Corporate Governance Policies

I. **General Provisions** [2.1, 3.1(i) (full disclosure\(^1\)), 3.1(ii) (full disclosure\(^1\))]*

1. Japan Display Inc. (the “Company”) shall make concerted efforts to realize the “Management Philosophy” in accordance with the Company “Slogan” and shall establish a “Code of Conduct” to actualize the Management Philosophy through activities in all areas.

2. The Company shall establish a “Basic Policy on Corporate Governance” to stipulate basic matters for corporate governance, in order to seek sustainable growth and increase corporate value based on the “Management Philosophy.”

**Management Philosophy**
To contribute to the realization of a prosperous society by delivering beauty and excitement to people all over the world through leading-edge technology.

**Slogan**
Let’s create new value via Live Interface

**Code of Conduct**
1. Creation: Being creation professionals
2. Challenge: Boldly grappling with change
3. Responsibility: Accomplishing with responsibility and tenacity
4. Speed: Aiming for top speed
5. Customer-centered: Planning and creating with customers
6. Fairness: Being open and fair
7. Harmony: Contributing to the global environment and society

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*Full disclosure" refers to "Principle 3.1 Full Disclosure" of Japan’s Corporate Governance Code (see here), which states: "In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed” under 3.1 (e.g., “company objectives,” “board policies and procedures” and so on.

*The section numbers of the corporate governance code are indicated in brackets [ ].
II. Securing the Rights and Equal Treatment of Shareholders [1]

The Company shall treat all shareholders equally according to the class and numbers of shares they hold, and, to fully secure the various rights held by shareholders, shall strive to develop an environment in which shareholders can enjoy proactive information disclosure from the Company and easily exercise their voting rights.

1. Operation of a General Meeting of Shareholders

(1) Early convocation notice of a general meeting of shareholders [1.2, 1.2.2]

The Company shall deliver a convocation notice of a general meeting of shareholders before the statutory delivery due date to give shareholders sufficient time to consider the agenda of the meeting.

(2) Information Disclosure [1.2, 1.2.1, 1.2.4]

The Company shall disclose the details of a convocation notice of a general meeting of shareholders on its website before formal delivery of the convocation notice.

With regard to the information deemed necessary for shareholders to exercise their rights at a general meeting of shareholders, the Company shall strive to provide information-rich convocation notices of a general meeting of shareholders, business reports, and other reference documents for the general meeting of the shareholders. The Company shall also post Earnings Reports, timely disclosures, Presentation Slides, and other information for shareholders and investors on the Company’s website, renew that information whenever necessary, and thereby endeavor to realize appropriate information disclosure.

Furthermore, the Company shall take steps to facilitate the exercise of voting rights by foreign shareholders mainly by posting a convocation notice of general meeting of shareholders and other information for shareholders and investors translated into English on the Company’s English-language website.

(3) Reducing the burdens on shareholders when they exercise their voting rights [1.1.3, 1.2, 1.2.1, 1.2.4, 1.2.3]

When scheduling its general meeting of shareholders, the Company shall avoid the so-called “concentrated dates” on which many companies hold their shareholders meetings.

The Company shall develop an infrastructure allowing electronic voting in order to enable all shareholders, including minority shareholders and foreign shareholders, to appropriately exercise their voting rights.

(4) Analysis of results of the exercise of voting rights [1.1.1]

The Company shall report to the Board of Directors on the voting results with regard to matters resolved at a general meeting of shareholders. When the Board of Directors deems there are considerable opposing votes in regard to an agenda matter, the Board of Directors shall analyze the reasons or causes for the opposing votes and consider a response.

(5) Exercise of voting rights by beneficial shareholders [1.2.5]

The Company deems that the voting rights to be exercised at a general meeting of shareholders may only be held by the persons registered or recorded in the Company’s register of shareholders, and accordingly shall not, in principle, allow beneficial shareholders such as institutional investors who hold shares in street name, such as a trust bank (shintaku ginko), to attend a general meeting of shareholders to exercise their voting rights or ask questions.

