



Japan Display Inc.

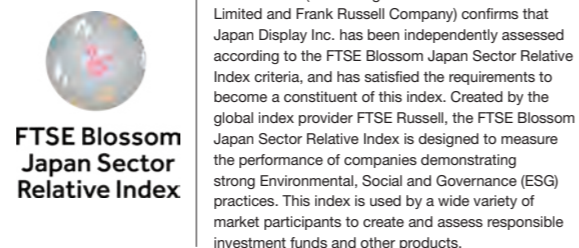
Sustainability Report 2022



Japan Display Inc. Sustainability Report 2022

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Editorial Policy

JDI believes in the importance of appropriate information disclosure and communication to JDI's stakeholders, and have compiled this report with the aim of communicating JDI's efforts to realize a sustainable society as clearly as possible.

If you have any comments or advice on the report, please access the following URL on JDI's website and contact JDI using the respective forms for future reference.

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
 Japan Display Inc. domestic sites and global subsidiaries

Reporting Period April 2021 – March 2022
 (Some activities are included outside the period covered.)

Reference Guideline
 Environmental Report Guidelines 2018

Supporting Initiative
 UN Global Compact

Publisher
 Japan Display Inc.
 (Responsible Department: Sustainability Department)

Date of issue August 2022

Company Profile

Company Name	Japan Display Inc.
Incorporated	April 1, 2012
Business	<ol style="list-style-type: none"> 1. Research, development, manufacture and sales of display devices and related products and parts. 2. Planning, research, development, design, manufacture, sales, maintenance, rental, leasing and providing related solution services of electrical equipment, electronic devices, software, etc. 3. Information collection services, information analysis services and information provision services including biometric information measurement using electronic technology. 4. Any and all operations incidental to each of the foregoing items.

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



Global subsidiaries

Global Sales Subsidiaries

JDI Display America, Inc. (JDIDA)	San Jose, CA, USA
JDI Europe GmbH (JDIE)	München, Germany
JDI China Inc. (JDIC)	Shanghai, PRC
JDI Hong Kong Limited (JDIHK)	Kowloon, Hong Kong
JDI Taiwan Inc. (JDIT)	Taipei, Taiwan
JDI Korea Inc. (JDIK)	Seoul, Korea

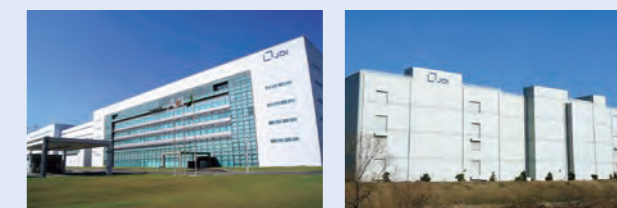
Production Lines by Plant

(as of date of issue)



Mobara Plant (JDI mfg. Campus)

Ishikawa Plant



Higashiura Plant

Tottori Plant

Global Manufacturing Subsidiaries

Suzhou JDI Electronics Inc. (SE)	Suzhou, PRC
Nanox Philippines Inc. (NXP)	Pampanga, Philippines

* The contents in () following the company name are abbreviations

Management Message

Under our new management structure, JDI has focused on improving financial performance, aggressively innovating in our businesses, and cultivating new businesses. These efforts have laid the foundation for our growth.

Although the continuing semiconductor shortage, rising inflation, and heightened geopolitical tensions have increased uncertainty in our business environment, I am confident that we will be able to overcome these challenges and drive sustainable growth for all of our stakeholders.

Proprietary Technologies Addressing Key Social Issues

In May 2022 JDI announced our METAGROWTH 2026 growth strategy, outlining our commitment to creating value for all stakeholders. We are working to use our proprietary technologies to create a better world for all.

We are committed to strengthening our technology leadership and using our Global No.1 groundbreaking technologies to best serve our customers.

Our technologies' superior environmental performance will both help tackle environmental issues and meet the goals of our environmentally conscious stakeholders.

Displays are a foundational technology for modern society. We are establishing unmatched competitive advantages to deliver value to our customers and society with the goal of becoming indispensable to both.

Strategic and Systematic Human Resource Development

We are working to address key social issues through our Global No.1 proprietary technologies. In pursuit of this goal we must use JDI's unique technological capabilities and think beyond displays and challenge ourselves to create new value for a better future. Critical to achieving this is the strategic and systematic development of our human resources.

Realizing a Virtuous Cycle of Environmental Protection and Business Growth

In our goal to continuously improve JDI's environmental activities, we have used the ISO14001:2015 Environmental Management System, paying careful attention to the alignment of the business plan and strategic direction with our overall environmental strategy.

Our incorporating of responses to survey items by the CDP creates space for further improvement. For example, starting this fiscal year JDI has expanded its disclosure of Scope 3 emissions to all relevant categories while also continuing disclosure efforts in the two fields of climate change and water security.

Complying with all laws and regulations, meeting the environmental needs of our customers and stakeholders, and preventing environmental disasters caused by the production or use of our products is critical to the continued existence of our business.

Regarding our products, we have implemented more environmentally friendly development processes both in design and chemical substance management to meet our customer needs and not fall afoul of regulations.

Environmental initiatives are incredibly important to us at JDI. We are committed to continuing to lower our environmental footprint and to further aligning our business with our environmental activities.

Towards Sustainability and Decarbonization

Efforts to reach carbon neutrality in the latter half of this century are accelerating worldwide. Japan has declared that it aims to achieve carbon neutrality by 2050 and has increased its 2030 target to a 46% reduction (relative to 2013 levels).

In recent years it has become increasingly common for non-financial information to be used to value companies and gauge their sustainability and therefore for companies to make TCFD-aligned climate disclosures.

As part of JDI's efforts to contribute to a sustainable society, we have committed to setting ambitious long-term decarbonization goals and making TCFD-aligned climate disclosures.

We are also working to assist in the realization of the SDGs.

Corporate Governance and Sound Business Practices

At JDI we believe that good corporate governance practices enhance corporate value.

JDI uses the "company with committees" governance structure where the supervisory and business execution functions are separated for both speedier decision-making and truly independent supervision.

To further improve compliance and strengthen JDI's internal controls, we are committed to continuing our regular internal training program and to making our internal reporting system easier to use.

We will always protect the human rights of our employees and contribute to our local communities, going beyond the scope of our normal business activities while strengthening our business practices to earn society's trust.

We appreciate your continuing support.



A handwritten signature in black ink, appearing to read "S. Callon".

Scott Callon
Chairman, CEO, & Representative Executive Officer

JDI for a Better World

JDI believes that with novel ideas and a limitless drive for better technology JDI can build a world where people can thrive. With JDI's wide range of products JDI can improve the lived experiences of people around the world.

Social Issues

- Deterioration of the Earth's Environment
- Lifestyle Diversification
- Aging Society with Fewer Children
- Natural Disasters
- Viral Pandemics
- Cyber Attacks

Business Areas

- AutoTech
- Healthcare
- Industrial
- PersonalTech



Realization of a Comfortable Society
JDI creates multisensory realities that transform into extraordinary moments.



Financial Capital

Total Assets JPY 258.3B
(As of March 31, 2022)

Human Capital

Number of Employees (Consolidated)
6,600
(As of March 31, 2022)

Our Purpose

Social Capital

Domestic Sites	
Production	4
Development and Design	1
Global Subsidiaries	
Production	2
Sales	6

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.

SUSTAINABLE DEVELOPMENT GOALS



JDI's Technologies' Broad Impact

JDI's technology has a wide range of applications, including telecommunications, transportation, healthcare, and education. It is used in products such as smartphones, cars (AutoTech), medical & healthcare devices, wearables, devices for the metaverse, industrial applications, and transparent displays.

JDI drives the development of displays as a core technology in modern society, in order to create sustainable customer and societal value which is an essential aspect for the advancement of worldwide communities. JDI's aims to strengthen competitiveness and foster business growth by responding to customer needs through superior price performance and outstanding technologies. JDI's Global No.1 technologies deliver comfort, safety, security, and convenience that will realize Society 5.0, which will offer both economic growth and solutions to social issues. JDI's technologies and services strike a balance between economic benefits and a decarbonized society with the hope of achieving a sustainable society.

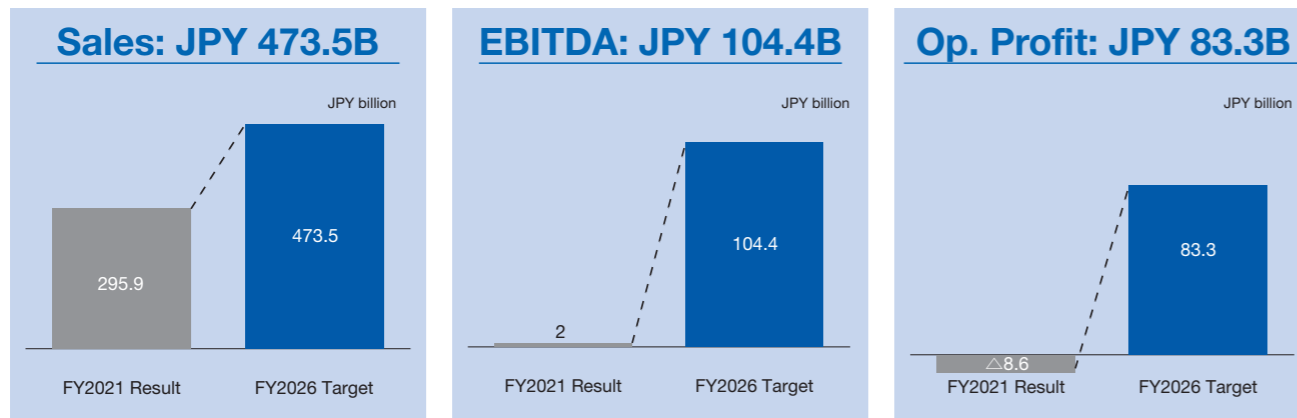


METAGROWTH 2026 Growth Strategy

JDI formulated METAGROWTH 2026 as a group-wide growth strategy aiming to create future value. The creation of customer and social value will help JDI not only to achieve JDI's mid-term management goals, but also tackle the issues faced by people and society. By providing "PersonalTech For A Better World", JDI strives to create advanced yet universal value to foster substantial future growth.

Financial Targets (KPIs)

JDI's management plan drives profitable growth by focusing on high-margin businesses where JDI has competitive advantages with the aim to achieve JPY 473.5B in sales, JPY 104.4B yen in earnings before interest taxes, depreciation, and amortization (EBITDA), and JPY 83.3B yen in operating profit by FY2026.



Core Strategy towards 2026



Displays are a foundational technology for modern society. JDI has unmatched technological capabilities to deliver customer & social value & improve people's lives.

The Core Strategy towards 2026 is based on the three following foundations: (1) JDI has regained technology leadership in the global display industry with its Global No. 1 proprietary technologies and will further expand its technology platform to dramatically increase customer & shareholder value. (2) To drastically increase profits and enable rapid growth through innovative technologies, JDI will establish new businesses, such as a sensor solution, healthcare and security business to achieve a drastic increase in profits and rapid growth through innovative technologies. (3) JDI will adhere to management that contributes to a sustainable society and work to solve environmental problems through the development of GreenTech technology with superior environmental performance.

These three foundations enable JDI to shift from a highly commoditized market with excessive competition to an environment where JDI can improve earnings and profitability with JDI's six proprietary growth drivers.

JDI's Six Proprietary Growth Drivers



1 eLEAP (NextGen OLED)

- High brightness, long life, high resolution and environment positive GreenTech
- Supporting a wide range of shapes & sizes

2 HMO (High Mobility Oxide)

- Backplane technology with ultra-low power consumption, high resolution, & large display size capability
- Foundational technology for G8 & G10 fabs

3 Metaverse (Ultra High Resolution)

- Unparalleled sense of reality & immersion
- High yields & outstanding quality

4 AutoTech

- EV-focused, integrated cockpit development
- HUD development driving safety improvements

5 Rælclear (Transparent Display)

- World's highest transparency
- Social contribution by enabling more interactive & inclusive communication

6 New Technologies, Products, and Businesses

- Expanded applications of JDI proprietary technologies
- New businesses that address important social needs

Transparent Displays : Realizing a Communication Barrier-Free World

Development Background

In recent years, society has been emphasizing greater diversity and the importance of communication for all people in all facets of life more than ever before. Generally, people communicate with one another using not only words (verbal communication) but also expressions, gestures, and other visual communication to help the speaker get across the point that they want to make.

On the other hand, people who are deaf or hard-of-hearing often communicate by reading lips or using sign language, but masks during the COVID-19 pandemic have made reading lips impossible and the number of people fluent in sign language is limited. This has created more obstacles in daily communication in every aspect of life.

Globalization has also increased the opportunity to communicate with others who do not share the same mother tongue, which makes it difficult to communicate as well.

As one means of alternative communication, some apps have begun to display text for words on smartphones and tablets, but this forces each person to look at the screen displaying the text, which breaks eye contact and prevents a person from picking up on the visual cues. Up until now, people who are deaf or hard-of-hearing have not had a communication tool that would allow them to read a person's spoken words and facial expressions easily at the same time.

Solving Social Issues with the Rælclear Transparent Display

To resolve this struggle in communicating, JDI developed “See-Through Captions” in collaboration with the Digital Nature Group, the University of Tsukuba Strategic Research Platform Towards Digital Nature^{*2/3}. This system places the Rælclear transparent display monitor between two people and uses voice-to-text technology^{*4} to display words of the speaker as text using a microphone to record and input audio into a computer or tablet, which is displayed on the Rælclear screen as a second monitor. These displays are highly transparent with information legible from both the front and back, which improves the resolution and the listening experience because people can watch the visual cues of the speaker while reading text during a conversation. Moreover, this system used with speech-to-text translation software enables multilingual face-to-face communication.



