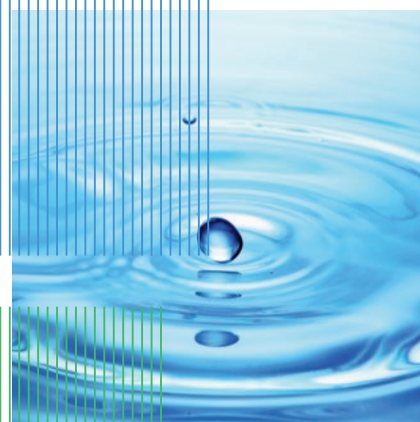




Japan Display Inc. Group

# CSR Report 2020



# Japan Display Inc. Group CSR Report 2020

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### 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, Environmental Promotion Section)

**Month Issued** August 2020

## Company Overview

<b>Company Name</b>	Japan Display Inc
<b>Business Start</b>	April 1, 2012
<b>Business</b>	Development, production and sale of small- and medium-sized display devices and related products

### Headquarters

Landic 2nd Bldg., 3-7-1, Nishi-shinbashi, Minato-ku, Tokyo, 105-0003, Japan

### Development and Design Sites

**Ebina R&D Center**  
Ebina Prime Tower, 2-9-50, Chuo, Ebina-shi, Kanagawa, 243-0432, Japan

### Production Lines by Plant

**Mobara Plant** 6th-generation LTPS  
**Ishikawa Plant** 4.5th-generation LTPS  
**Higashiura Plant** 3.5th-generation LTPS  
**Tottori Plant** 4th-generation a-Si  
 a-Si: Amorphous silicon TFT  
 LTPS: Low temperature poly silicon

### Manufacturing Sites



Mobara Plant



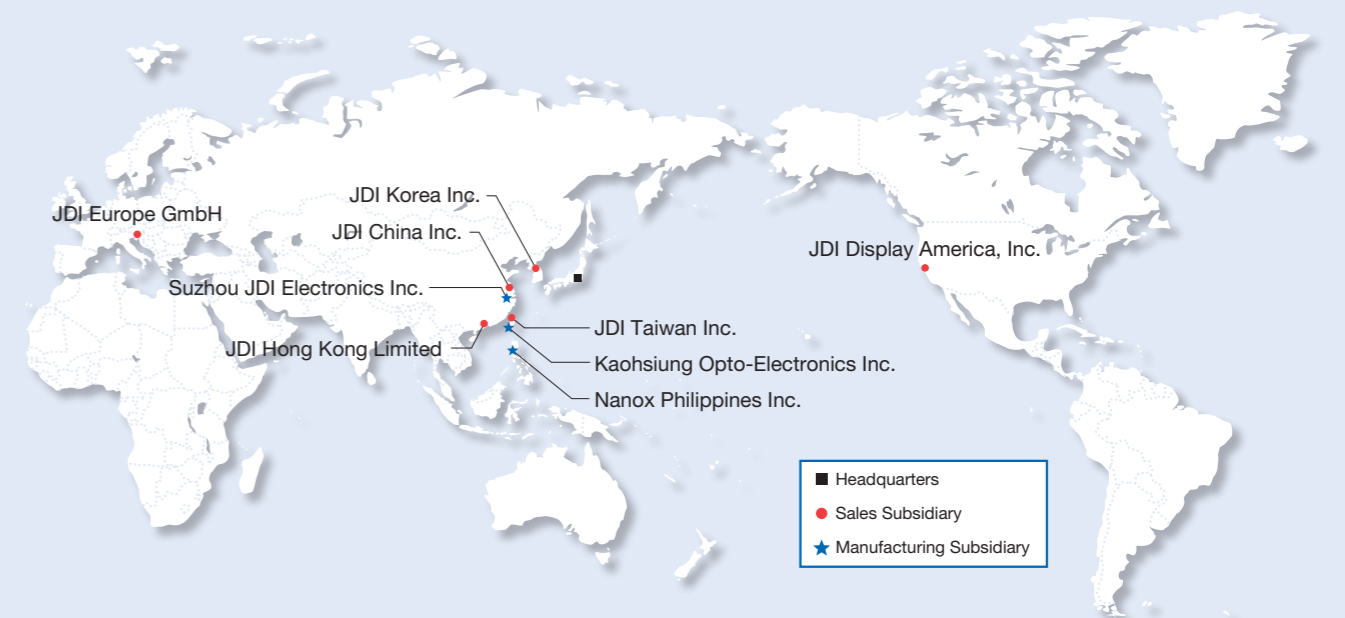
Ishikawa Plant



Higashiura Plant



Tottori Plant



## Global Network

### Overseas Sales Subsidiary

JDI Display America, Inc.	San Jose, CA, USA
JDI Europe GmbH	München, Germany
JDI China Inc.	Shanghai, PRC
JDI Hong Kong Limited	Kowloon, Hong Kong
JDI Taiwan Inc.	Taipei, Taiwan
JDI Korea Inc.	Seoul, Korea

### Overseas Manufacturing Subsidiary

Suzhou JDI Electronics Inc.	Suzhou, PRC
Nanox Philippines Inc.	Pampanga, Philippines
Kaohsiung Opto-Electronics Inc.	Kaohsiung, Taiwan

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 health care 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.



Representative Executive Officer, President and CEO

Minoru Kikuoka

**SUSTAINABLE DEVELOPMENT GOALS**

SDGs (Sustainable Development Goals) are international goals (17 goals and 169 targets) related to the environment and development that should be achieved by the world between 2016 and 2030. With the motto “Leave no one behind,” SDGs are not only for governments, local governments, non-governmental organizations, or non-profit organizations all over the world, but also for companies and individuals in order to maintain sustainable living and sustainable communities.

# 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.



# JDI's Interface Technology is Being Utilized in Various Fields

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.

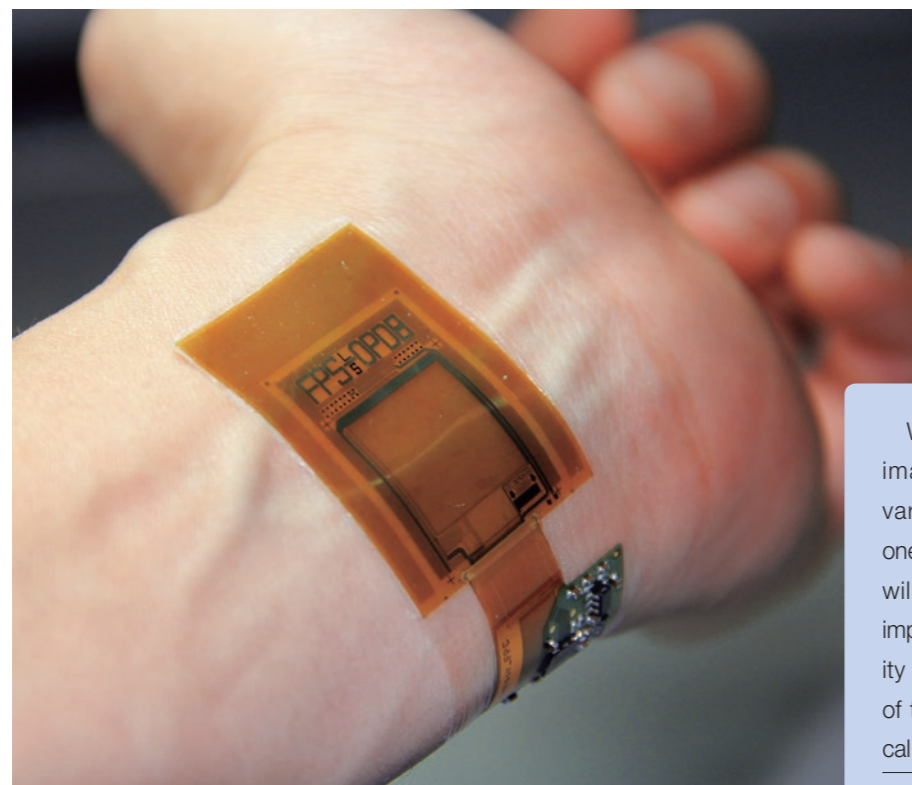


# Toward a Post-COVID-19 World



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.