However, the Company shall monitor the status of requests from beneficial shareholders, the activities at trust banks, etc. and will as necessary deliberate on the treatment of the beneficial shareholders with regard to their attendance of the general meeting of shareholders.
2. Basic Strategy for Capital Policy [1.3, 1.6]

(1) The Company shall have as its basic policy the continuous and stable distribution of dividends when realized profit exceeds capital costs after setting aside the internal reserves necessary for future business development and a strengthened financial structure. To realize this basic policy, the Company shall set a target operating income ratio, EBITDA (earnings before interest, taxes, depreciation, and amortization), and ROE (return on equity) as management benchmarks, and disclose these specific benchmark values while also setting and disclosing benchmark values for return of value to shareholders.

(2) Regarding the implementation of a capital policy that will result in a change of control or large-scale dilution of shares, in order not to unfairly harm the interests of existing shareholders, the Company will thoroughly examine the necessity and rationality thereof; and ensure that appropriate procedures are taken, as well as provide shareholders with sufficient explanation.

3. Policy for Cross-Shareholding [1.4 (full disclosure²)]

In the interest of achieving sustainable growth and increased corporate value over the medium to long-term, the Company shall comprehensively evaluate the importance of its business strategy and its business relations with customers and suppliers, as well as other factors, and thereupon only hold the shares of other companies which it deems necessary.

(1) The Board of Directors shall conduct a regular examination of the medium to long-term economic rationale and outlook for major cross-shareholdings, taking into consideration both associated risks and returns. The Board of Directors shall provide detailed explanations of the objective and rationale behind the cross-shareholding that reflect the result of the aforesaid regular examination.

(2) With respect to cross-shareholding voting rights, the Company shall comprehensively consider whether the agenda at a general meeting of shareholders of the investee will be conducive to the investee’s sustainable growth and increased corporate value over the medium to long-term on the premise that this contributes to an increase in the corporate value of the Company, and thereupon shall appropriately exercise its voting rights.

4. Related Party Transactions [1.7 (full disclosure²)]

If a Director intends to make a transaction involving a conflict of interest, the Company shall submit a resolution concerning the transaction to the Board of Directors and report the results of any action taken by the Director pursuant to the Companies Act and the Regulations of the Board of Directors.

If the Company intends to make a transaction with a major shareholder (a shareholder who holds ten (10) percent or more of the Company's voting rights stock), it shall approve the transaction following prior examination of the size and importance of the transaction by the relevant Company department. With regard to significantly important contracts, the Company shall first obtain approval from the Board of Directors and then report the results of the transaction to the Board of Directors.

² See footnote 1 on page 1.
III. Relations with Stakeholders

The Company recognizes that its sustainable growth and increased corporate value over the medium to long-term require cooperation with all stakeholders, including shareholders, and therefore strives for appropriate cooperation.

1. Ethics

(1) The Company shall establish "JDI Ethics" as a specific set of rules which all officers and employees should comply with so that the entire Company Group, which includes the Company and its subsidiaries, can implement management procedures that comply with corporate ethics in addition to relevant laws and regulations, thereby promoting awareness of compliance among officers and employees. [2.2]

(2) The Company Group shall implement practical training concerning JDI Ethics as part of its compliance efforts, confirm the extent of awareness and understanding of JDI Ethics, and regularly provide a summary report of the results of the training and status of other types of compliance activities to the Board of Directors. [2.2.1]

2. The Company’s Efforts toward the Preservation of the Global Environment [2.3, 2.3.1]

In recognition that the preservation of the global environment is among the top priorities for humanity in common, the Company Group shall strive to become a company that values people and the environment and develops together with society by providing small-medium display products and services.

To that end, the Company shall establish an “Environmental Policy” and proactively endeavor to contribute to the reduction of environmental load by providing environment-friendly products and services and setting goals toward the prevention of global warming, including targeted reductions in its consumption of energy, water, and discharge of waste.

Additionally, the Company shall regularly report these efforts to the Board of Directors and disseminate them broadly outside the Company.

3. Utilizing Human Resources with Various Values [2.4]

In recognition that utilizing human resources with various values regardless of gender, nationality, or disability is a strength that supports its sustainable growth, the Company Group shall promote diversity of personnel and offer improved opportunities and environments to enable them to demonstrate their abilities.