Features of the Rælclear Transparent Display

The Rælclear transparent display has the following features

Feature 1 As the world's most transparent display^{*5}, Rælclear allows people to see one another through the screen

Conventional liquid-crystal displays have a backlight behind the liquid-crystal display panel. These types of displays are therefore not conducive to use during face-to-face conversation. JDI's Rælclear transparent display monitors use proprietary technology to eliminate the need for both a backlight and polarization film and allow for the most transparent display in the world.



Feature 2 As text can be displayed on both sides of the display, conversation partners can confirm what was spoken

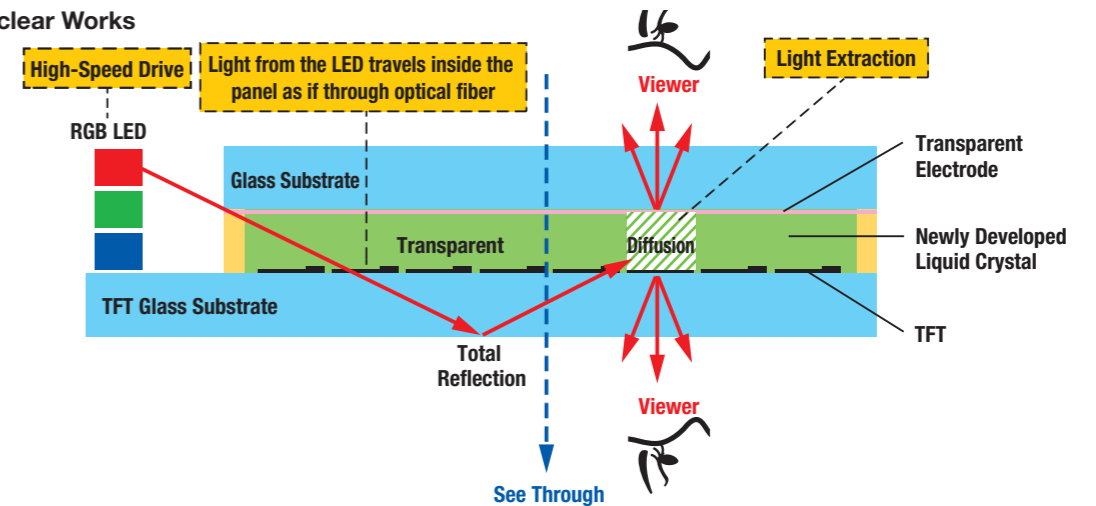
JDI's transparent display technology extracts (diffuses) light to pixels in all directions. This innovation eliminates the “viewing angle” dependency unique to liquid-crystal displays. This enables people to clearly view what is displayed from both sides of the screen and therefore aids in smooth conversation.

* Text viewed from the opposite side will be inverted so as to still be readable

Feature 3 Simple Design

The Rælclear transparent display monitor has an extremely simple design consisting of only an HDMI interface and power supply. It functions as a second display through connection via an AC adapter to a power supply and a computer via an HDMI cable. It weighs only 1.1kg (for the 12.3 inch model) and can therefore be conveniently carried.

How Rælclear Works



Application Examples of the Rælclear™ Transparent Display

The Rælclear transparent display monitor has already received many requests for trial installations from municipalities and other organizations and some have already started to use the technology. Visitors to these government offices have praised Rælclear for making it easier to understand staff members and for reducing the need to ask someone to repeat themselves. JDI worked together with Ichigo Asset Management, Ltd. To donate Rælclear transparent displays to Shirakawa City in Fukushima Prefecture on April 28th, Tsukubamirai City, Joso City, Moriya City, and Bando City in Ibaraki Prefecture on July 1st, and the Ukrainian Embassy in Tokyo on July 29th. JDI hopes that the Rælclear transparent displays paired with a speech-to-text translation system can break down the language barrier between the Ukrainian refugees and the people of the municipalities that have received them.



Rælclear Displaying Text



Two-way communication with real-time translation

Summary

The Rælclear transparent display monitor is not only useful for those who are deaf or hard-of-hearing but also for the elderly or those with whom there is a language barrier. JDI therefore believes that Rælclear can break down communication barriers for all people and contribute to SDG Goal 10.

JDI hopes the Rælclear transparent display will break down communication barriers for all people.

^{*1} “æ” in Rælclear is not an “a” and an “e” but is a phonetic symbol. Rælclear is a trademark of Japan Display Inc.

^{*2} See-Through Captions product page: <https://digitalnature.slis.tsukuba.ac.jp/2021/02/see-through-captions/>

^{*3} Kenta Yamamoto, Ippei Suzuki, Akihisa Shitara, and Yoichi Ochiai. 2021. See-Through Captions: Real-Time Captioning on Transparent Display for Deaf and Hard-of-Hearing People. In The 23rd International ACM SIGACCESS Conference on Computers and Accessibility (ASSETS '21). <https://doi.org/10.1145/3441852.3476551>

^{*4} Speech-to-text software, computers and/or tablets, and any other peripheral equipment is not included.

^{*5} Based on internal research

Signatory of the UN Global Compact

In recent years, as seen in the spread of SDGs (Sustainable Development Goals) and ESG (Environmental, Social, and Corporate Governance) investments, there is a strong demand for companies to fulfill their social responsibilities and contribute to solving social issues in order to realize a sustainable society.

Signatory of the UN Global Compact

As part of JDI's efforts to realize the SDGs, JDI has signed the United Nations Global Compact (UNGC) proposed by the United Nations and registered as a participating company as of August 2, 2021. At the same time, JDI joined the Global Compact Network Japan, which consists of Japanese companies and organizations that have signed the UNGC.

The UNGC is a global framework for companies and organizations to act as good members of society and achieve sustainable growth by demonstrating responsible and creative leadership.

UNGC signatories must:

- Engage in responsible business by integrating the ten principles of the UN Global Compact into JDI's strategy and execution.
- Take strategic actions emphasizing cooperation and innovation to move the world closer to achieving the SDGs and other broad societal goals.

JDI supports the ten UNGC principles* and contributes to the realization of a sustainable society.

The Ten Principles of the United Nations Global Compact



Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

SDGs Initiatives

Relationship Between JDI's Activities and the SDGs

JDI's purpose statement reads: "with fresh perspectives and advancing technologies, we work constantly to realize a world that is inspiring and free of stress." JDI believes this mission is strongly aligned with the overall goal of the SDGs.

Therein, JDI examined and extracted the most relevant of JDI initiatives for contribution to the SDGs and the 17 goals in light of 169 targets which embody the SDGs (figure below).

JDI will continue to use the SDGs as a guide for setting targets and for measuring the social value that JDI's business creates.

		1 No Poverty	2 Zero Hunger	3 Good Health and Well-being	4 Quality Education	5 Gender Equality	6 Clean Water and Sanitation	7 Affordable and Clean Energy	8 Decent Work and Economic Growth	9 Industry, Innovation and Infrastructure	10 Reduced Inequalities	11 Sustainable Cities and Communities	12 Responsible Consumption and Production	13 Climate Action	14 Life Below Water	15 Life on Land	16 Peace, Justice and Strong Institutions	17 Partnerships for the Goals	
Governance	Organizational Governance					5.1 5.5			8.5 8.7		10.2 10.3							16.5 17.16	17.16 17.17
	Human Rights and Labor Practices				4.4	5.1 5.4 5.5			8.5 8.7		10.2 10.3								
Society	Human Resource Development				4.4	5.1 5.5			8.5										
	Safety and Health			3.4 3.a															
	Quality Assurance												12.5						17.16
	Value Chain											11.6	12.2		14.1				17.7
Environment	Decarbonized Society							7.2 7.3		9.4				13.3					17.7
	Effective Water Use						6.3			9.4					14.1				
	Waste Management									9.4		11.6	12.5						
	Management of Chemical Substances												12.2 12.5						
	Ecosystem Conservation						6.3										15.b		
General	Informational Disclosure												12.6						

Items	Goal	Initiatives
Organizational Governance	5	Empower all women
	8	Respect basic human rights and strive for decent work for employees
	10	Build compliance and corporate governance systems
	16	Prevent improper accounting processes and strive for a strong institution
	17	Engage in management that considers the benefits of stakeholders
Human Rights and Labor Practices	4	Provide education, training, and human resource development programs
	5	Empower all women
Human Resource Development	8-10	Respect basic human rights and strive for decent work for employees
	4	Provide education, training, and human resource development programs
	5	Empower all women and promote work-life balance
Safety and Health	8	Realize comfortable working environments
	3	Promote employee health, well-being and stop-smoking measures
Quality Assurance	12	Promote waste loss (spoilage expense) reductions
	17	Forge partnerships in the supply chain and with suppliers and other third-party organizations and companies
Value Chain	11	Ensure proper air quality and waste management
	12	Engage in green procurement
	14	Participate in river and coastal cleanup efforts
	17	Collaborate with various groups

Items	Goal	Initiatives
Decarbonized Society	7	Enhance energy efficiency and adopt renewable energy sources
	9	Develop environmentally conscious products
	13	Take action to combat climate change
Effective Water Use	17	Collaborate with each company in the supply chain to take environmental action
	6	Prevent water pollution
Waste Management	9	Improve resource usage efficiency
	14	Manage wastewater and participate in river and coastal cleanup efforts
	11	Properly manage hazardous waste
Management of Chemical Substances	12	Properly manage input and output resources
	12	Engage in green procurement as well as manage input and output resources
Ecosystem Conservation	6	Prevent water pollution
	15	Preserve biodiversity and the ecosystem
Informational Disclosure	12	Regularly disclose data on sustainability in the Sustainability report

Sustainability Management

JDI acts in accordance with Our Behaviors to realize Our Purpose and Our Vision, and works 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.

JDI Sustainability Policy

Our mission is “With fresh perspectives and advancing technologies, we work constantly to realize a world that is inspiring and free of stress.” JDI believes that people, society, and the world being healthy is fundamental to JDI’s mission.

1 Compliance with JDI Ethics

JDI has established a code of ethics, JDI Ethics, and seek compliance to it from all employees in order to ensure ethical management and support people, society, and the world being healthy. JDI Ethics is the foundation for all of JDI’s activities. JDI Ethics calls for respecting human rights, maintaining and improving the workplace environment, working for global environmental protection, maintaining good relationships with local communities, avoiding actions that are inappropriate and in conflict with socially-accepted norms, and acting sincerely in accordance with sound public morals.

2 Co-Existence and Co-Creation with All Stakeholders

JDI strives to co-create social value and maintain good relationships with all stakeholders, including society broadly, customers and business partners, competitors, shareholders and investors, and employees.

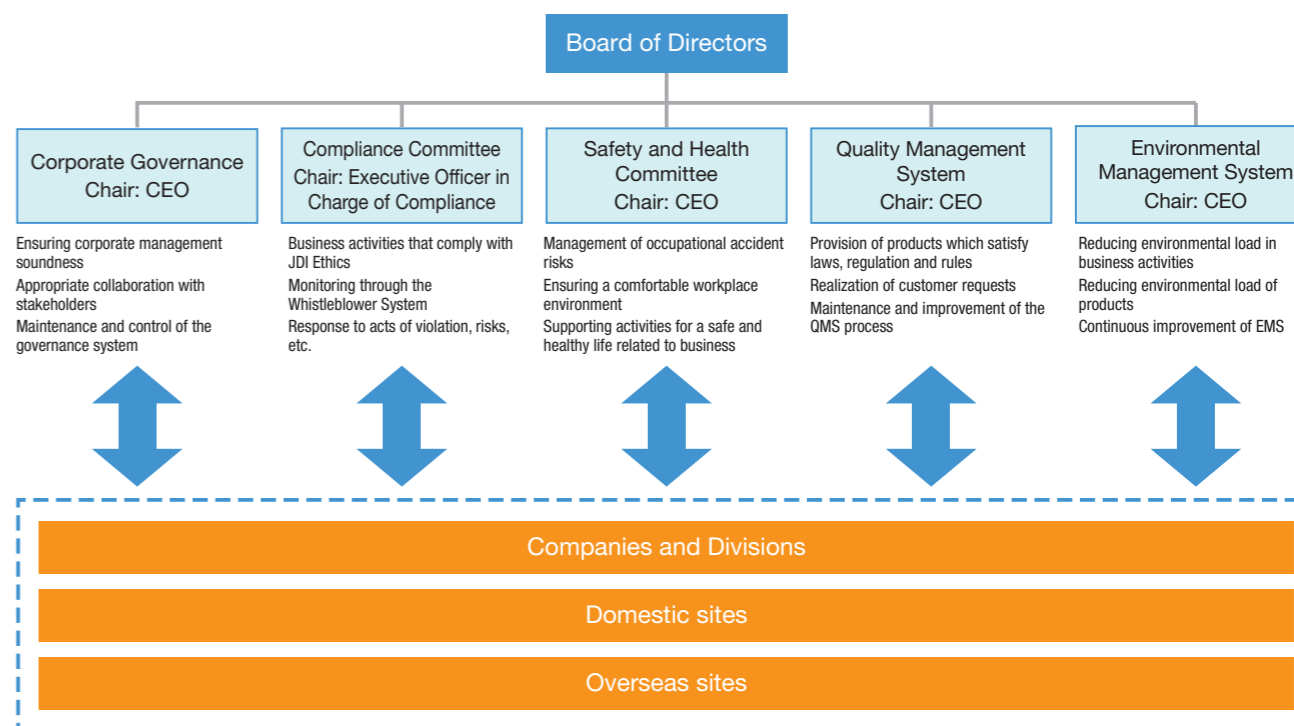
3 Sustainable Growth

Based on the above policies, JDI works to generate sustainable growth as a company by contributing to the achievement of fully-realized and prosperous societies, reducing the environmental load across the supply chain, supporting the success of local communities and society, and carrying out effective governance.

Organization and Structures for Sustainability

JDI’s sustainability activities are promoted as a “five-field activity system” that broadly covers the core subjects of ISO 26000.