## 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.

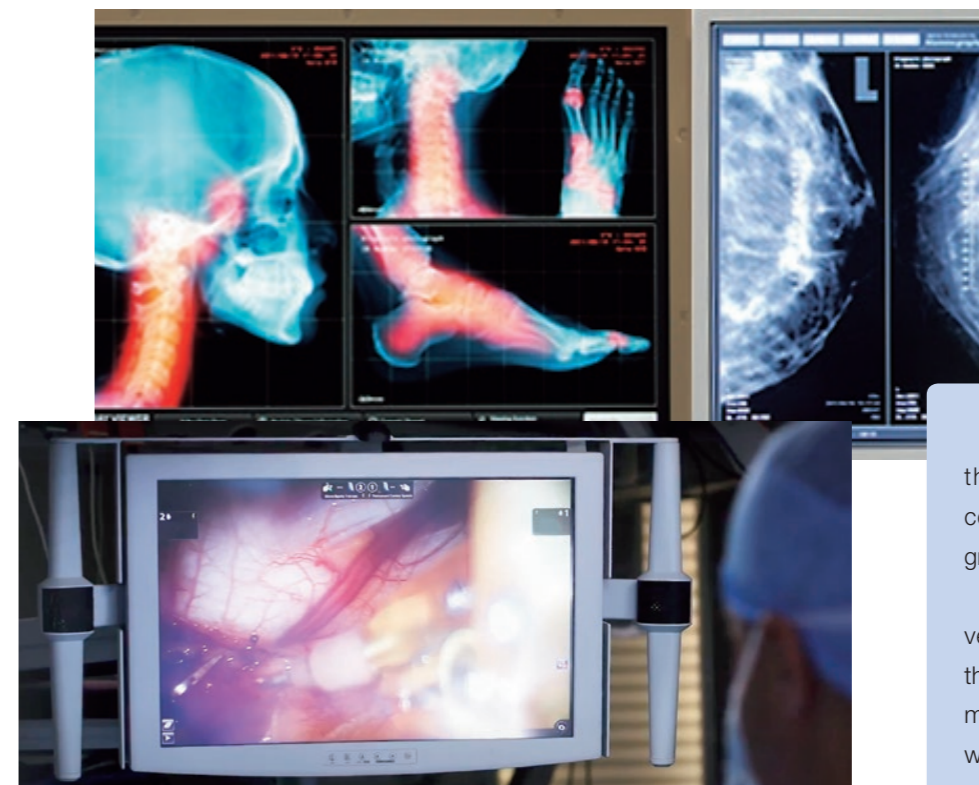
\*Nature Electronics volume 3, pages 113 – 121 (2020)

## 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.

## 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 what we've classified as "Society," "Customers and Business Partners," "Competitors," "Shareholders and Investors," "Individuals including Employees" and "Company and Company Assets" which includes: respect for human rights, maintaining and improving the workplace environment, efforts for global environmental protection, maintaining good relationships with the local community, not

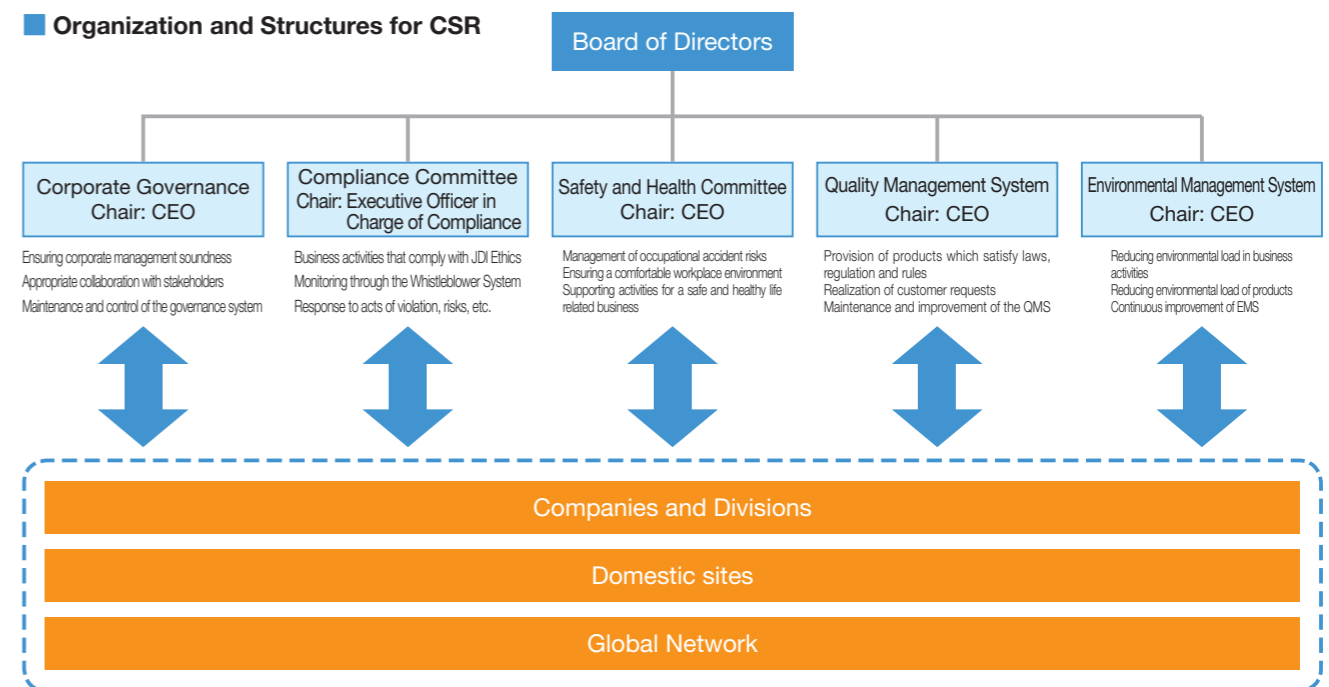
conducting inappropriate acts against socially-accepted norms, acting sincerely in accordance with sound public morals, as well as complying with all applicable laws, regulations, rules, and internal regulations, etc.

For CSR activities, the Company develops and promotes activities which serve as a guideline aligned with the "Seven Core Subjects" of ISO26000.

Based on the above policies, the Company is working on contributing to the achievement of an affluent global society, reducing the environmental load of the supply chain as a whole, and a wide range of other contributions to society including the local community, realizing efficiency and soundness through governance management, and aiming for sustainable growth as a company.

### Organization and Structures for CSR

JDI's CSR activities are being promoted under the umbrella of "Five Area-Specific Activity Systems" which widely cover the ISO26000 core subjects.



