial information. I read the Environmental Report 2019 last year, and I noted that this Report clearly enhances non-financial information on society (S) and governance (G).

Toward a Post-COVID-19 World

The Editorial Policy found at the beginning of this report states that the report covers the period from April 2019 to March 2020 and is published in August 2020 (with little time between), and what called my attention was that the Management Message and Featured Articles addressed that while prioritizing employee safety, the company views the change in the market as a new business opportunity and the management aims to coexist with the future post-COVID-19 society.

About Environmental Targets

I praise that the environmental goals for CO2, water, and waste, which are KPIs for environmental issues, are set not as a mere intensity target based on production volume or sales, but set by the reduction amount or absolute amount, to promote environmental management. However, it can be a challenge in the upcoming reports to discuss past changes in environmental performance as well as environmental targets, for example, for the next three to five years. Also, please consider disclosing information on CDP compatibility (for example, Scope 1, 2, 3) in a sequential manner.