4. Whistleblowing System

(1) The Company shall establish a Whistleblowing System in order to prevent and detect breaches of compliance at an early stage, improve the mobility of the self-purification process, and cure breaches of compliance in the Company Group, and thereby strive to ensure social trust in the Company Group. [2.5]

(2) If employees, etc. detect any breach of compliance or likelihood thereof, they shall hold a consultation and report the fact through the Whistleblowing System. The Company shall strive to imbue its employees, etc. with a sense of compliance.

In addition, the Company shall regularly report the operational status of the Whistleblowing System.
(3) The Company shall set a point of outside contact in addition to a point of in-house contact as contacts for the Whistleblowing System, and shall explicitly prohibit any disadvantageous treatment against a whistleblower according to internal regulations while taking due measures to protect whistleblowers by managing whistleblowing information as strictly confidential, etc. [2.5.1]
IV. Basic Policy on Information Disclosure [3, 3.1, 5, 5.1]

The Company recognizes information disclosure as one of its management responsibilities and shall proactively provide PR and IR activities with enhanced transparency and fairness in order to create and develop a relation of trust with all stakeholders, including shareholders and investors, customers, suppliers, and the regional community.

Further, in recognition that it is important to maintain active dialogue with shareholders at all times and reflect their opinions and requests in its management in order to promote sustainable growth and increased corporate value over the medium to long-term, the Company shall improve its IR structure, develop a place for dialogue with shareholders and institutional investors, and otherwise proactively respond to inquiries from shareholders and investors.

1. Formulation of the “Information Disclosure Policies” [3, 3.1.1, 5.1, 5.1.1, 5.1.2, 5.2]

   The Company shall establish the “Information Disclosure Policies” and, as a listed company, shall disclose corporate information important for investment decisions in an easy-to-understand, prompt, precise, and fair manner, while endeavoring to have shareholders and institutional investors further understand and appropriately evaluate the Company.

2. Disclosure of Business Plan, etc. [4.1.2]

   (1) The Company shall provide outlines of plans such as its medium-term business plan, annual management plan, business strategies, etc. through dialogue with shareholders and institutional investors and shall also disclose the same on its website, etc.

   (2) The Company shall regularly monitor and analyze the progress of business plans, etc. The Board of Directors shall regularly analyze and evaluate the degree of achievement thereof and reflect the results in formulating plans for the next fiscal year and beyond. The Company shall also endeavor to explain these developments clearly to shareholders and institutional investors through briefings on earnings and general meetings of shareholders, etc.
V. Corporate Governance System

1. Composition of Organs

(1) Overall outline of the corporate governance system [4]

The Company has the Board of Directors make decisions on important management issues and oversee business execution and has the Company Auditors and the Board of Company Auditors audit the status of business execution, etc. independently of the Board of Directors, as a company with Board of Company Auditors.

In order to make prompt decisions on business execution, the Company adopts an Executive Officers system and establishes a Management Committee chaired by the Representative Director and CEO as a decision-making organ for directing business execution at the Company.

Furthermore, to ensure management transparency, the Company establishes optional committees resolved by the Board of Directors, which deliberate and decide matters delegated by the Board of Directors.

(2) Responsibilities of the Board of Directors, Directors, Company Auditors and Executive Officers [1.1.2, 4.5, 4.13, 4.13.1]

The Board of Directors shall be responsible for enabling the Company to sustainably grow and maximize corporate value over the medium to long-term through the realization of efficient and effective corporate governance based on entrustment from shareholders.

Directors, Company Auditors and Executive Officers shall act in the interest of the Company and the common interests of its shareholders while securing the appropriate cooperation with stakeholders, so that the Company can achieve sustainable corporate growth and increased corporate value over the medium to long-term.

To that end, the Directors and Company Auditors shall receive information necessary to fulfill their responsibilities, request the Company to provide them with supplementary information, and request persons responsible for relevant departments to provide them with individual explanations, etc. as necessary.