Organization and Structures for Sustainability



ISO26000 Core subject

Activities by Field	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)	●		●				●
Quality Management System (ISO 9001/IATF 16949)	●					●	
Environmental Management System (ISO 14001)	●			●			●

Relationships with JDI's Stakeholders

JDI’s business activities are based on relationships with various stakeholders. JDI considers major stakeholders to be customers, business partners, employees, shareholders, and local communities. JDI believes that it is important to establish mutual understanding and trustful relationships with stakeholders in order to have business continuity and development.

- **Customer** JDI communicates closely with customers and share business results and business activity information with them.
- **Suppliers** JDI asks suppliers to learn JDI’s sustainability promotion policies and verify their progress in implementing those policies.
- **Employees** JDI shares business results and business activity information with employees.
- **Shareholders/Investors** JDI promotes constructive dialogue by holding quarterly financial results briefings and interviews with domestic and foreign institutional investors and securities analysts.
- **Local Communities** JDI communicates with local communities through social contribution and other activities.

Corporate Governance

JDI believes that enhancing corporate governance will lead to better corporate soundness, transparency, and corporate value. JDI is building a system and developing various systems based on the principles of Japan's Corporate Governance Code established by the Tokyo Stock Exchange.

Basic Policy View

- JDI strives to achieve the goals of sustainable growth and increasing corporate value over the medium to long term by practicing important corporate principles. In order to achieve these goals JDI 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.
- In order to have a transparent, fair, rapid and decisive decision-making process that serves the interest of shareholders, customers, employees and local communities, JDI is continuously committed to further strengthening its Corporate Governance in accordance with the fundamental concepts.

- JDI ensures shareholders' rights and equality.
- JDI cooperates by all appropriate means with stakeholders
- JDI ensures transparency through appropriate information disclosure in compliance with laws and regulations as well as the provision of other corporate information.
- As a company with a Three Committees (Nomination, Compensation, Audit) governance structure, JDI separates supervision and the operation of business execution, establishes an execution system that enables swift business operations based on its fiduciary responsibility and accountability to shareholders, and ensures the effectiveness of the supervision function by the Board of Directors, which is comprised of a majority of outside directors.
- JDI holds constructive dialogue with shareholders conducive to the sustainable growth of JDI and the enhancement of corporate value over the medium to long term.

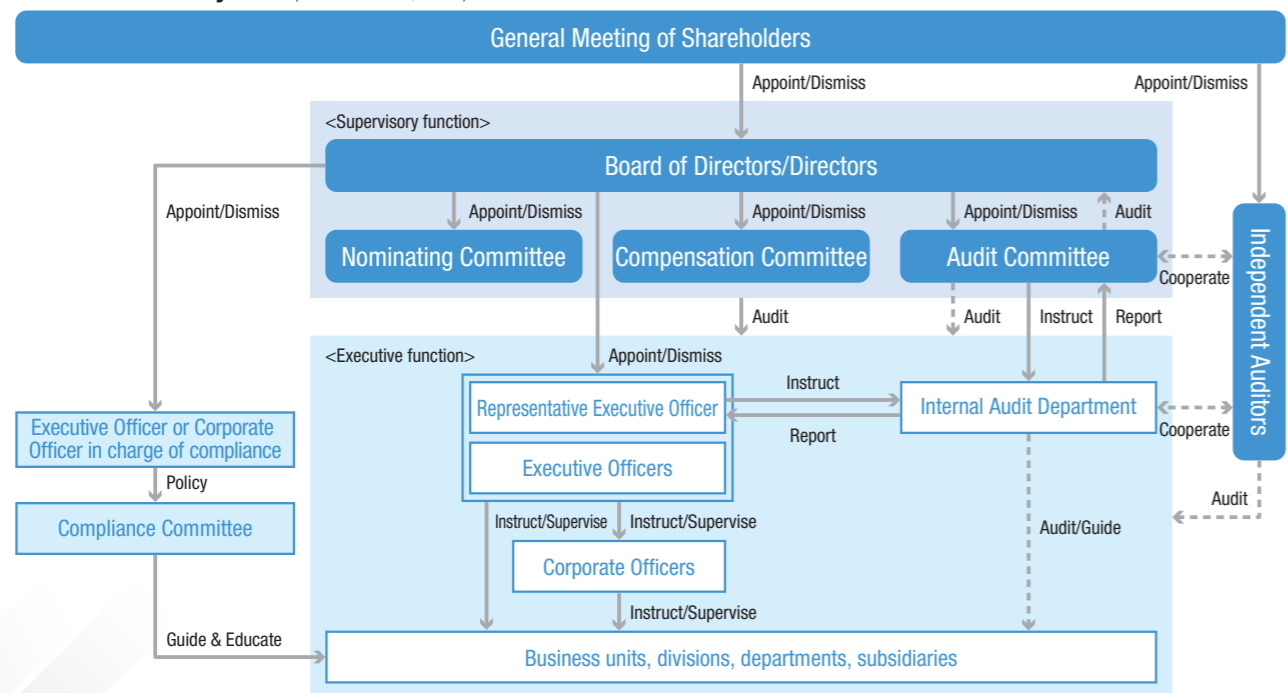
Corporate Governance System

JDI is a company with a Three Committees governance structure as set forth in the Companies Act of Japan. Under this structure, the functions of management supervision and business execution are separated in order to establish an operating system that enables the swift conduct of business and ensures the effectiveness of management supervision. The Board of Directors, which is comprised of a majority of outside directors, performs highly effective supervision of the management of JDI by utilizing a Nomination Committee, a

Compensation Committee and an Audit Committee, and is also responsible for creating and maintaining a highly effective system of management supervision that is robust and transparent. The Board of Directors decides on basic management policies and other important matters, and delegates the authority to execute business in regard to matters other than those stipulated by laws and regulations, the Articles of Incorporation and the rules of the Board of Directors of JDI to Executive Officers, after clarifying the scope of their responsibilities.

Internal Control System (As of June 25, 2022)

← -- Audit Function



Compliance

In accordance with the Fundamental Policy for Compliance, JDI 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

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

Internal Control System

JDI has an Internal Control System for the purpose of ensuring appropriate business operations. The creation of this System was begun immediately following the commencement of business to achieve sound and efficient organizational management. The development of the basic policy concerning the maintenance and

operation of the Internal Control System (Basic Policy on the Internal Control System) was completed in June 2012. Since then, the Basic Policy and the Internal Control System have been in use but with partial modifications based on legal revisions and organizational changes.

Risk Management System

JDI has identified 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, and has tasked each department of JDI to perform assessments of assumed risks in regard to their probability of occurrence and their impact if they were to occur, study and formulate countermeasures for risks which are above normal levels of concern, and implement countermeasures within the department following a Group management review. Each year JDI reviews the list and the content of risk assessment (setting of the degree of significance). In addition, JDI has established the necessary rules and systems to prevent risks and minimize the effects in cases of occurrence. In general, risk factors are detected and understood

through information sharing and reporting during daily execution of business, and the implementation status of measures to minimize the impact of these factors, such as prevention policies, is confirmed. When formulating a annual business plan or a medium-term business plan, JDI analyzes risks in the formulation process and incorporate countermeasures into the plans. Furthermore, in Business Continuity Planning (BCP), possible risk situations (natural disasters, illness, damage related to an information security mishap, accidents, etc.) that may affect customers, client suppliers or the supply chain and the degree of impact if a disaster situation occurs are estimated. Proactive measures and preparations to minimize the impact of any disaster are taken to enable early recovery from the disaster.

Eight Risk Categories



Together with Our Employees

JDI aims to address the problems faced by people and society through Global No.1 technologies that transcend the boundaries of displays. JDI must endeavor to think outside of the box to create game-changing technologies that will drive the world forward. Critical to this is the strategic and systematic development of JDI's employees.

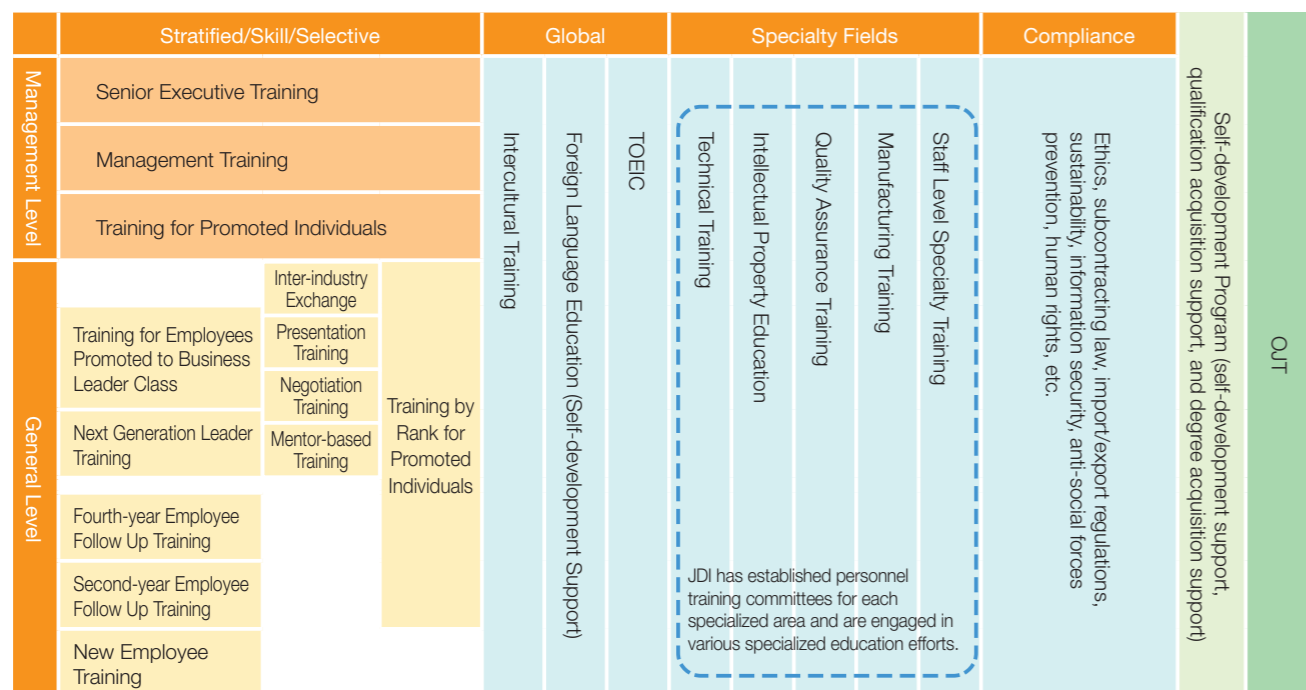
Corporate Human Resource Development

Human Resource Development System

JDI established the Human Resource Development Committee for promoting and developing the abilities of each employee by providing systematic and effective education and training. Within the Human Resource Development Committee, JDI has established

subcommittees for each specialized field to strengthen the educational program. The training areas are categorized into categories such as specialized fields, including rank/selection, global and 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 JDI's business to build a world where people can thrive, JDI needs each individual employee to be motivated to take on new challenges and aspire to use new ideas to exceed expectations.

JDI believes that the growth of each individual employee directly leads to the growth of the company as a whole. JDI therefore supports the career development of employees in various ways.

Management by Objectives



Management by Objectives

JDI is implementing Management by Objectives at the individual level to improve communication with superiors, support employee capability development, and improve business execution.

Career Review System

JDI has 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 employees.

Self-development Program

JDI provides various self-development programs in order for all employees to have educational opportunities and to actively support employees who are always willing to learn. The self-development subsidy system has supported the independent development of skills by putting in place an environment responding to a wide

range of employee needs, such as various school and distance learning programs as well as self-improvement books. Qualification acquisition support has helped employees in acquiring 180 different types of certifications. JDI launched an academic degree acquisition support system in fiscal 2018 for the purpose of developing human

resources who can discuss and co-create things with customers' and suppliers' researchers. JDI has also been expanding the scope of support to professional degrees (MBA/MOT, etc.) since fiscal 2020 in an effort to create highly specialized human resources who can play an active role both inside and outside the company.

Self-development Subsidy System

JDI Financial Support Subsidizing Some Self-development Costs

Subsidy Options	Description
Qualification Acquisition Subsidy	Subsidization of costs for employees to acquire various national certifications and other qualifications as self-development
School Subsidy	Subsidization of costs for employees to join language schools and other academic programs as self-development
Distance Learning Subsidy	Subsidization of costs for employees to join various distance learning programs, such as those to become a supervisor of residential construction dealings or a labor and social security attorney
Self-improvement Book Subsidy	Subsidization of costs for employees to purchase self-development and other such books
Company Recommended Learning and Qualification Acquisition Subsidy	Subsidization of costs for employees to take education and distance learning courses as well as acquire certifications recommended by the company

Qualification Acquisition Incentive Program

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

Newly Added Qualifications (excerpt)

Official SDG Examination	Professional Association of Promotion of SDGs	US CPA (United States Certified Public Accountant)	Application submitted by state
Official Level 1 & 2 CSR Examination	CSR Management Forum	Tax Accountant	National Tax Agency
Eco Test (Certification Test for Environmental Specialists) [®]	The Tokyo Chamber of Commerce and Industry	Securities Analyst (CMA)	The Securities Analyst Association of Japan

Respecting Human Rights and Diversity

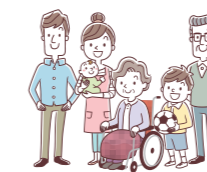
JDI promotes the creation of a comfortable work environment that protects the health of employees while respecting the human rights of each employee as well as diversity in every situation including recruitment and treatment based on JDI Ethics. JDI is also working to

reform work styles with the aim of facilitating a variety of work styles while ensuring fair, flexible treatment and evaluations so that all employee can reach their full potential.