### ISO26000 Core subject

Activity Scope	Organizational Governance, Management System	Human Rights	Labor Practices, Safety and Health	The Environment	Fair Operating Practices, Ethics	Consumer Issues	Community Involvement and Development
Corporate Governance (Corporate Governance Policies)	●	●		●	●	●	●
Compliance Committee (Fundamental Policy for Compliance)	●	●	●	●	●	●	
Safety and Health Committee (Safety and Health Management System)	●		●				●
Environmental Management System (ISO14001)	●			●			
Quality Management System (ISO9001/IATF16949)	●					●	

### 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 trustful 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

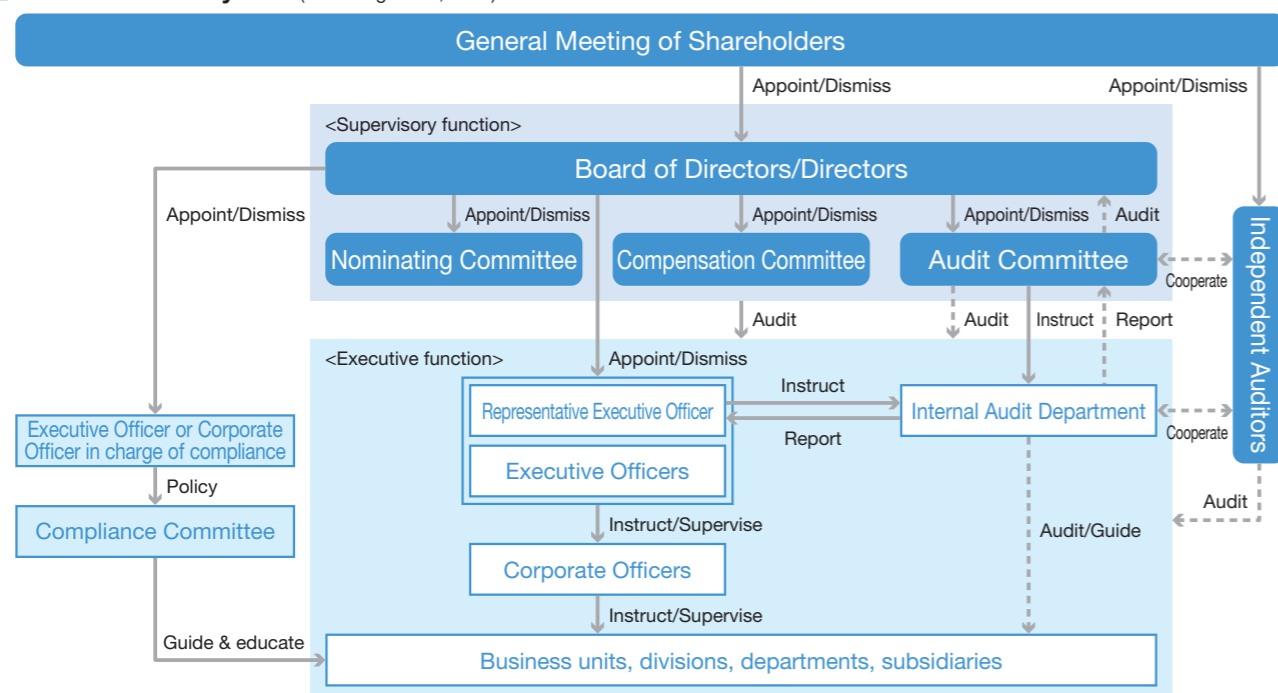
1. Japan Display Inc. (hereafter "the Company") seeks to achieve sustainable growth and increase its corporate value over the medium to long term through the practice of important corporate principles. In order to achieve these goals the Company has instituted a "Corporate Governance Basic Policy" that 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 shareholders, customers, employees and local communities, the Company is committed to further strengthening our Corporate Governance in accordance with the fundamental ideas listed below.
3. The Company ensures shareholdings rights and equality.
4. The Company cooperates appropriately with stakeholders other than shareholders.
5. The Company ensures transparency through appropriate information disclosure in compliance with laws and regulations as well as the provision of other corporate information.
6. As a company with committees including a nominating committee, etc., management supervision and business execution will be separated and based on fiduciary duty and accountability to shareholders. We will establish an execution system that allows us to operate our business swiftly. At the same time, we will ensure the effectiveness of the management supervisory function by a Board of Directors with a majority comprised of outside directors independent from the executive side.
7. The Company holds constructive dialogue with shareholders conducive to the sustainable growth of the Company and the enhancement of corporate value over the medium to long term.

## 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)



## 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 inculcate 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 chair-

person 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.

## Internal Control System

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 opera-

tion 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.

Normally, we identify and understand the risk factors through information sharing and reporting during daily business execution, and check the implementation status of measures, such as prevention measures, to minimize the impact. When creating business plans and med-term business plans, we analyze risks in the formulation process and incorporate countermeasures into the plans. In Business Continuity Planning (BCP), we incorporate risk management by anticipating scenarios such as natural disasters, public health emergencies, information security and accidents; identifying impacts with regard to customers, suppliers and other aspects of the company's supply chain; and taking advance measures to enable the minimization of impacts and the achievement of rapid recoveries.

### Eight Risk Categories





## 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.

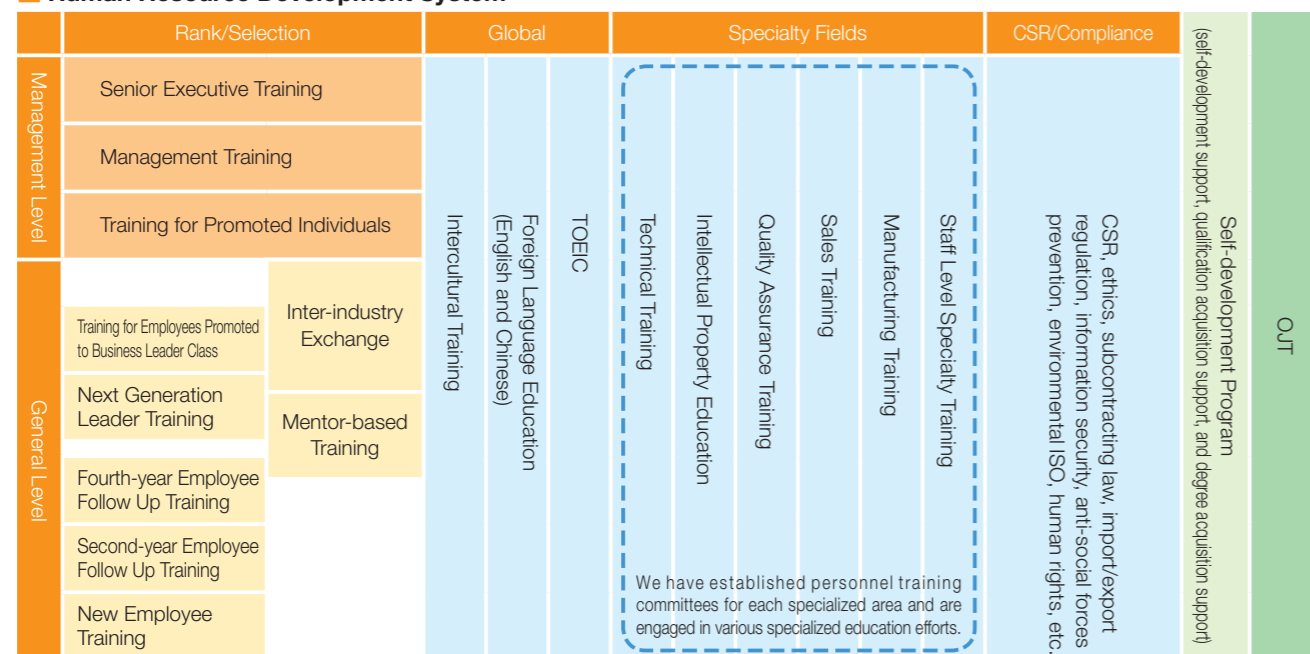
### Corporate Human Resource Development

#### 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 promoting 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.