2. Board of Directors

(1) Roles and responsibilities of the Board of Directors [4.1, 4.1.1 (full disclosure^2)]

a. The Board of Directors shall determine medium-term business plans, annual management plans, strategic business plans and other important matters in accordance with the provisions of relevant laws and regulations, Articles of Incorporation and Regulations of the Board of Directors. The Board of Directors shall conduct multifaceted and sufficient examinations of important matters and engage in constructive discussions conducive to the sustainable growth and medium-to-long term enhanced corporate value of the Company.

b. Matters concerning business execution not resolved by the Board of Directors are delegated to the Chairman and Representative Director, the President and Director and the Executive Officers elected by the Board of Directors, and each Executive Officer shall execute business in his or her responsible area under the oversight of the Chairman and Representative Director, the President and Director

(2) Composition and diversity of the Board of Directors [4.8 (full disclosure^3), 4.11, 4.11.1 (full disclosure^3)]

^2 See footnote 1 on page 1.

^3 See footnote 2 on page 1.
a. The number of Directors on the Board of Directors shall not exceed ten (10) and the Directors’ terms of office shall not exceed one (1) year (until the conclusion of the annual shareholders meeting for the last business year which ends within one (1) years from the time of their election), pursuant to the provisions of the Articles of Incorporation. The Board of Directors shall consist of members with diversified knowledge, experience and ability who can fulfill the obligations required of the Directors. Also, several Independent Outside Directors shall be appointed so that the views of corporate executives, persons of learning and skill and others with abundant experience and knowledge be adequately reflected in the determination of the Company’s business policies.

b. The Company Auditors shall include a person having appropriate expertise on finance and accounting. Pursuant to the provisions of the Articles of Incorporation, the number of the Company Auditors shall be three (3) or more and the Company auditors’ terms of office shall not exceed four (4) years (until the conclusion of the annual shareholders meeting for the last business year which ends within four (4) years from the time of their election). A majority of the Company Auditors shall be Outside Company Auditors.

(3) Appointment of candidates for Directors and Company Auditors [3.1 (iv) (full disclosure\textsuperscript{3}), 3.1(v) (full disclosure\textsuperscript{4}), 4.3.1, 4.11.2 (full disclosure\textsuperscript{4})]

a. When selecting candidates for the Board of Directors, the Nominating and Compensation Advisory Committee, which is half composed of Outside Directors, shall deliberate on the suitability of candidates and in particular evaluate candidates for Outside Directors with respect to professional independence and diversity. The Committee shall make decisions that are later ratified by resolution by the Board of Directors.

b. When selecting candidates for Company Auditors, the Board of Company Auditors shall ascertain the independence and special expertise of candidates and reach agreement on the suitability of candidates.

c. If Directors and Company Auditors of the Company concurrently serve as officers (Directors and Company Auditors) at listed companies other than the Company, they shall endeavor to limit their scope of concurrency to a reasonable extent, bearing in mind their own fiduciary responsibilities to shareholders. Concurrent important offices held by Directors and Company Auditors shall be disclosed in the business report and reference documents for the general meeting of the shareholders, etc.

d. Reasons for the election of each candidate for Director and Company Auditor shall be disclosed in the convening notice of general meeting of shareholders and on the Company’s website.

(4) Election and training of Executive Officers [3.1(iv) (full disclosure\textsuperscript{4}), 3.1(v) (full disclosure\textsuperscript{4}), 4.3.1]

a. When electing Executive Officers, the Nominating and Compensation Advisory Committee, which is half composed of Outside Directors, shall deliberate their appropriateness, recommend persons it deems to be appropriate as Executive Officers to the Board of Directors, and obtain approval from the Board of Directors.

b. An outline of the election of Executive Officers shall be disclosed on the Company’s website.

c. In order to train candidates eligible to become future Directors and Executive Officers, the Company shall establish a “Executives Training Course (Training for Next Generation Leaders),” hold it in a systematic way, and regularly report the status of training to the Nominating and Compensation Advisory Committee.

(5) Compensation for Directors and Executive Officers [3.1(iii) (full disclosure\textsuperscript{4}), 4.2, 4.3]

a. In order to enhance motivation toward improving corporate performance and corporate value over the medium to long-term, the Company shall set a performance-linked portion of compensation for
Directors (excluding Outside Directors) and Executive Officers to reflect the results of corporate performance and individual performance.