Work Style Reform Measures

Work-Life Balance and Work-At-Home System

Employees can continue to work while caring for elderly relatives, raising their children, and while receiving medical treatment.



Telecommuting (from home or satellite office)

JDI realizes a work-life balance for employees by creating more diverse and flexible work styles for employees.



Joyful Holiday Program

JDI encourages employees to refresh themselves and recommend a work style that clearly separates work and private life (annual leave acquisition promotion program).



Hourly paid Leave Program

JDI is realizing diverse and flexible work styles by improving work-life balance and productivity of employees.



Other Support Programs	<ul style="list-style-type: none"> 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.) Extended Daycare Subsidy Program Return Entry Program (program for re-entering JDI), etc. Unlicensed Daycare Subsidy Program
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Personnel Data

The number of male and female employees and managers, persons taking childcare leave, and the amount of overtime is outlined below.

Number of employees (Japan Display Inc. only)

		FY2019	FY2020	FY2021
Men	Employees	2,709	2,649	2,596
	Ratio	90%	89%	90%
Women	Employees	317	315	304
	Ratio	10%	11%	10%
Total		3,026	2,964	2,900

Number of Managers

		FY2019	FY2020	FY2021
Directors (including corporate auditors for FY2019)	Men	8	6	6
	Women	0	1	1
	Total	8	7	7
Management Level	Men	485	494	503
	Women	7	9	9
	Total	492	503	512
Female manager ratio		1.4%	1.8%	1.8%

Persons taking childcare leave

		FY2019	FY2020	FY2021
Ratio of employees taking childcare leave	Men	5.3%	9.6%	21.9%
	Women	100%	100%	100%

* The male ratio and persons taking leave includes spouse maternity leave

Overtime

	FY2019	FY2020	FY2021
Overtime hours (monthly average per employee)	23.0	27.4	23.6

Intellectual Property

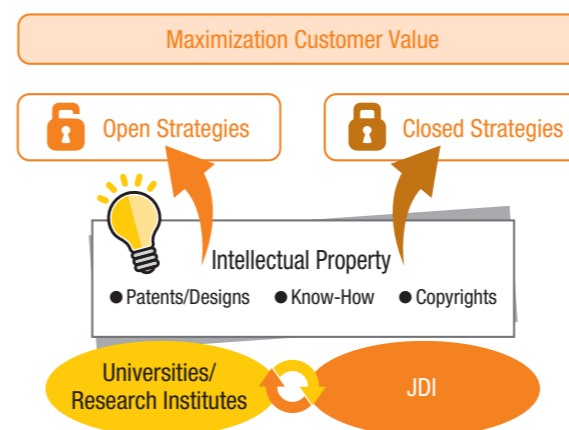
JDI addresses the challenges faced by people and society by continually spearheading innovation.

Basic policy

Intellectual property is an important management resource for JDI in its goal to make radical profit improvements by breaking away from excessive competition and commoditization through the development and commercialization of "Global No.1" proprietary technologies.

JDI aims to enhance its corporate value by developing leading-edge displays in support of digital transformation, pioneering eco-friendly Green Tech, driving continuous innovation, and by drawing on its existing IP portfolio.

- 1 Maximize customer value based on leadership in technology backed by building an intellectual property portfolio
- 2 Realize an incubator for establishing competitive new businesses by spearheading innovation
- 3 Improve corporate value by actively capitalizing on intellectual property



Promotion of Intellectual Property Strategies

<Intellectual Property Portfolio>

Displays can be categorized into two types of products in terms of intellectual property: (1) products in commodity sectors such as LCDs and other display systems for inexpensive smartphones and PC monitors and (2) products not yet in commodity sectors.

JDI is building a powerful intellectual property portfolio supported by "Global No.1" technologies to create customer value by providing (2) products not yet in commodity sectors through cutting-edge proprietary JDI technologies, such as next-generation OLED, transparent display, and ultra high-definition VR technologies.

This intellectual property portfolio includes patents, design rights, and trademarks in the United States, China, Japan and the rest countries and regions of the world as well as the expertise held in confidential information. JDI will always maintain JDI's technological competitiveness using JDI's intellectual property portfolio as an important

management resource by strategically integrating a mix of intellectual property.

Even in regards to intellectual property pertaining to products that shift into commodity markets as time passes, JDI develops intellectual property that is actively used as company assets.

FY2021 Results

Patents, Utility Model, and Design Rights (as of March 2022)

- Japan: 3,270
- Overseas: 8,443

Patents, Utility Model, and Design Applications (FY2021)

- Japan: 472
- Overseas: 588

<Incentive>

JDI has introduced compensation payment and internal commendation systems for inventors as a measure improving the incentives for inventors to strengthen the intellectual property portfolio. Under this commendation program, the JDI Representative Executive Officer celebrates inventors every year.

In addition, JDI enters its outstanding inventions to the National Commendation for Invention held by the Japan Institute of Invention and Innovation, and has even received the Chiba Governor Prize for the 2021 Kanto Invention and Innovation Award.

JDI will continue to improve inventor incentives while further strengthening the intellectual property portfolio.

Intellectual Property Licensing Strategies and Policies

<Open/Closed Strategies>

JDI will actively capitalize on its intellectual property portfolio founded in open and closed strategies linked to its management and business strategies.

JDI aims to maximize intellectual property value, appropriately using closed strategies to protect the intellectual property portfolio for products achieved using innovative proprietary technology and open strategies to broaden technology use by granting licenses to JDI's partners.

JDI will continue to actively promote licensing activities for patents related to the In Plane Switching (IPS) it has been cultivating for many years in the hope of expanding royalty earnings.

<Risk Management>

JDI carries out exhaustive patent clearance searches in setting up a business to prevent any infringements of third-party patent rights. Moreover, JDI pays close attention to the latest intellectual property trends and gather information to control risk.

A Commitment to Quality

JDI aims to ensure that all departments involved in JDI's product planning, design, manufacturing, sales, and service understand what customers need, and provide products and services that satisfy their needs.

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 with requirements and continually improve the quality management system.

Quality Assurance

JDI has established a quality management system in order to provide JDI's customers with trouble free, reliable products and services based on JDI's Quality Policy. All departments involved in planning, design, manufacturing, sales, and service cooperate with each other as JDI promotes quality assurance activities.

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

Continuous Improvement of JDI's Quality Management System



Acquisition of ISO 9001 and IATF 16949 certifications

JDI designs, develops, and produces displays that meet customer requirements and are in accordance with the relevant laws and regulations.

JDI has built and continually enhanced a quality management system suitable for JDI's products and organization to ensure the proper execution of these

tasks. JDI has acquired the ISO 9001:2015 at all Group companies engaged in the design, development and production of liquid-crystal displays. Six sites manufacturing in-vehicle displays and other related sites engaged in design, development and other related tasks have also acquired the IATF 16949:2016.

Quality assurance during product development and quality management and assurance during mass production

When producing new products, JDI consults with customers during the product development stage to make sure the product meets functionality and reliability requirements before being mass-produced. During mass-production, JDI monitors the quality of components

and production processes, inspects root causes using advanced analysis technologies when any defect is found and fully implement any necessary measures to maintain the high quality of products upon shipment.



Product reliability testing lab Product durability evaluation



Advanced analysis techniques Physical analysis



Advanced analysis techniques Optical evaluation

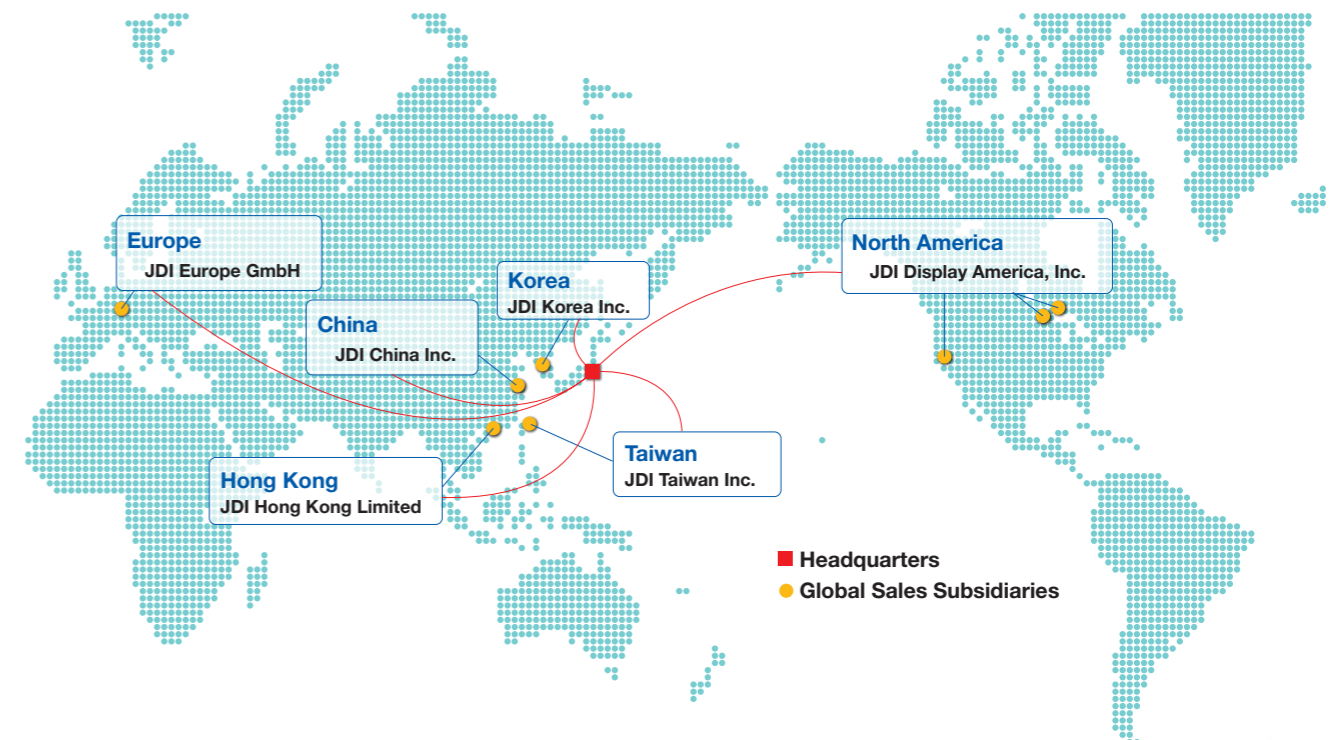


Aging inspection during the manufacturing process

Enhancing a World-wide Customer Support System

Every global sales subsidiary has a quality support team to work with customers alongside the sales team. These units coordinate with the manufacturing sites

and quality assurance departments within them to more quickly serve customer needs.



Occupational Health and Safety

JDI not only works to ensure safe, comfortable work environments for its employees, prioritizing safety and health above all else, but also continually engages in efforts to realize a safer and more comfortable world.

Safety and Health Activities

Safety and Health Policy

The Japan Display Inc. Group will, in all business activities, operate to ensure a safe and pleasant workplace environment through efforts to prioritize the assurance of safety and health, so as to continue contributing to the realization of a secure and comfortable society.

- 1 We will maintain a high standard of occupational health and safety in recognition that doing so is one part of corporate social responsibility (CSR).
- 2 We will promote the continual improvement of corporate compliance as part of our company-wide health and safety activities.
- 3 We will promote initiatives with the goal of eliminating occupational accidents and diseases to maintain a high standard of employee physical and mental health.
- 4 We will provide leadership in the establishment, operation, and improvement of occupational health and safety management systems (in compliance with the ISO45001), and will allocate and support management resources, including the necessary personnel, materials, and financial resources.

January 1, 2021

Scott Callon Chairman, CEO, & Representative Executive Officer

2021 Occupational Accident and Health Results

In 2021, JDI encountered seven occupational accidents at sites in Japan, including contractor accidents. On the sites where an occupational accident happened, JDI

immediately sought out the cause and took action, while at the same time striving to share information across the entire Group to prevent any recurrence.

No More Occupational Accidents Month

JDI launched the Zero Occupational Accidents Month as a unique effort coinciding with the National Safety Week held throughout Japan every July. This initiative reflects on

past occupational accidents, puts in place comprehensive measures and ongoing checks, and carries out efforts to eradicate potential risks in the workplace.

Disaster Prevention Measures Anticipating Earthquakes, Fires, and Other Emergency Situations

JDI carries out comprehensive earthquake evacuation drills addressing the risks of a building collapse, fires, and other emergencies caused by a large-scale earthquake at every site and office annually.

In addition, JDI conducted various other trainings that include how to use various fire-fighting equipment installed on each site in preparation for an emergency and life-saving courses on using AEDs.

In light of the novel coronavirus crisis in fiscal 2021, JDI innovated drills taking care to avoid closed spaces, crowded places, and close-contact settings, such as the use of a video outlining how to confirm evacuation routes and respond to a large-scale disaster.



Training Course on Using Emergency Stairways and Evacuation Equipment



Initial Fire-Fighting Training



General CPR Training Course

Measures to Prevent the Spread of the Novel Coronavirus Infection

The coronavirus infection has continued to spread since 2020, but JDI followed the state of emergency declarations as well as national COVID-19 and other measures by putting in place its own measures, such as thorough health monitoring of employees on a daily basis, telework recommendations, and encouragement to take actions to avoid closed spaces, crowded places, and close-contact settings in everyday life.

The Tottori Plant and Mobara Plant also acted as two venues for vaccinating employees and their families in addition to having the occupational vaccination carried out by business partners and actively promoting immunization in other ways.



Health Management Initiatives

Health Declaration

JDI's purpose is to, with fresh perspectives and advancing technologies, work constantly to realize a world that is inspiring and free of stress. We therefore regard health as foundational to all of JDI's business activities and support our employees on their journeys of self improvement and work to improve the quality of JDI's work environments with the goal of contributing to the realization of a better world for all.