#### Human Resource Development System



### 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 achieve results that exceed expectations through new ideas.

Based on the idea that the growth of each individual

employee leads to the growth of the company, we support the growth of employees by providing career development support for employees from various angles.

#### Objective Management



#### Object 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-awareness, 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.

#### Self-development Incentive Program

The company pays for some of the self-development costs.

Types of Support	Description
Qualification Acquisition Support Subsidy	Subsidy for employees who receives national or regular qualification acquisition education for self-development purposes.
School Subsidy	Subsidy for when an employee receives education at a school, such as a language school, for self-development purposes.
Distance Learning Subsidy	Subsidy for employees who take various distance learning courses (real estate broker course, social insurance consultant course, etc.) for self-development purposes.
Subsidy for Purchasing Self-development Books	Subsidy for employees to purchase books for self-development purposes, etc.
Company-recommended Education/Qualification Acquisition Subsidy	Subsidy for courses, distance learning, and qualification acquisition when recommended by the company.

#### Qualification Acquisition Incentive Program

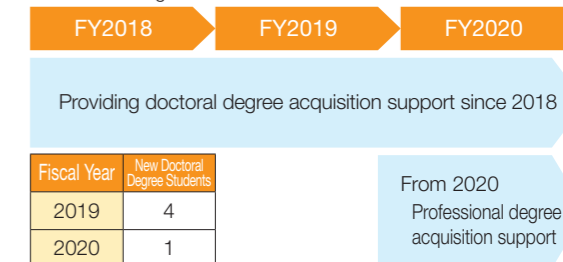
We support the acquisition of qualifications defined by the company and the Human Resources Development Committee/specialized subcommittees for the purpose of improving employee capabilities and promoting self-development.

Qualifications Newly Added in FY2020 (excerpt)

G Test (General)	Japan Deep Learning Association
E Certificate (Engineer)	Japan Deep Learning Association
Japan Statistical Society Certificate 1st Grade	Japanese Association for Promoting Quality Assurance in Statistics
ISO/IEC 17025 Internal Auditor	Various certification organizations
ESD Coordinator	Reliability Center for Electronic Components of Japan
Registered Information Security Specialist	Information-technology Promotion Agency, Japan (IPA)

#### 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.



### 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

<b>Work-Life Balance and Work-At-Home System</b> Employees can continue to work while caring for elderly relatives, raising their children, and while receiving medical treatment.	<b>Telecommuting (from home or satellite office)</b> We are realizing diverse and flexible work styles by improving work-life balance and productivity of employees.	<b>Joyful Holiday Program</b> We encourage employees to refresh themselves and recommend a work style that clearly separates work and private life (annual leave acquisition promotion program).	<b>Hourly Annual Leave Program</b> We realize a work-life balance for employees by creating more diverse and flexible work styles for employees.
<b>Other Support Program</b> <ul style="list-style-type: none"> <li>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.)</li> <li>Unlicensed Daycare Subsidy Program</li> <li>Extended Daycare Subsidy Program</li> <li>Return Entry Program(program for re-entering the company), etc.</li> </ul>			

## 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.

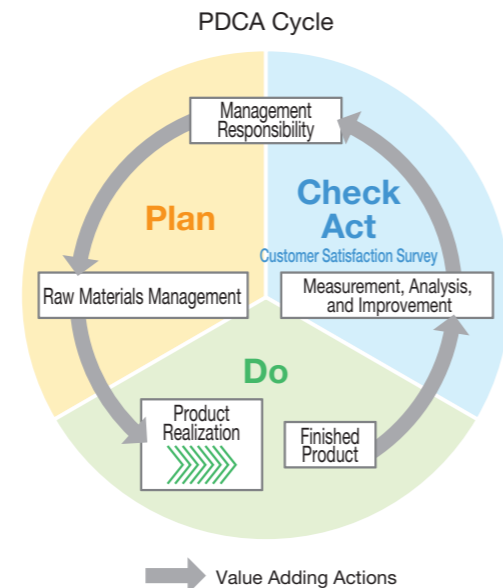
In addition, with the cooperation of our business partners, we are working toward the thorough management of chemical substances based on the Green Procurement Guideline and to avoid the use of conflict minerals, which could lead to human rights violations.

### 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 as we promote quality assurance activities.

In our quality management system, the PDCA (Plan, Do, Check, Action) 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.

#### Continuous Improvement of Our Quality Management System



### 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.



Product reliability testing lab Product durability evaluation



Advanced analysis techniques Physical analysis



Advanced analysis techniques Optical evaluation



Aging inspection during the manufacturing process

### 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 con-

tained 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.

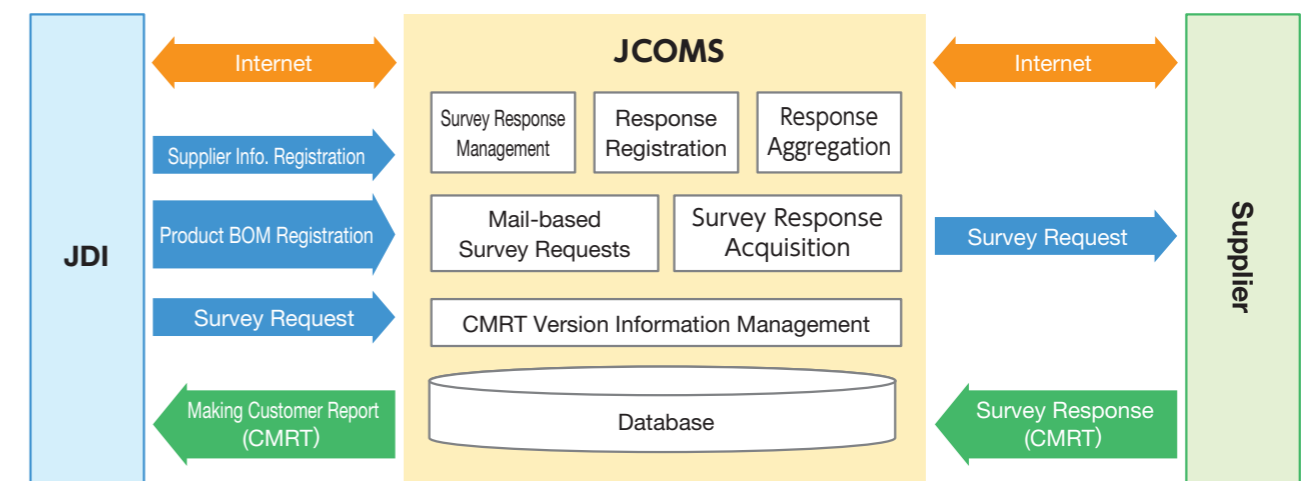
### Responsible Sourcing of Minerals

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)



## Activities Undertaken at Our Sites

By establishing and complying with JDI 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



Blood donation (Ishikawa Plant, Mobara Plant)



Holding class at neighboring nurseries (Ishikawa Plant)



Free distribution of humus (Tottori Plant)



Ichinomiya beach cleanup (Mobara Plant)