Compensation for Outside Directors shall be a fixed amount from the viewpoint of their roles and independency.

b. The Nominating and Compensation Advisory Committee, which is half composed of Outside Directors, shall deliberate and decide compensation for individual Directors (excluding Outside Directors) and Executive Officers based on performance evaluations for each half year and full year, in order to improve transparency and objectivity.

c. The individual compensation of Outside Directors shall be determined in an appropriate manner by the Nominating and Compensation Advisory Committee, which is half composed of Outside Directors, taking into consideration the difficulty in securing the services of talented professionals, time to be spent on service to the Company, the conditions of participation in committee activities and other factors. The Committee shall make efforts to foster transparency and objectivity in the decision-making process.

d. The Nominating and Compensation Advisory Committee, which is half composed of Outside Directors, shall deliberate and decide the policy by which the compensation of Executive Officers is determined in order to improve transparency and objectivity.

(6) Ensuring effectiveness [4.2, 4.11.3 (full disclosure4), 4-12]

a. The Board of Directors shall be receptive to issues presented from Outside Directors and strive to create an atmosphere that values free, open-minded, constructive discussions and exchanges of views.

b. If an Executive Officer proposes a matter to be resolved at the Board of Directors, the Board of Directors shall comprehensively and adequately study the contents proposed, make a reasonable decision, and assist in the execution of the proposal if it is approved.

c. The Company shall analyze and evaluate the effectiveness of the Board of Directors as a whole every year while referring to the self-evaluations of each Director, etc., and disclose an overview of the results.

3. Board of Company Auditors

(1) Roles and responsibilities of the Board of Company Auditors

a. Company Auditors and the Board of Company Auditors shall have the roles of and bear responsibility for the audit of the performance of Directors’ duties, the appointment and dismissal of the Independent Auditor, and the determination of auditor compensation decisions, from an independent and objective standpoint. [4.4]

b. The full-time Company Auditor shall grasp the status of the realization of corporate governance mainly by attending the Management Committee and other important meetings relating to business execution of the Company and collecting required information primarily through hearings with business departments, and shall share the information with the Outside Company Auditors at the Board of Company Auditors held once every month. Through these measures, the Company shall keep the functions of the Board of Company Auditors highly effective. [4.4.1, 4.13, 4.13.1]

c. The Board of Company Auditors shall establish standards for evaluating and electing an Independent Auditor and confirm that the Independent Auditor possesses the independence and expertise necessary to ensure appropriate audits. [3.2.1]

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4 See footnote 1 on page 1.
d. When selecting candidates for Company Auditors, the Board of Company Auditors shall ascertain the independence and special expertise of candidates and reach agreement on the suitability of candidates.

e. The Company and the Board of Company Auditors shall allow sufficient time for the performance of an appropriate audit and strive to enable the Independent Auditor to communicate with the Chairman and Representative Director, the President and Director and Executive Officers. Company Auditors, the Independent Auditor, and the internal audit department shall be mutually aware of important issues and closely cooperate on the performance of each audit.

Furthermore, the Company and the Board of Company Auditors shall strive to share information on the status of the audits with the Outside Directors and otherwise take due measures to provide a forum for cooperation with Outside Directors. [3.2.2(i)(ii)(iii), 4.4.1, 4.13.3]

4. Independent Auditor (Roles and responsibilities of Independent Auditor)

   (1) In recognition that the Independent Auditor assumes important roles for the realization of corporate governance by securing the appropriateness of financial statements, etc. through the performance of their duties, the Company and the Independent Auditor shall respond in cooperation toward the assurance of appropriate audits. [3.2]

   (2) If the Independent Auditor identifies any misconduct and requests proper responsive measures, and points out inadequacies or concerns, the financial department shall become the point of contact, the Chairman and Representative Director, the President and Director and Executive Officers or General Manager in each of the departments in charge shall respond thereto according to the level of importance, and additional audit procedures or otherwise appropriate responses shall be carried out, as necessary. [3.2.2 (iv)]

5. Effective Use of Independent Outside Directors

   (1) Roles of Independent Outside Directors [4.6, 4.7]

   a. Independent Outside Directors shall strive to enhance the transparency of the details of the decision-making at the Board of Directors and each committee and the performance of their duties based thereon, by overseeing the management of the Company Group from a standpoint unlikely to cause conflicts of interest with general shareholders.

   b. The Independent Outside Directors shall, based on their expertise and rich experience, oversee business execution by the Directors, provide advice on management policies and management plans, etc., and oversee conflict-of-interest transactions with Directors or major shareholders, etc.