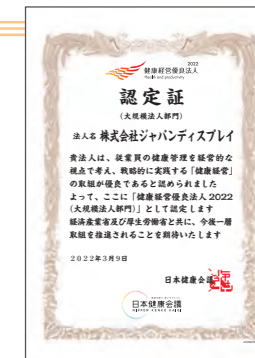
January 1, 2021

Scott Callon Chairman, CEO, & Representative Executive Officer

2022 Certified Health & Productivity Management Outstanding Organization

The Ministry of Economy, Trade and Industry recognized JDI health management initiatives, certifying the company as a 2022 Certified Health & Productivity Management Outstanding Organization.

* The Certified Health & Productivity Management Outstanding Organizations Recognition Program is a program established by the Ministry of Economy, Trade and Industry in fiscal 2016 to highlight outstanding large enterprises and SMEs implementing health and productivity management.



Purpose of Health Management

JDI has set a goal to support independent employee health management in an effort to enhance the work environment with the hope of fostering enthusiasm in each and every employee.

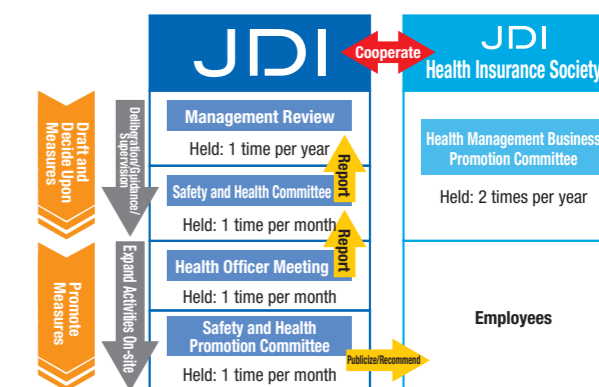


Health Promotion

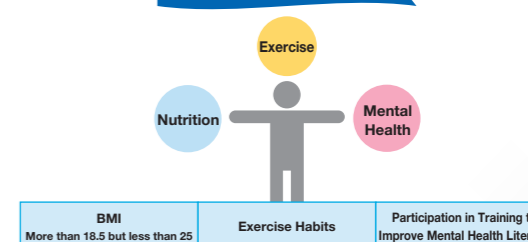
JDI has set three goals, collectively called the JDI Improve 3, to ensure that everyone who works at JDI reduces health risks in the future in order to better themselves and their lives. "Improve" means to better oneself by acquiring knowledge and other skills in a way that illustrates enhanced value (ability).

Health Management System

The health management system comes into play as a material sustainability issue by positioning health as the core foundation to all JDI business activities aiming to actively support the independent health promotion of employees.



JDI Improve 3



Social Contribution Activities

JDI carries out a wide range of social contribution activities.

FY2021 JDI Social Contribution Activities and Results

In fiscal 2021, JDI did have to limit and scale down social contribution activities in countries and regions of the world as a measure to prevent the COVID-19

infection. Although JDI was unable to undertake all planned social contribution activities, the following activities successfully took place.

Country/Region	Site	Activity Details	Date	Reference
Japan	Mobara Plant	Plant Neighborhood Cleanup	September 2021	
		Plant Neighborhood Cleanup	February 2022	
	Tottori Plant	Zero Ocean Trash	May 2021	Sponsor: Umi-to-Nippon Project
		Dispatch of Occupational Health Nursing Teachers	June 2021	Host: Tottori Kenritsu Kurayoshi Total School of Nursing
		Evening Weeding Activities of the Tottori Sand Dunes	June 2021	Tottori Sakyu Mirai Kaigi Secretariat (Tottori Prefecture)
		Sand Dune Cleanup	October 2021	Tottori Sand Dunes Cleanup Committee (Tottori City)
		Donation of Emergency Food Supplies	November 2021	Tottori Children's Future Support Network Secretariat
		Blood Drive	December 2021	
	Ishikawa Plant	Occupational Health Nursing Internships	April 2021	Ishikawa Prefectural Nursing University
		Blood Drive	July 2021	
Higashiura Plant	Blood Drive	January 2022		
China	JDIC	Blood Drive and Donation	December 2021	
	SE	Participation in the Special Olympics	May 2021	
		Blood Drive	July 2021	
		Senior Home Volunteering	November 2021	
Hong Kong	JDIH	Participation in Charity Run	December 2021	
Germany	JDIE	Free Computer Rental for Children	Through July 2021	Computers for Use in Online School
Philippines	NXP	Fundraising Activities for People Afflicted by Typhoons	December 2021	150,000 PHP Donation

Up-close Look at Activities



Plant Neighborhood Cleanup [Mobara Plant]



Blood Drive [Ishikawa Plant]



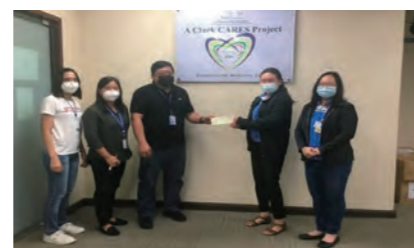
Sand Dune Cleanup [Tottori Plant]



Senior Home Volunteering



"SE" Participation in Charity Run "JDIH"



Fundraising "NXP"

Responsible Supply Chain

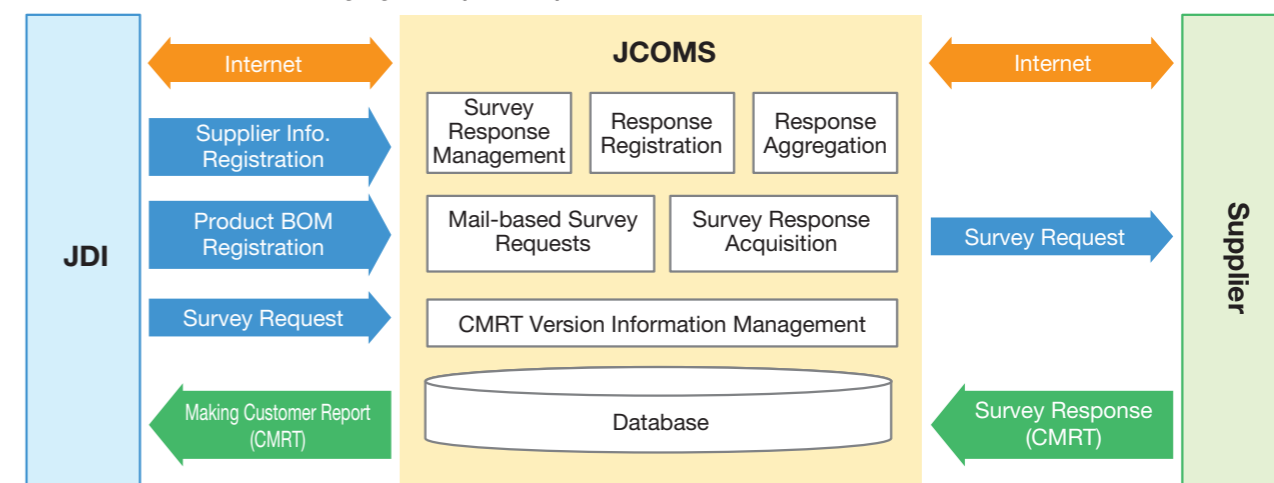
JDI conducts conflict minerals surveys so as not to contribute to human rights abuses and to prevent the possibility of indirectly financially supporting non-state armed groups. JDI also works to encourage suppliers to promote these sustainability initiatives.

Responsible Minerals Sourcing

JDI conducts surveys, on customer request, to identify conflict minerals usage and the smelters and refiners sourcing said minerals. JDI also asks its business partners to work towards the non-use of conflict minerals

in the supply chain. JDI is working to fulfill its social responsibilities by promoting, with its business partners, the non-use of conflict minerals in the supply chain.

JDI Conflict Minerals Survey System (JCOMS)



* CMRT (Conflict Minerals Reporting Template)

Requests to Suppliers

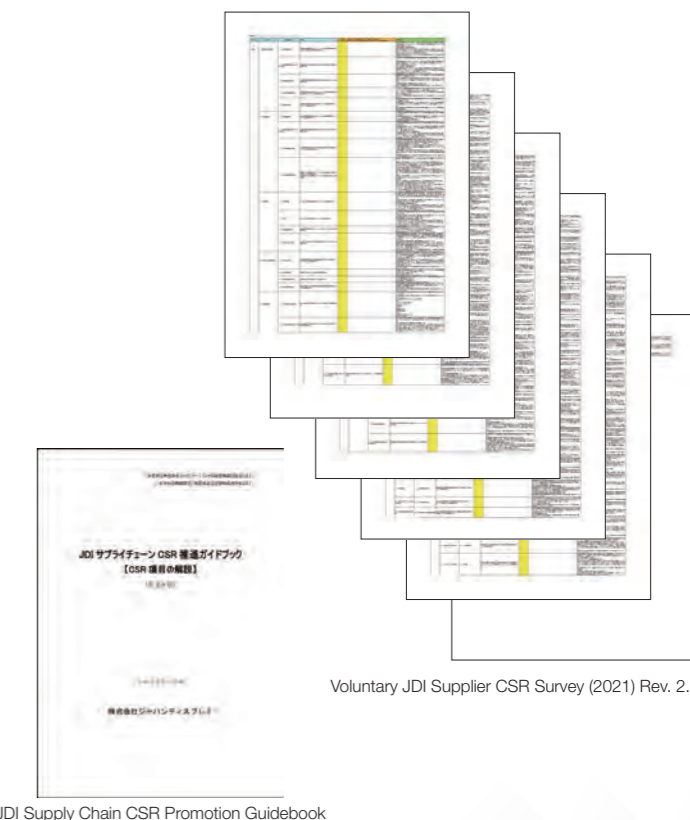
Sustainability initiatives, whether with regards to human rights, occupational health and safety, or environmental conservation, have become more important than ever. The scope of these initiatives has even expanded beyond corporate boundaries to encompass the supply chain, like those listed below.

(1) Distribution of guidebooks requesting compliance

JDI distributes the JDI Supply Chain CSR Promotion Guidebook that brings together JDI's policies on sustainability initiatives and request compliance from all of primary suppliers and secondary suppliers used for procurement through trading companies.

(2) Voluntary supplier audits

JDI conducts volunteer surveys through the Voluntary CSR Survey for all primary suppliers and secondary suppliers used for procurement through trading companies.



JDI Supply Chain CSR Promotion Guidebook

Voluntary JDI Supplier CSR Survey (2021) Rev. 2.1

Environmental Management Activities

JDI has established an environmental management system and strives for continuous improvement based on activity plans determined by environmental management reviews and environmental targets corresponding to JDI's environmental policy. In fiscal 2021, all activities were implemented as planned and all environmental targets were achieved.

Environmental Policy

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

Basic policy

- We will continually improve our environmental management system and will work to reduce the negative environmental impacts of our display products across the product life cycle.
- We will comply with all domestic and overseas laws and regulations and maintain strict company environmental standards.
- We will set environmental targets and other objectives related to the following priority themes and promote activities that will lead to their achievement.

Priority themes

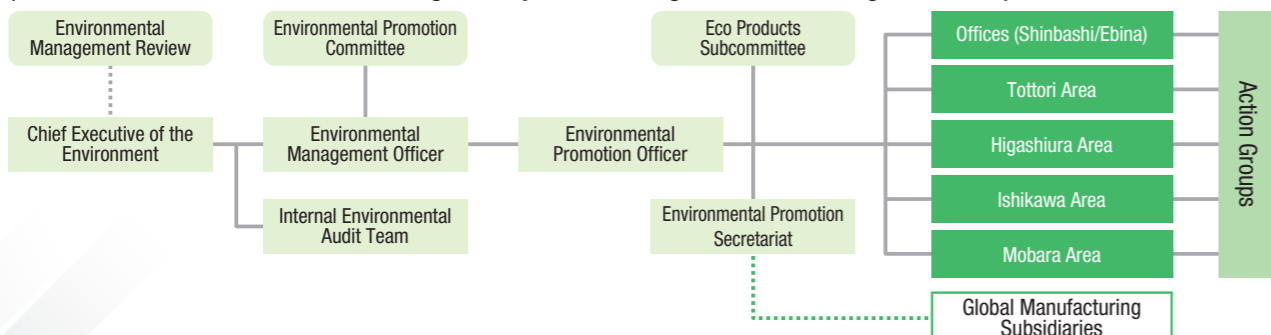
- 1 We will work to reduce the environmental burden of our business activities.
We will:
 - 1-1) Promote global warming countermeasures, energy conservation, and the effective use of water;
 - 1-2) Thoroughly manage chemical substances and promote their reduction and substitution;
 - 1-3) Promote the 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 undertake activities to protect and promote biodiversity and to improve the environments of our local communities.

Environmental Management Organization

The JDI environmental management system in Japan, with the Representative Executive Officer/CEO as the Chief Environment Officer, consists of the Environmental Management Officer and Environmental Promotion Officer, the Shinbashi and Ebina Offices, and manufacturing sites to promote continuous environmental management activities.

Global JDI manufacturing sites, too, have set up environmental management systems to promote environmental activities. To secure the consistency of environmental activities across JDI, JDI is working to strengthen governance at JDI's global manufacturing subsidiaries through means such as periodic liaison conferences.