Clean up at Tottori sand dunes (Tottori Plant)



Kawakita Clean Campaign & Tedorigawa Cleanup Plan (Ishikawa Plant)



Shiba District Clean Campaign (Headquarters)



Tanabata Festival (Mobara Plant)



Kawakita Festival (Ishikawa Plant)



Shanshan Umbrella Festival (Tottori Plant)

### Occupational Safety and Health/Health Promotion Activities



Evacuation drill practice (Higashiura Plant, Mobara Plant)



Fire extinguisher drill practice (Mobara Plant)



Health Fair (Higashiura Plant)

### Interaction with Local Communities



Rice planting/harvesting (Higashiura Plant)



Factory tour for local students (Tottori Plant)



Factory tour for local students (Higashiura Plant)



Factory tour for local students (Ishikawa Plant)



### Welfare Contribution Activities



Pop-up Shop for products made at social welfare facilities (Tottori Plant)



### Contribution Activities at Overseas Sites



(KOE) Volunteer Activity

# 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

Recognizing that global environment conservation is one of the most important challenges for humanity, Japan Display Inc. Group aim to be a company that respects people and the environment, and contributes to a sustainable society.

### Basic policy

- We will continually improve its environmental management system and, taking the life cycles 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 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.

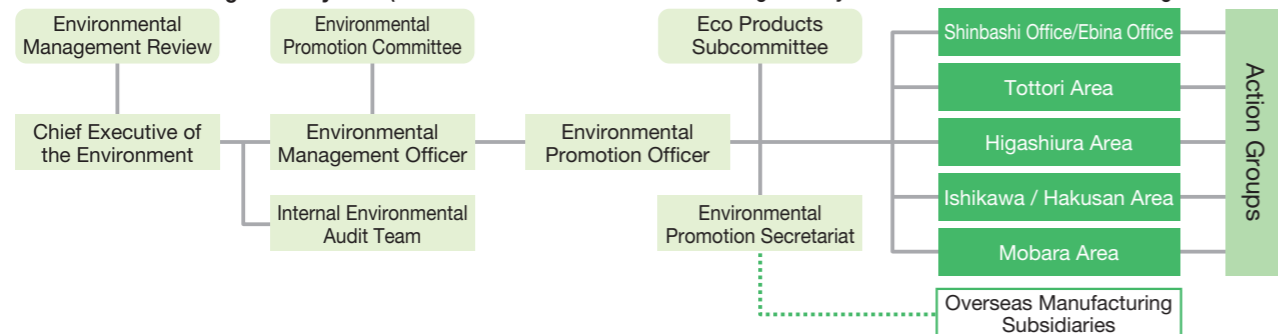
#### 3. We will work on activities for the conservation of biodiversity and environmental activities in local communities.

## 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 Shinbashi 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.

### Environmental Management System (Coordination between the domestic management system and the overseas manufacturing subsidiaries)



## 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 Activities and the Results

Items	Category	1st Quarter (April – June)	2nd Quarter (July – September)	3rd Quarter (October – December)	4th Quarter (January – March)
Environmental Management Review	Plan				○Environmental Management Review (Mar)
	Result				●Environmental Management Review (Mar 30)
Environmental Promotion Committee	Plan			○Environment Promotion Committee (Oct)	○Environment Promotion Committee (Mar)
	Result			●Environment Promotion Committee (Oct 11)	●Environment Promotion Committee (Mar 12)
Internal / external audits	Plan		○Internal audits (Jul-Aug)	○External assessment (Nov)	
	Result		●Internal audits (Jul-Aug)	●External assessment (Nov 14-Nov 15)	
Management Message	Plan	○Environment Month Message (Jun)			○Energy Conservation Month Message (Feb)
	Result	●Environment Month Message (Jun 3)			●Energy Conservation Month Message (Feb 3)
Confirm legal compliance/target progress	Plan	○FY2018 result (April)	○1st Quarter result (Jul)	○2nd Quarter result (Oct)	○3rd Quarter result (Jan)
	Result	●No issues with compliance activities Achieved environmental targets other than water related	●No issues with compliance activities Environmental targets achieved	●No issues with compliance activities Environmental targets achieved	●No issues with compliance activities Environmental targets achieved
Environmental education	Plan	○General environmental education (May-Jun) ○Auditor training (Apr-Jun) ○Auditor BU training (Jun-Jul)	○Product-related environmental education (Sept-Oct)		
	Result	●General environmental education (Jun) ●Auditor training (May-Jun) ●Auditor BU training (Jun-Jul)		●Product-related environmental education (Oct-Nov)	
External communication	Plan	○Update of environmental website (Apr)	○Publication of Environmental Report (Aug)	○Update of environmental website (Oct - Nov)	
	Result	●Update of Management Message (May 16)	●Publication of Environmental Report (Aug 30)	●Update of Environmental Report, etc. (Nov 5)	
Strengthening of governance at locations including overseas subsidiaries	Plan	○Business liaison meeting (Apr)	○Business liaison meeting (Jul) ○Product liaison meeting (Sep-Oct) ○Inspection (business environment)	○Business liaison meeting (Oct)	○Business liaison meeting (Jan) ○Product liaison meeting (Feb-Mar) ○Inspection (business environment)
	Result	●Business liaison meeting NXP (Apr 23), SE/KOE (Apr 24)	●Business liaison meeting NXP (Jul 24), SE/KOE (Jul 30) ●Product liaison meeting SE (Sept 10), KOE (Sept 11), NXP (Sept 18) ●Inspection stopped	●Business liaison meeting NXP (Oct 31), SE/KOE (Oct 31)	●Business liaison meeting NXP (Feb 6), SE/KOE (Feb 4) ●Product liaison meeting SE (Mar 5), KOE (Feb 26), NXP (Mar 4) ●Inspection stopped
Develop annual plan for next year	Plan				○Development of plan (Feb-Mar)
	Result				●Development of plan (Mar 30)

### FY2019 Environmental Plans and Results

No.	Action Items	Indicator	Target value	Actual value	Evaluation*	Overall Evaluation*
①	Reduction of emissions of energy-derived CO <sub>2</sub> <sup>1</sup>	Reduction amount (t-CO <sub>2</sub> )	5,739 or more	5,936	○	○
		Absolute amount (t-CO <sub>2</sub> )	457,081 or less	421,812	○	
②	Reduction of the total amount of water used <sup>2</sup>	Reduction amount (m <sup>3</sup> )	20,000 or more	23,000	○	○
		Absolute amount (m <sup>3</sup> )	16,246,000 or less	18,770,000	※ <sup>7</sup>	
③	Reduction of discharge amount of waste, etc. <sup>3</sup>	Reduction amount (t)	47 or more	145	○	○
		Absolute amount (t)	12,786 or less	15,371	※ <sup>8</sup>	
④	Thorough management of chemical substances and promotion of their reduction and substitution	No misapplication of chemical substances		Appropriate management	○	○
⑤	Implementation of biodiversity conservation activities and environment-related activities in the local community	Implemented as planned		Implemented as planned	○	○
⑥	Supply of Eco-products with the product life-cycle taken into consideration	Suitability of Eco-products <sup>4</sup> (excluding customer-originating)		100%	○	○
⑦	Confirmation of chemical substances contained in products in the development process	Appropriate management of judgment on contained chemical substances		Suitable	○	○
⑧	Promotion of the environmentally conscious procurement activities	Discussion of Green Procurement Guideline revision in light of legal and other considerations		Suitable	○	○

\*1: CO<sub>2</sub> emissions from electrical power are based on 0.476 t-CO<sub>2</sub>/MWh (the receiving-end CO<sub>2</sub> emissions basic unit for 2011 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.  
 \*2: Total amount of water used = amount of water received + amount of water recycled + amount of water reused (with optimal total amount of water used without waste, and with water received after recycling and reuse of water, as the aim).  
 \*3: Waste, etc. = General waste + Industrial waste + Valuables  
 \*4: Suitability of Eco-products = Number of Eco-products on-site / Number of products developed  
 \*5: "○" indicates that target was achieved.  
 \*6: The reduction amount is the main topic, the absolute amount is the sub topic, and the achievement of the main topic is indicated with "○".  
 \*7, 8: ※ Not Achieved (monitored items). The cause is thought to be the increase in production at the Mobara Plant (about 2.0 times the planned amount).