   Some Independent Outside Directors shall, as members of the Nominating and Compensation Advisory Committee, take part in procedures for evaluating and electing Directors to ensure fairness and transparency.

   (2) Independence Standards [4.9 (full disclosure\(^5\)]

   The Company shall elect a person unlikely to cause conflicts of interest with general shareholders (specifically, a person who does not fall under the following) as an Independent Outside Director, from among persons who have been elected as Outside Directors and satisfy the requirements for Outside Directors set forth in the Companies Act.

   a. Any person whose major customer is the Company or another person who executes business under

\(^5\) See footnote 1 on page 1.
such a person

b. A major customer of the Company or a person who executes business at the major customer

c. A consultant, accounting professional, or legal professional who has earned considerable money or other property from the Company other than officer’s compensation

d. Any person to whom i, ii or iii below has recently applied.

e. A relative within the second degree of kinship of a person listed in any of the following (i) through (iii).

(i) Any person listed in a through d above

(ii) A person who executes business at a subsidiary of the Company

(iii) A Director of a subsidiary of the Company who does not execute business

6. Optional Committees [4.10, 4.10.1]

(1) In order to ensure prompt and decisive decision-making by the Chairman and Representative Director, the President and Director and Executive Officers, as well as management objectivity and transparency, the Company shall create a Nominating and Compensation Advisory Committee to serve as a voluntary advisory panel to the Board of Directors. The majority of members of this Committee shall be Outside Directors. The Committee shall deliberate and decide upon the selection of candidates for the Board of Directors, Executive Officers and other positions of senior responsibility and subsequently evaluate the business performance of those selected.

7. Support Structure

(1) Active Deliberations at the Board of Directors [4.12.1]

The Company shall make the following efforts in an attempt to make active deliberations at the Board of Directors.

a. The Board of Directors shall, in principle, be held once every month and shall be otherwise held at any time as necessary, in accordance with the provisions of laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors.

b. An annual schedule for the Board of Directors meetings shall be decided after the daily schedules of attendees are adjusted, together with the agendas expected to be deliberated.

c. Agenda items and the times of the Board of Directors meetings shall be appropriately adjusted in order to ensure sufficient time for deliberations.

d. Materials for the Board of Directors meetings shall be distributed and explained in advance. Supplementary information shall be provided and a person responsible for each department in charge shall provide individual explanations, as necessary.

(2) Cooperation between Directors and Company Auditors and Information Gathering [4.8.1, 4.8.2, 4.13, 4.13.1, 4.13.2, 4.13.3]

a. The Legal Department, a secretariat of the Board of Directors, shall gather required information and make necessary contacts and adjustments with the relevant departments so that the Outside Directors can fulfill their roles and responsibilities. If Outside Company Auditors need to gather information required for carrying out their roles and responsibilities, the full-time Company Auditors and the Legal Department shall respond thereto in close cooperation.

b. The Legal Department shall provide a substantive forum for exchanging information and developing a shared awareness from an independent and objective standpoint in response to
requests from Independent Outside Directors.

c. If the Board of Directors and Company Auditors incur expenses necessary for performing their duties, the Company shall promptly respond thereto.

(3) Initiatives at the Internal Audit Department [4.13.3]

The internal audit department shall report the results of an internal audit to the Chairman and Representative Director, the President and Director and ensure the effectiveness of the audit mainly by regularly sharing information with the full-time Company Auditors and holding meetings with Outside Company Auditors in attendance.


In order to ensure that the Directors and Company Auditors can appropriately fulfill their roles and responsibilities, the Company shall provide Outside Directors and Outside Company Auditors or other persons assuming the offices thereof from outside the Company with an overview of the Company, including its business operations, finances and organizational structure, upon their assumption of office. Regarding Directors and Company Auditors newly selected from within, the Company shall provide, upon request, explanations of the roles and responsibilities of the Directors and Company Auditors, laws and regulations, governance and finance.

In addition, the Company shall provide, as necessary and appropriate, Directors and Company Auditors with such opportunities as inspecting office functions, learning about new technologies and products, attending lectures by outside specialists and visiting independent training facilities.

Revised July 13, 2017 by approval of a resolution of the Board of Directors