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



Activity Plans and Results

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

FY2021 Activities and Results

Item	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)
	Results				●Environmental Management Review (Mar 28)
Environmental Promotion Committee	Plan			○Environment Promotion Committee (Oct)	○Environment Promotion Committee (Mar)
	Results			●Environment Promotion Committee (Oct 15)	●Environment Promotion Committee (Mar 15)
Internal/external audits	Plan		○Internal audits (Jul-Aug)	○External assessment (Nov)	
	Results		●Internal audits (Jul-Aug)	●External assessment (Nov 16-19)	
Management Message	Plan	○Environment Month Message (Jun)			○Energy Conservation Month Message (Feb)
	Results	●Environment Month Message (Jun 1)			●Energy Conservation Month Message (Feb 1)
Confirm legal compliance/target progress	Plan	○FY2020 results (Jan)	○1st Quarter results (Jan)	○2nd Quarter results (Oct)	○3rd Quarter results (Jan)
	Results	●Achieved all topics with no issues in compliance activities	●Achieved all topics with no issues in compliance activities	●Achieved all topics with one issue in compliance activities ^{*1}	●Achieved all topics with no issues in compliance activities
Environmental education	Plan	○General environmental education (Jun) ○Auditor training (Apr-Jun) ○Auditor BU training (Jun-Jul)		○Product-related environmental education (Oct-Dec)	
	Results	●General environmental education (Jun-Jul) ●Auditor training (May-Jun)	●Auditor BU training (Jul-Aug)	●Product-related environmental education (Oct-Dec)	
External communication	Plan	○Update of environmental website (Apr)	○Publication of Environmental Report (Aug)	○Update of environmental website (Oct-Nov)	
	Results	●Update of Management Message (Jun 1)	●Publication of CSR Report (Completed Aug 30; Published Sep 10)	●Update of external websites (Dec 22)	
Strengthening of governance at locations including global manufacturing 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)
	Results	●SE (Apr 27)/NXP (Apr 28) business liaison meetings	●NXP/SE business liaison meeting (Jul 30) ●SE (Sep 14)/NXP (Sep. 28) business liaison meetings ●Inspection stopped (handled online)	●NXP (Oct 25)/SE (Oct 27) business liaison meetings	●NXP/SE business liaison meetings (Feb 10) ●SE (Mar 1)/NXP (Mar 3) business liaison meetings ●Inspection stopped (handled online)
Develop annual plan for next year	Plan				○Development of plan (Feb-Mar)
	Results				●Development of plan (Mar 31)

^{*1} Ishikawa: One incident occurred in which the waste gas concentration (F) exceeded the regulatory value due to scrubber circulation water stoppage. Measures have been implemented to prevent recurrence on equipment responsible for the incident.

FY2021 Environmental Plans and Results/FY2022 Environmental Targets

No.	Action Items	FY2021 Targets and Results					FY2022 Targets and Results	
		Indicator	Target value	Actual value	Evaluation ^{*4}	Overall Evaluation ^{*5}	Indicator	Target value
①	Reduction of emissions of energy-derived CO ₂ ^{*1}	Reduction amount (t-CO ₂)	2,508 or more	5,023	○	○	Reduction amount (t-CO ₂)	1,880 or more
		Absolute amount (t-CO ₂)	428,041 or less	407,354	○		Absolute amount (t-CO ₂)	414,642 or less
②	Reduction of the total amount of water used ^{*2}	Reduction amount (m ³)	31 or more	52	○	○	Reduction amount (m ³)	5 or more
		Absolute amount (m ³)	18,628 or less	17,870	○		Absolute amount (m ³)	18,140 or less
③	Reduction of discharge amount of waste, etc. ^{*3}	Reduction amount (t)	10 or more	27	○	○	Reduction amount (t)	72 or more
		Absolute amount (t)	14,992 or less	15,447	*		Absolute amount (t)	14,827 or less
④	Thorough management of chemical substances and promotion of their reduction and substitution	No misapplication of chemical substances		Appropriate management	○	○	No misapplication of chemical substances	
⑤	Implementation of biodiversity conservation activities and environment-related activities in the local community	Implemented as planned		Implemented as planned	○	○	Implemented as planned	
⑥	Develop Eco-products with the product life-cycle taken into consideration	Promotion of the development of Eco-products		Suitable	○	○	Promotion of the development of Eco-products	
⑦	Confirmation of chemical substances contained in products in the development process	Appropriate management of judgment on contained chemical substances		Suitable	○	○	Appropriate management of judgment on contained chemical substances	
⑧	Promotion of the environmentally conscious procurement activities	Discussion about Green Procurement Guideline revisions in light of legal and other considerations		Suitable	○	○	Discussion about Green Procurement Guideline revisions in light of legal and other considerations	

^{*1} CO₂ emissions factor from electrical power are based on 0.476 t-CO₂/MWh (the receiving-end CO₂ emissions basic unit for FY2011 released by the Federation of Electric Power Companies of Japan). The other conversion factors are from the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

^{*2} Total amount of water used = amount of water received + amount of water recovered and recycled (total amount of water = total amount supplied under optimum balance of water received and water recovered and recycled)

^{*3} Waste, etc. = General waste + Industrial waste + Valuables

^{*4} "○" indicates that target was achieved ("monitoring item")

^{*5} The reduction amount is the main topic, the absolute amount is the sub topic, and the achievement of the main topic is indicated with "○".

FY2021 Activity Results of Global Subsidiaries

Initiative	Domestic sites	Global Manufacturing Subsidiaries
Environmental Targets	Targets are achieved in all topics.	Targets are achieved in all topics.
Compliance activities	Ishikawa: One incident occurred in which the waste gas concentration exceeded regulatory value. ^{*1}	No non-conformance in conformance evaluation.
Internal audits	Measures against six findings at all sites have been completed.	Measures against findings at all sites have been completed.
External examinations	Executed at the Headquarters, Ebina, Tottori, Higashiura, Ishikawa, and Mobarra (recertification examination) Measures against three findings at all sites have been completed.	Measures against findings at all sites have been completed. (Certifications ongoing for the entire Group)

^{*1} Refer to the "FY2021 Activities and the Results" in the table above.

Value Chain and Environmental Risks

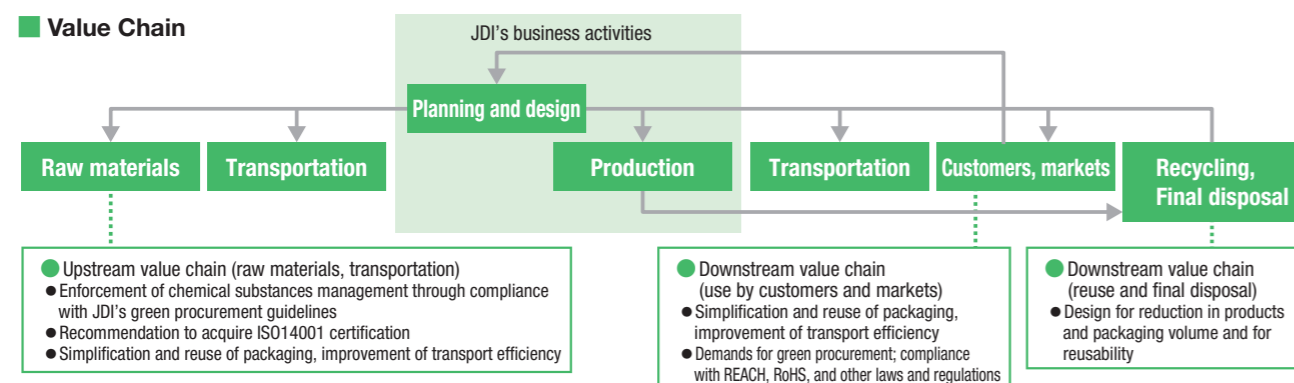
JDI is committed to environmental initiatives which are not limited to JDI's own activities but extend to the value chain of the entire product life cycle.

JDI's Value Chain and Efforts to Minimize Environmental Risks

JDI continually implements water quality management and air quality management efforts in order to minimize risks of environmental pollution and the destruction of ecosystems. JDI engages in environmentally friendly business activities throughout the value chain of JDI's products from raw material procurement, transport, and production to use by customers and markets until the final

disposal. In cooperation with JDI's business partners, JDI implements thorough chemical substance management and uses eco-friendly materials.

In response to the demands of customers and markets, JDI provides products and services that contribute to the reduction of environmental burdens through means such as compact design and low power consumption.



Minimization of Environmental Risks

Efforts to prevent air pollution: JDI operates smoke and soot emitting facilities and volatile organic compound emitting facilities under the Air Pollution Control Law. JDI completed measures to prevent any recurrence of the waste gas concentration that exceeded regulatory values in fiscal 2021. No other measured items exceeded regulatory values. JDI will continue to work to manage atmospheric emission standards and improve related facilities.

Efforts to prevent water pollution: In accordance with the Water Pollution Control Law, JDI has 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 that have jurisdiction over each of JDI's plants, and JDI conducts measurement control based on these standards. Regular measurements and on-the-spot inspections by authorities in fiscal 2021 found that no measured items exceeded the regulatory values. JDI will continue to work to manage atmospheric emission standards and improve related facilities.

Chemical substances management: JDI controls the use of chemical substances in manufacturing and other processes under internal rules categorized in accordance with legal regulations. JDI manages the use of chemical substances contained in products in accordance with the RoHS Directive, REACH, and other

laws and regulations, as well as through green procurement. The same style of management is also used at global subsidiaries to prevent environmental contamination, respond to statutory requirements, and reduce the environmental load.

Proper disposal of waste: JDI advocates and works to reduce, reuse, and recycle waste according to its Environmental Policy and 3R activities. Moreover, in accordance with the Waste Management and Public Cleansing Act, JDI separates specially-controlled industrial waste, industrial waste, and general waste, and performs risk management for each. JDI complies with proper waste disposal and also works to reduce the risk of illegal dumping.

Noise and vibration management: JDI is operating specified facilities (compressors, blowers, etc.) in accordance with the Noise Regulation Act, the Vibration Regulation Act, and other related regulations. JDI performs measurements of noise and vibration at the boundaries of JDI's plant grounds every year to confirm that levels are within regulatory limits. In fiscal 2021, no items exceeded regulatory values.

Conservation of biodiversity: JDI works to conserve ecosystems through greening activities at JDI's plants as well as nature restoration activities in surrounding areas in accordance with the Basic Act on Biodiversity. For example, the Mobarra plant has a Koi Pond and a man-made creek named Hotaru-gawa.

Responding to Climate Change

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD), which has clarified climate-related risks and opportunities as well as governance in addition to encouraging companies to disclose information related to climate action. JDI actively promotes information disclosure in accordance with the TCFD recommendations through four climate-related initiatives.

Four Items of Information Disclosure According to the TCFD Recommendations

Items	Recommended Disclosure	Initiative Progress	Relevant Pages
Governance	Corporate governance pertaining to climate-related risks and opportunities	<ul style="list-style-type: none"> An environmental policy is established at the beginning of each fiscal year. The Basic Sustainability Policy established in November 2021 aims to reduce the environmental burden throughout the entire supply chain and engages in other initiatives to foster sustainable growth. Corporate Governance Policies have been established guiding the promotion of continual initiatives to strengthen governance throughout JDI. 	p. 30 p. 16 p. 18
		<ul style="list-style-type: none"> Reviews on strengthening monitoring systems by building a climate action framework are underway. 	
Strategy	Impact of climate-related risks and opportunities on corporate businesses, strategies and financial plans	<ul style="list-style-type: none"> Initiatives from energy conservation activities to the use of renewable energy aim to promote reduction in CO₂ emissions and achieve a decarbonized society. Risk evaluations, proposals, and plans have been divided into eight risk categories, such as "financial risks" and "business activity risks" as risks which events that significantly impact JDI's business activities. Rules and systems have been put in place to prevent and minimize the impact of risks. 	p. 19
		<ul style="list-style-type: none"> The rising temperature due to climate change will have a severe impact on society and is seen as both a climate-related risk and opportunity that may affect JDI businesses. Therefore, scenario analyses are evaluated to help formulate strategies. 	
Risk Management	Identification, evaluation, and management progress and approach for climate-related risks	<ul style="list-style-type: none"> Risk management efforts consider and propose risk assessments and response measures against the eight risk categories as outlined above. Additional risk items will be set for climate change in the risk categories that impact JDI's business activities to be evaluated according to the "potential of manifestation" and the "level of impact". 	p. 19
		<ul style="list-style-type: none"> Climate-related issues are positioned as risks with the potential to severely impact management and considerations are made about the identification, evaluation, and management process of climate-related risks. 	
Indicators and Targets	Indicators and targets used for evaluation and management of climate-related risks and opportunities	<ul style="list-style-type: none"> Environmental initiatives set annual CO₂ emission reduction targets, engage in energy conservation activities on production sites and adopt energy-saving equipment toward achieving those goals as well as promote active efforts, including proposals to use renewable energy. Scope 1 and Scope 2 emissions have always been disclosed as an indicator of JDI's environmental burden. JDI started calculating and disclosing Scope 3 emissions from fiscal year 2021 in order to get a general grasp of total GHG emissions across all relevant categories. 	p. 39
		<ul style="list-style-type: none"> Medium- to long-term greenhouse gas emission reduction targets are set to consider active efforts toward the reduction of the environmental burden of not only JDI's business activities but also throughout the entire supply chain. JDI aims to also promote reduction activities and to acquire the SBT* certification and become a TCFD supporter. 	

* Science Based Targets are medium- to long-term greenhouse gas reduction targets consistent with the reduction levels required by the Paris Agreement.

Future Action

JDI will quantitatively evaluate potential future risks through climate-related scenario analyses in an effort to combat climate change while aiming to integrate climate change management as well as to enhance corporate

value. In the future, JDI will provide transparent disclosure to all of JDI's stakeholders in accordance with the TCFD recommendations.

Energy Conservation and Renewable Energy Activities

JDI's environmental policy is to reduce the environmental impact of JDI's business activities, and JDI is undertaking various initiatives to achieve this goal.

In particular, JDI is promoting energy efficiency to reduce greenhouse gas emissions in order to realize a decarbonized society.