### Results of activities in FY2019

Sites	Initiative	Results of activities
Domestic sites	Environmental Targets	Targets are achieved in all topics.
	Compliance activities	No non-conformance in conformance evaluation.
	Internal audits	Measures for all 18 findings at all sites has been completed.
	External examinations	Measures for 6 findings has been completed (Headquarters, Tottori Plant, and Mobara Plant)
Global Network	Environmental Targets	Achievement of targets in all topics.
	Compliance activities	No non-conformance in conformance evaluation.
	Internal audits	Measures against findings at all sites has been completed.
	External examinations	Measures against findings at all sites has been completed (certifications are ongoing at all companies).

## Our Value Chain and Global Warming Prevention

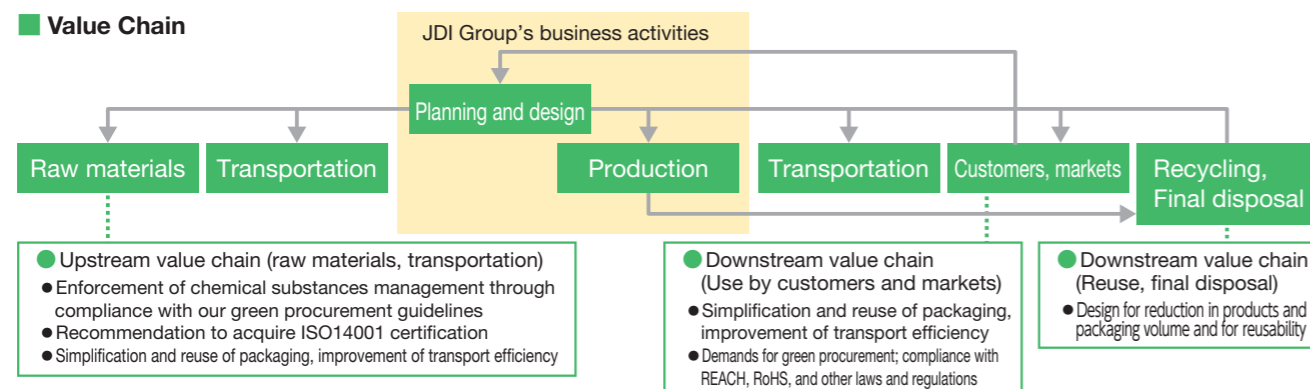
We are committed to our environmental initiatives, which is not limited to our own activities but extended to the value chain of the entire product life cycle.

Furthermore, we are making efforts to visualize energy and use renewable energy as measures to prevent global warming.

### 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.



### JDI'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 promote 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.) We 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 Mobarra plant, an artificial "Hotaru-gawa" creek and a "Koi-carp" pond were setup. Furthermore, the Ishikawa plant is home to the Sozo-no-Mori forest.

### Energy Visualization Efforts

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.

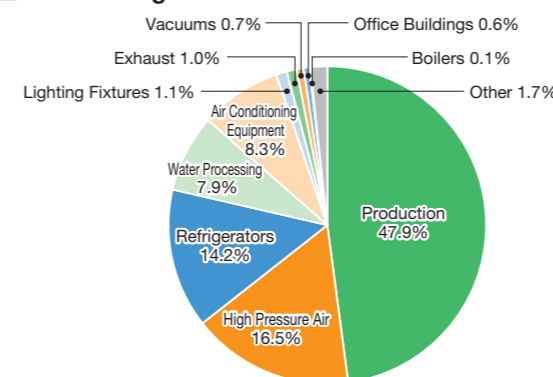
#### Mobarra Plant Energy Visualization Efforts

At the Mobarra Plant, we are using existing collected data to provide information to our intranet 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.

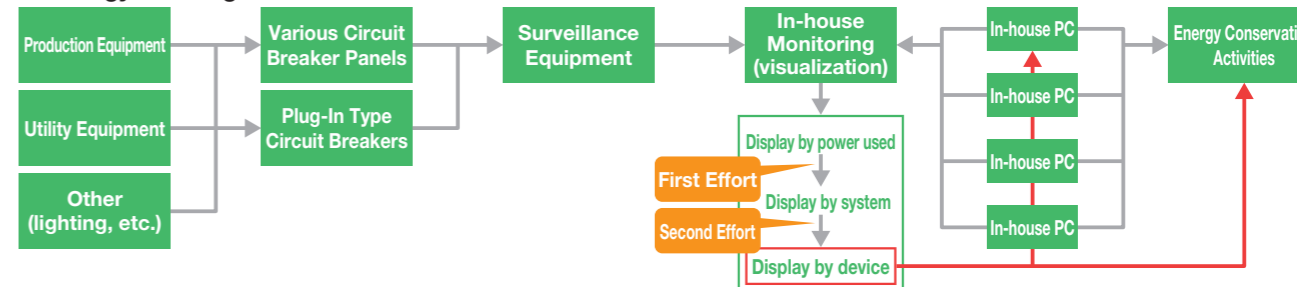
We have configured the settings so that production equipment and utility equipment power usage can be visualized and compared with daily, weekly, monthly, and yearly data, and now data for each major production device can also be displayed. Although it takes a lot of time and effort to configure the settings, we are proceeding with setting display conditions for data collection information and monitoring for visualization of energy so that it will be more interesting than ever before to the manufacturing floor. We are using it as a starting point to achieve both energy savings and cost reduction.

We are now able to check the power difference between the processing time and the standby time of the production equipment as well as check changes due to stops of each unit to determine the energy saving effect of the equipment in standby mode. The data obtained will also serve as a hint for energy-saving activities for low-load devices, and we would like to carry out daily maintenance and accelerate future energy-saving activities so that more device data can be provided. We would like to expand these efforts in-house and accelerate energy conservation activities throughout the entire Group.

#### 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 900 solar power generating panels).

The system generated 117 MWh of electricity in FY2019, contributing to the reduction of approximately 56 t-CO<sub>2</sub>.



Solar panels

## 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.

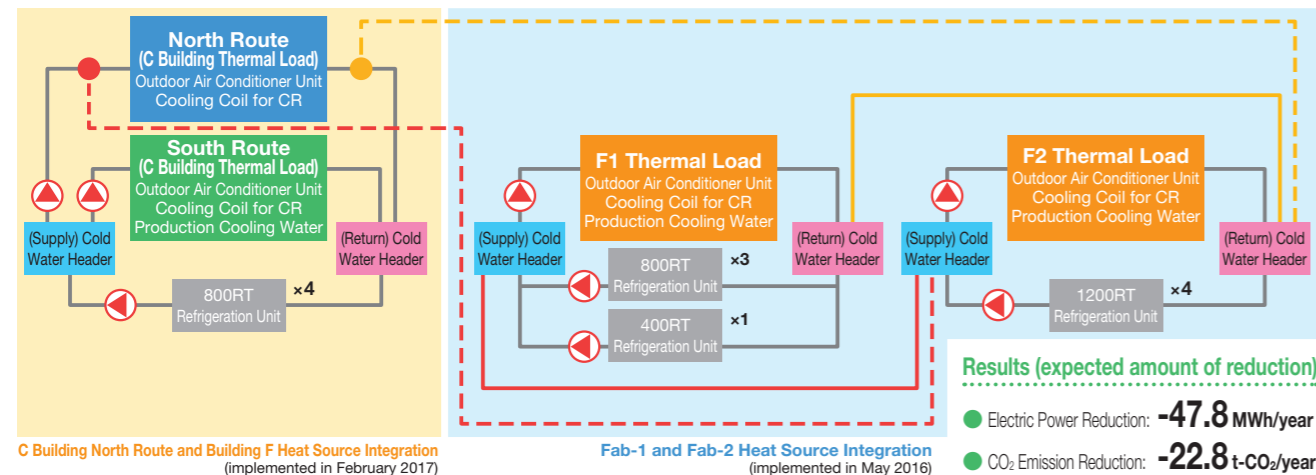
### Higashiura Plant

#### 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 refrigerator room were stopped for further energy conservation.

#### Content of Improvement



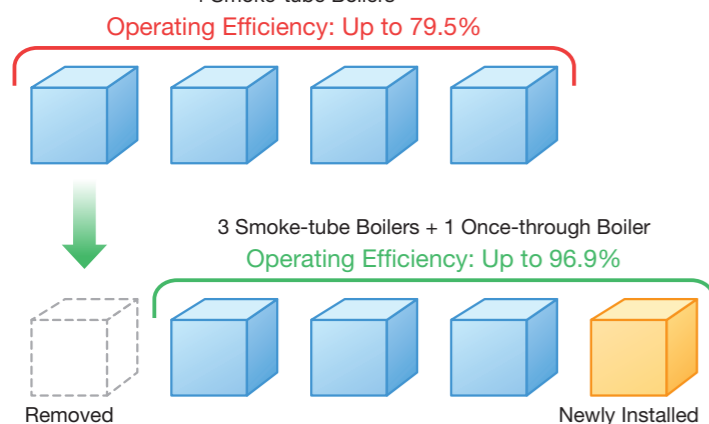
#### Higashiura Plant Energy Conservation Achieved Through Boiler Replacement

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 op-

erating efficiency and adjusted the operation with the existing smoke-tube boilers to reduce the amount of city gas used.

#### Content of Improvement



Smoke-tube Boiler → Once-through Boiler

#### Results (expected amount of reduction)

- City Gas Usage: **-197,677 m<sup>3</sup>/year**
- CO<sub>2</sub> Emission Reduction: **-422.6 t-CO<sub>2</sub>/year**

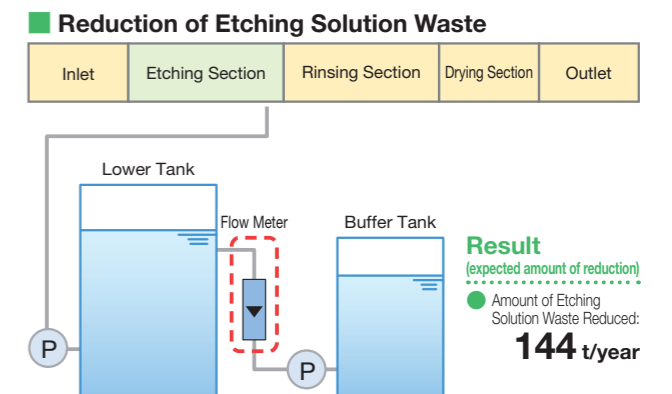
### Waste Management

#### 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.



Image of JDI's Standards checklist



Outside view of the plant



Storage tanks for flammable waste oil

Waste material storage area

Segregation and disposal

#### 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 out-source 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.



PCB waste storage

## 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.

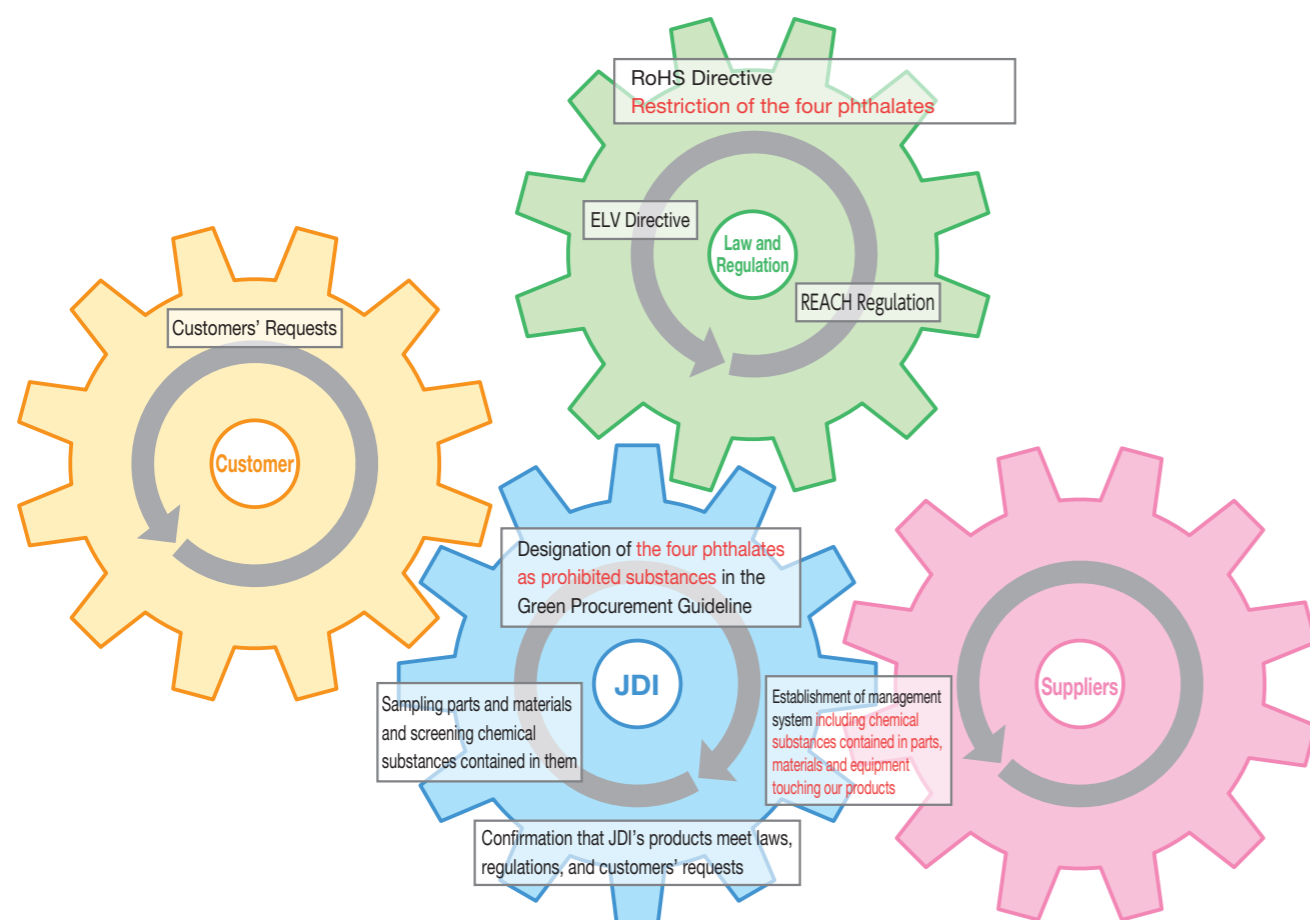
With the understanding and cooperation of our suppliers, we manage chemical substances contained in procured items such as parts and materials.