Energy Conservation Activities

Mobara Plant Energy Visualization

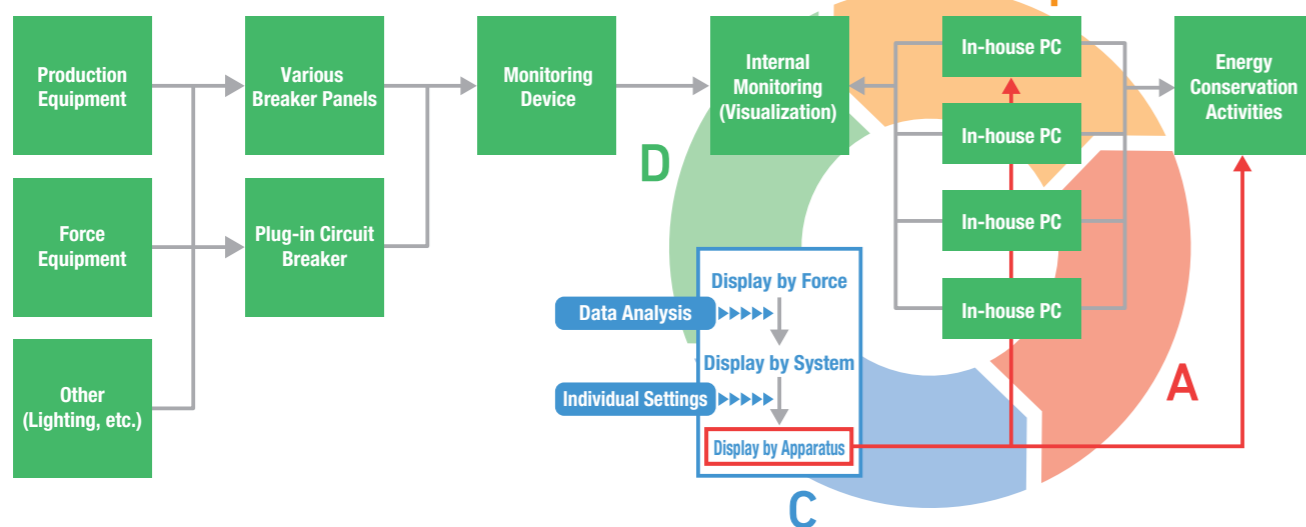
In order to save energy in the long run, the Mobara Plant has taken steps to be able to visualize its energy usage and make it easily monitorable by all relevant parties at the Plant.

Instead of merely collecting the total amount of energy use, the new system at the Mobara Plant can capture

more granular data at the equipment or manufacturing process level.

Used to its fullest, this system can allow the Mobara Plant to periodically shut down unused equipment to more efficiently use and save energy.

Energy Data Ingestion and Visualization



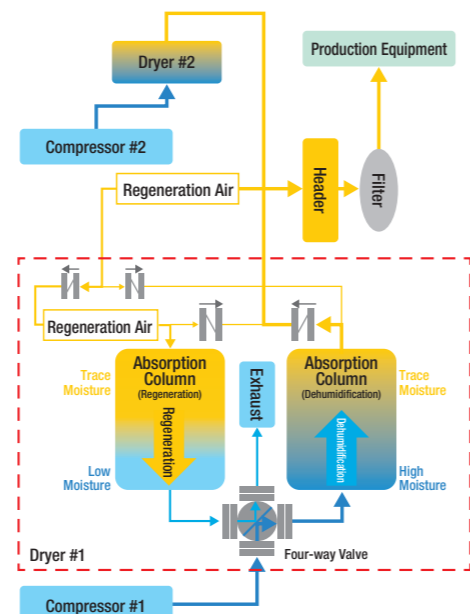
Content of Improvement

Examples of Energy Conservation

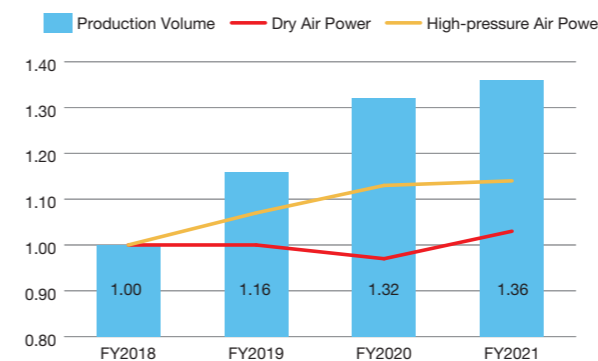
Energy-saving activities at the plant focused on high-pressure air, which consumes the second largest amount of electricity after production equipment. High-pressure air is either classified as dry air or high-pressure air depending on its use case. Particular attention is paid to the dew point temperature control for dry air. In the supply flow, high pressure air compressed by a compressor is dehumidified by passing through a dryer facility to supply dry air. This system uses a portion of the dehumidified air as regenerated air and repeats the cycle of dehumidification, equal pressure, switching, regeneration, equal pressure, and switching to provide a stable supply of high quality dry air.

Regenerative air is essential to maintain the dryer, and once the dew point temperature deteriorates, it becomes difficult to supply dry air.

Energy Savings of Compressor



Changes in Production Volume and Compressor Power

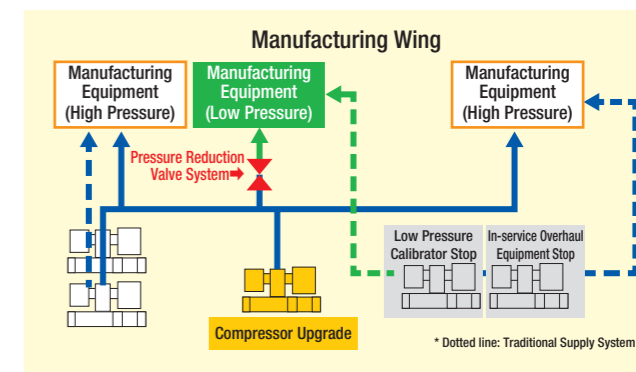


The figure above illustrates transitions as of FY2018 as the reference year.

JDI analyzes operation conditions of the dryer in detail to conserve energy and improves management not requiring regeneration through a pressure balance and stop conditions in the dryer. The control of regenerated air (reducing the workload of the compressor) also controls the power consumption of the dry air system.

Ishikawa Plant Compressor Upgrade to Conserve Energy

The Ishikawa Plant selected equipment according to the air consumption for the entire facility when upgrading the old compressor equipment. In addition, JDI has reduced the equipment in operation by integrating high- and low-pressure air supplied via high-pressure and low-pressure air valve system. This improves the basic unit of air and reduces power consumption.



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.

JDI is looking into installing solar power generation at

the Mobara Plant. JDI hopes then to be able to supply products to customers produced entirely with renewable energy.

Similarly, the Tottori Plant has long had a solar power generation system.

Tottori Plant Renewable energy activity

As a part of JDI's 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 116 MWh of electricity in fiscal 2021, contributing to the reduction of approximately 55 t-CO₂.



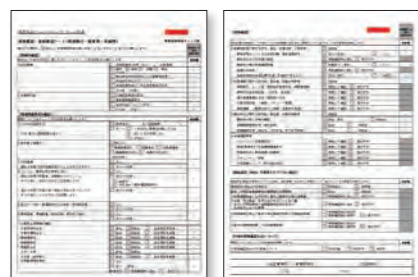
Solar Panels

Waste Management

JDI advocates and works to reduce, reuse, and recycle waste according to its Environmental Policy.

Efforts for Reducing Indirect Risks from Wastes

To verify proper disposal of waste, JDI uses a check sheet that specifies legal requirements and JDI's voluntary standards to conduct regular on-site checks of business partners (collection and transport operators, intermediate treatment operators), and uses the results to make



Industrial Waste Inspection Checklist

judgments on the continuation of contracts. In fiscal 2020, JDI worked with waste processors to conduct remote audits due to states of emergency and other factors arising from the COVID-19 pandemic. In fiscal 2021, JDI has also been confirming the progress of proper waste processing.



Visual Inspection for the Status of Waste Storage Processing

PCB waste treatment

Businesses that store Polychlorinated biphenyls (PCBs) must report on the storage status and dispose of the waste by the mandated date in accordance with the Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste.

The Mobarra Plant has been disposing of PCB waste by category in stages up until now but plans to make the final disposal of stabilizers and other waste materials by the mandated date in March 2023.



PCB waste storage

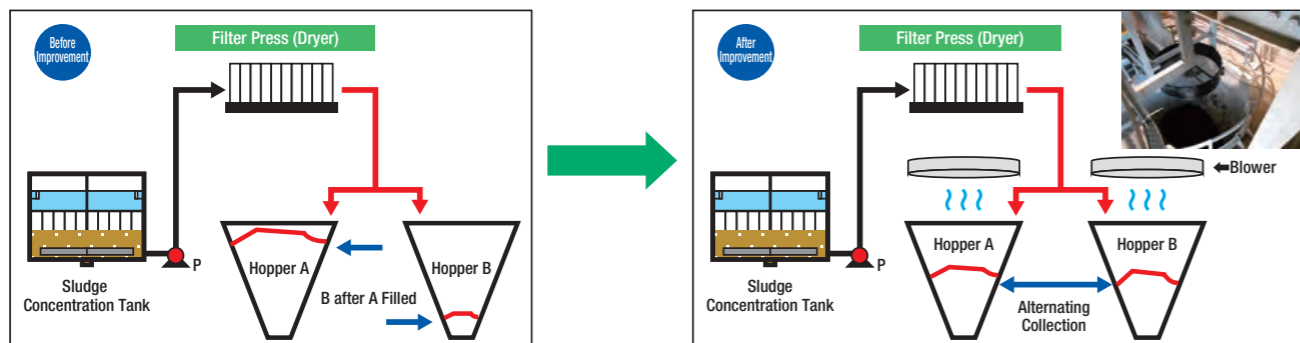
Higashiura Plant Reduction of Sludge Discharge Weight

The Higashiura Plant properly processes wastewater after use in production at a water treatment facility. The sludge produced by the wastewater treatment process has a large amount of moisture content even after water removal, which increases the weight of discharge. That is why the Higashiura Plant works to reduce the moisture

content by drying the sludge.

First, the plant installed a blower in the container (hopper) that collects the sludge after water removal. Alternating between the containers on each side collecting the sludge (B when A is filled) improves drying efficiency. This helps reduce the weight of sludge discharge.

Sludge Reduction Measure



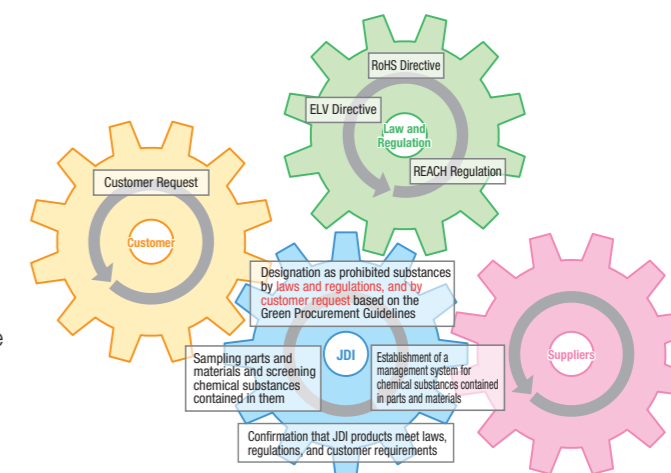
Chemical Substance Management and Green Procurement

Management of Chemical Substances Contained in Products

JDI established the Green Procurement Guidelines based on laws and regulations, including the RoHS Directive, ELV Directive, and REACH regulations, and requests from JDI's customers.

With the understanding and cooperation of JDI's suppliers, JDI manages chemical substances contained in procured items such as parts and materials. JDI takes into consideration the risks of chemical transfer to products from materials which come in direct contact with JDI's products during manufacturing, defines systems to manage those risks, and verifies no restricted substances are used.

In this way, JDI verifies the chemical substances contained in products before shipping them to JDI's customers.



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.

Collection data on chemical substances

Cooperating with JDI's suppliers, JDI collects data on the chemical substances used and contained in the parts and materials used for products. JDI monitors the use of chemical substances in accordance with laws, regulations, and customer requirements.

Green procurement

JDI established the Green Procurement Guidelines based on laws and regulations as well as requirements from JDI's customers and promotes green procurement. JDI provides the Green Procurement Guidelines to JDI's suppliers and other stakeholders and disclose the Green Procurement Guidelines on JDI's website while asking for their understanding and support of these green procurement efforts.

Measurement of chemical substances

JDI regularly measures the chemical substances contained in its atmospheric emissions and wastewater discharged. JDI samples the products and measure 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.

Green Procurement Efforts

JDI works to manage the chemical substances contained in its products so that it conforms to legal regulations such as the RoHS Directive, ELV Directive and REACH Regulations, and is responsive to its customer requirements.

1. Enactment of Green Procurement Guideline

JDI enacted JDI's Green Procurement Guidelines to reflect both legal restrictions in various countries and regions on the chemicals contained in products and JDI's customer requirements. JDI asks suppliers to comply with the guidelines. The Green Procurement Guidelines are reviewed annually and are disclosed on JDI's website.

JDI continuously complies with laws and regulations and make every effort to control chemical substances contained in JDI's products.

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

JDI asks 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), JDI confirms whether a management system has been established. Suppliers that do not meet JDI standards are asked to correct and improve their management systems.