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.



### Management of Chemical Substances

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 Procure-

ment 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 promote 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 CO<sub>2</sub>, wastes, and so on.

An overview of this is shown in the figure below (covering all domestic plants + overseas manufacturing subsidi-

aries 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.

INPUT		FY2019	
Items		Japan	Overseas
Electricity (purchased power)	MWh	918,923	89,620
Electricity (solar power)	MWh	117	0
City gas	million m <sup>3</sup>	12.414	0.085
Heavy fuel oil	KL	2,076	2
LPG	t	4,496	14
LNG	t	468	0
Diesel oil	KL	0	18
Amount of water received	million m <sup>3</sup>	11.467	0.824
Amount of priority controlled chemical substances <sup>*1</sup> used	t	12,268	97

OUTPUT		FY2019	
Items		Japan	Overseas
Energy-derived CO <sub>2</sub> <sup>*2</sup>	t-CO <sub>2</sub>	437,000	23,000
Greenhouse gases <sup>*3</sup>	t-CO <sub>2</sub>	40,000	0
Wastewater	million m <sup>3</sup>	9.996	0.707
Amount of priority controlled chemical substances <sup>*1</sup> emitted	t	124	7 <sup>*4</sup>
Amount of industrial materials, etc. emitted (including valuables)	t	15,858	1,408
Industrial waste	t	10,178	388
Valuables	t	5,567	303
General waste	t	113	717

<sup>\*1</sup>: The priority controlled chemical substances refer to 38 substances selected as being subject to priority control efforts.  
<sup>\*2</sup>: The CO<sub>2</sub> emissions coefficient for electricity in Japan is 0.476 t-CO<sub>2</sub>/MWh (the receiving-end CO<sub>2</sub> 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 CO<sub>2</sub> emissions coefficients from electricity in other countries.  
<sup>\*3</sup>: Among substance covered in the Act on Promotion of Global Warming Countermeasures, we use the term "greenhouse gases" to refer to these seven substances: PFC (CF<sub>4</sub>, c-C<sub>2</sub>F<sub>6</sub>), HFC (CHF<sub>3</sub>, C<sub>2</sub>HF<sub>5</sub>), SF<sub>6</sub>, NF<sub>3</sub> and N<sub>2</sub>O. Emission factors of AR4 are used.  
<sup>\*4</sup>: 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/Activities Undertaken by Overseas Sites

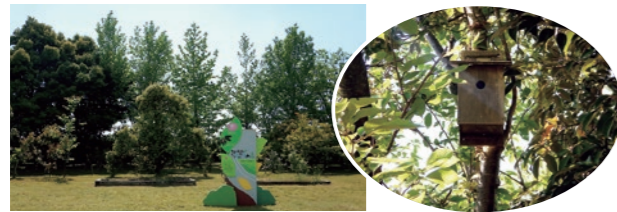
We work toward the conservation of ecosystems through greening activities at our business sites and nature restoration activities in the surrounding areas.

At the Ishikawa Plant, Mobara Plant, and overseas sites, we are conducting ecological conservation activities that take into account each region's unique characteristics, and are actively engaged in helping customers and residents of local communities to get acquainted with those activities. In addition, each Group company has its own environmental management system to promote environmental activities, such as reducing environmental load.

### 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 "sozo" means "imaginative power" and can also mean "creative power"). This was created as a space for enjoying the changing scenery in 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



new 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 (Mobara 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 by 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 CO<sub>2</sub>) and effectively using resources (reusing water resources and reducing 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	Hideki Matsuoka
Business content	Design, manufacture, and sale of LCD displays.
Sales	42.396 billion yen (2019)
Number of employees	2118 (Dec. 2019)



#### Measures to Reduce Overall VOC Emissions

KOE has increased the number of wet scrubbers from three to four as a measure to reduce VOC emissions from the production line exhaust system

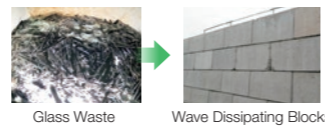


Installation of an additional VOC wet scrubber  
\*VOC: Volatile Organic Compounds

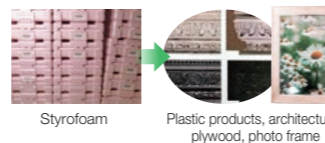
#### Reduction of Final Waste Product Volume

The company promotes recycling of glass waste (excluding liquid crystal materials) and Styrofoam waste

**Glass Waste: Reclamation → Reuse**



**Styrofoam: Incineration → Reuse**



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

Items	FY2019 Targets				FY2020 Targets	
	Details	Target	Result	Assessment	Details	Target
Adherence to environmental laws and accident prevention requirements	Reduction of fan motor (reducer) noise	75dB→64dB	60.5dB	○	Improvement of discharged water quality (COD value)	698mg/L→400mg/L
	Reduction of overall VOC emissions at all plants	0.3kg/h→0.26kg/h	0.24kg/h	○		
Promotion of the development of environmentally conscious products	Customer complaints about defects in hazardous substance-free (HSF) products	0	0	○	Customer complaints about defects in hazardous substance-free (HSF) products	0
	Defects found in the RoHS inspection of delivered parts	0	0	○	Defects found in the RoHS inspection of delivered parts	0

## Third-party Opinion



Representative, Sustainability Consulting  
Part-Time Instructor at Seikei University  
JRCA Lead Auditor, Environment (EMS-A20004)

Masatoshi Ikari

The following is a third-party opinion regarding Japan Display Group's CSR Report 2020.

### 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. Certainly, bio image sensors, hover sensors, and monitors for medical care applications are new business opportunities for your company and also correspond to CSV (Creating Shared Value). In next year's CSR Report, I expect to see not only the status of ensuring employee safety (for example, promotion of telework), but also more detailed information about risk management, reviewing and strengthening the supply chain as a BCP measure, and further business opportunities stated above.

### Seven ISO26000 Core Subjects and CSR Management

While many companies are promoting CSR activities in line with the seven ISO26000 core subjects, I noted that each core subject in this report had a table clearly showing what kind of system and management system JDI is promoting. From these tables, we can infer that the seven core subjects are being promoted within the company based on the PDCA cycle. The environmental information in this report is relatively substantial due to the history of regularly issuing environmental reports. In the future, however, I hope that disclosure of information on social issues (for example, as provided in "Toward a Post-COVID-19 World" section mentioned above) will be enhanced.

### Shift from an Environmentally Focused Value Chain to an Environmentally and Socially Focused Value Chain

In the ISO14001 environmental management system, the "life-cycle perspective" is sometimes emphasized, and the value chain for environmental issues is described. However, with the recent expansion of the Environmental Report into a CSR report, I recommend that next year's CSR Report address not only environmental issues but also social issues (for example, human rights issues caused by conflict minerals) are consider the value chain in terms of risks and opportunities.

### About Environmental Targets

I praise that the environmental goals for CO<sub>2</sub>, 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.





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