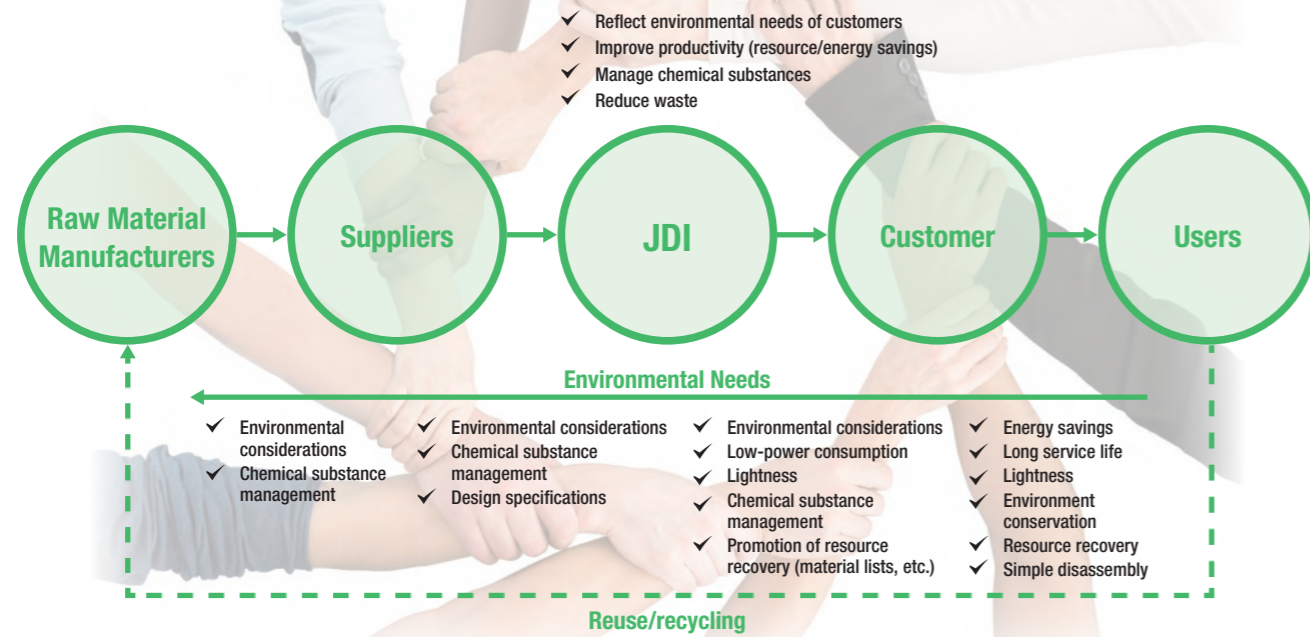
Environmentally Friendly Products and Ecosystem Conservation

JDI strives to design, develop, and manufacture products together with suppliers who share the values of environmental conservation and the realization of a sustainable society in order to respond to the environmental needs of customers.

JDI contributes to the realization of a sustainable society through business activities that include incorporating the environmental requirements of customers into JDI's products, procuring materials from trustworthy suppliers, and increasing JDI productivity.

JDI's ecosystem conservation efforts even take into account the local region around each plant.

Life Cycle Emphasized in Product Development



Ecosystem Conservation Activities

“Sozo-no-Mori” has continued to grow over two decades from a small wooded grove into a forest. Many native species of tree grow in the forest which is a place where everyone can enjoy watching the seasonal changes. In addition, the Sozo-no-Mori is a soothing place with paths, small hills and other natural features.

The Mobara plant has even set up “Hotaru-gawa Creek” and “Koi Pond” as two artificial features on its premises. Fireflies thrive in the Hotaru-gawa Creek where people can see dozens flying about in the latter half of May every year. JDI will continue to engage in neighborhood cleanup and water quality management in order to maintain the ecosystem.



SOZO-no-Mori (Ishikawa Plant)



Hotaru-gawa Creek and Koi Pond (Mobara Plant)



Fireflies by Hotaru-gawa Creek

Environmental Impact

JDI has been working to identify the Scope 3 emissions from its supply chain since fiscal 2021 alongside the environmental load of its own business activities to reduce greenhouse gas emissions over the medium to long term.

Environmental Impact

JDI's business activities consist of inputting energy and resources for product production, which are accompanied by outputs such as CO₂, waste, and so on. An overview of this is shown in the figure below (covering all domestic plants + global manufacturing subsidiaries in FY2021).

The basis of JDI's environmental improvement activities lies in reducing the number of inputs and outputs, and JDI works to address such activities by determining each of these items for every area in a detailed manner.

INPUT

Item	Unit	FY2021	
		Japan	Global
Electricity (purchased power)	MWh	801,445	63,668
Electricity (solar power)	MWh	116	0
City gas	million m ³	12,450	60
Heavy fuel oil	KL	4,141	0
LPG	t	1,579	14
LNG	t	0	0
Diesel oil	KL	0	2
Water	million m ³	10,053	654
Amount of priority controlled chemical substances ^{*1} emitted	t	14,048	60

OUTPUT

Item	Unit	FY2021	
		Japan	Global
Energy-derived CO ₂ ^{*2}	Thousand t-CO ₂	347	33
Greenhouse gases ^{*3}	Thousand t-CO ₂	47	0
Wastewater	million m ³	9,233	563
Amount of priority controlled chemical substances ^{*1} emitted	t	151	5 ^{*4}
Amount of industrial waste emitted (including valuables)	t	16,016	2,048
Industrial waste	t	10,570	354
Valuables	t	5,408	731
General waste	t	38	963

*1 The priority controlled chemical substances refer to 38 substances selected as being subject to priority control efforts.

*2 The CO₂ emissions factor from electrical power in Japan is based on 0.433 t-CO₂/MWh (emissions factor released by each power company [factor used to convert greenhouse gas emissions of a specific emitter]). The other conversion factors are from the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. The CO₂ emissions factor overseas uses the local emissions factor for Taiwan and the Philippines.

*3 Among substance covered in the Act on Promotion of Global Warming Countermeasures, JDI uses the term "greenhouse gases" to refer to these seven substances: PFC (CF₄, c-C₄F₈), HFC (CHF₃, C₂H₂F₆), SF₆, NF₃ and N₂O. Emission factors of AR4 are used.

*4 Within Japan, this refers only to emissions of the 38 priority controlled chemical substances designated by JDI, and for overseas it refers only to emissions of VOC.

Greenhouse Gas Emissions based on the GHG Protocol Standard

(Emissions: t-CO₂e)

Scope3 Upstream	Emissions	Scope1&2 JDI	Scope3 Downstream	
			Emissions	
1 Purchased goods and services	720,711	Scope1 Direct Emissions	9 Downstream transportation and distribution	577
2 Capital Goods	15,123		10 Processing of sold products	24,119
3 Fuel- and energy-related activities	68,671	Scope2 Indirect Energy-derived Emissions	11 Use of sold products	303,983
4 Upstream transportation and distribution	93,484		Emissions 89,235	12 End-of-life treatment of sold products
5 Waste generated in operations	904	Emissions 380,169	13 Downstream leased assets	Not applicable
6 Business travel	165		14 Franchises	Not applicable
7 Employee commuting	1,308	Emissions 380,169	15 Investments	Not applicable
8 Upstream leased assets	Not applicable			
Scope 3 (Upstream + Downstream)	1,229,049	Total	Scope1, 2, 3	1,698,453

Glossary GHG Protocol Standard : International standard for calculating and reporting greenhouse gas (GHG) emissions

Scope1 : Direct greenhouse gas (GHG) emissions that are controlled or owned by an organization (fuel combustion/industrial processes)

Scope2 : Indirect greenhouse gas (GHG) emissions associated with the use of electricity, heat and steam supplied by a third party

Scope3 : Indirect emissions other than Scope 1 and 2 emissions (third-party emissions associated with the business activities of an organization)

Reason Some Categories are Not Applicable

● Category 8 : JDI includes emissions from the operation of tenant offices and other assets leased by the organization as Scope 1 and 2 emissions

● Category 13 to 15 : JDI does not engage in any applicable operations

Global Subsidiary Initiatives

Initiatives at Global Manufacturing Subsidiaries

JDI has two global manufacturing subsidiaries which mainly assemble LCD modules and produce liquid crystal parts. Each company has acquired the ISO 14001 certification and promotes ongoing improvements from environmental perspectives. The environmental impact of these operations is mainly the electricity and water used for production and the waste byproduct.

All of these companies strive to promote the reduction of environmental burdens and undertake measures to prevent global warming (reducing CO₂). Regular meetings with all of these companies also build communication to confirm and clarify progress and propose improvements.

In this report, JDI will introduce Suzhou JDI Electronics Inc. (SE) initiatives.

Initiatives at Suzhou JDI Electronics Inc.

Company Profile

Company name	Suzhou JDI Electronics Inc.
Address	No.168 Jin Feng Road, Suzhou New District, Suzhou, 215011, PRC
Established	May 1996
Representative	Saito Hideya
Business	Production of LCD modules
Employees	1,596 (as of May 2022)
Lot area	130,000m ²
Total building area	45,000m ²



Full View of SE

Example of Environmental Initiatives

1 Energy Conservation Activities

SE reduced its normal energy consumption by 30% in 2021 due to an insufficient supply of electricity in China. To ensure a stable supply of products, JDI's manufacturing subsidiary expanded its BCP efforts to conserve electricity and establish a system to promote an energy-saving project while raising awareness about energy conservation by engaging in energy-saving initiatives throughout the territory.

Main Initiatives

SE strove to instill good habits to conserve energy with the participation of everyone involved by:

- running only the necessary lines, ionizers, and other equipment required for production while following the steps already taken in clean rooms and production areas;
- and conducting regular meetings with each company to improve communication.

Effectiveness

These initiatives reduced the year-on-year energy consumption 5% for fiscal 2021.

Long-term Measures (Renewable Energy)

SE lends its roof to providers who won and maintained solar power generation facilities to mitigate the upfront costs and adopted an on-site model that prioritizes the use of power generated by these solar power stations and started to generate power at part of these solar power stations from July 2022.



Full View of Solar Panels



Solar Panels (1)



Solar Panels (2)

2 Initiatives to Reduce Volatile Organic Compounds (VOC) Emissions

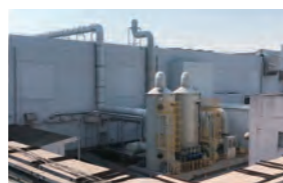
China has expanded its Air Pollution Control Act in 2020 to include activities to reduce the use and emissions of Volatile Organic Compounds (VOC).

In 2020, SE reduced its use of alcohol 50% compared to 2019, and it will continue to spearhead these reductions after fiscal 2021 as well.

An upgrade to VOC emission control systems (transitioning from activated carbon absorption to a scrubber system) increased the detoxification rate from 65% to 90%.

3 Initiatives to Reduce Water Consumption

- ① In light of the large amount of water these VOC control systems use, SE has been reducing its water consumption since October 2021 by maintaining its detoxification rate and optimizing supply water. The reduction in water consumptions adds up to 3,500 m³ per month.



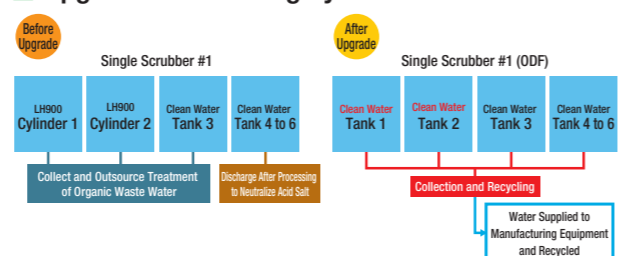
VOC Scrubbing System for D1 Building



VOC Scrubbing System for D2 Building

- ② An upgrade to a One Drop Fill (ODF)-type cleaning agent for the scrubbers recycles wastewater into pure water. The reduction in water consumptions adds up to 1,500 m³ per month.

Upgrade to Scrubbing System



4 Other Environmental Activities

SE also consistently participates in environmental volunteer activities while broadening its own cleanup and other local contribution efforts.



Environmental Volunteer Activities

Third-party Opinion



Masatoshi Ikari

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

Japan Display Inc. had been releasing CSR Reports until last fiscal year, but the title of this report has been changed and the content updated as the Sustainability Report 2022 (hereafter, “this report”) from this fiscal year. A third-party opinion was included in last fiscal year’s CSR Report, and the following third-party opinion have also been included in this report.

Evolving from CSR Management to Sustainability Management

JDI announced its growth strategy METAGROWTH 2026 in May 2022. I viewed this as JDI’s way of showcasing its basic approach for creating shared value for both society and JDI itself, by addressing key social needs as well as driving profitable growth. One of the core strategies of METAGROWTH 2026 is listed as “(3) GreenTech/ Sustainable Management,” suggests to me that JDI has developed its framework for sustainability management. I have outlined examples of why this sustainability management can be commended.

The feature article in the first half of this report titled “Transparent Displays Realizing a Communication Barrier-Free World” gave me a clear idea of the basics behind the sustainability management that JDI stands for.

From this fiscal year, JDI has increased its disclosure of greenhouse gas emissions (Scope 3) calculations throughout its entire supply chain to cover all applicable categories in line with its CDP company questionnaire, which it has been conducting for some time. JDI has also made tremendous strides with its climate-related initiatives, like disclosing information in line with its TCFD declaration.

As a company capable of taking on the challenge of achieving “Global No.1,” JDI is committed to supporting the personal growth of its employees, and work-style reform is an essential component for accomplishing this. Examples of note include the disclosure of personnel-related information like the amount of overtime or the number of employees taking childcare leave. JDI’s efforts towards health management have also been objectively commended by third parties, with the company earning a recommendation under the “2022 Certified Health & Productivity Management Outstanding Organization.”

Major improvements have also been with disclosing information related to intellectual property. While there are only a limited number of statements in this report, JDI has clarified the importance of intellectual property with comments along the lines of “Intellectual property is important management resource for JDI which...,” which underpins the significance of the “(1) “Leadership of Global No.1 Technology” and “(2)

Market-leading technology to generate transformational growth” approaches that make up its core strategy.

I paid particular attention to JDI’s efforts in ensuring respect for human rights, safety and health, and environmental conservation throughout its supply chain, as well as the way JDI develops environmentally conscious products with a focus on product lifecycles. A key feature of sustainability management is the fact that it calls for such initiatives related to supply chains and lifecycles.

Toward the next fiscal year

I hope to see JDI build on its progress thus far and advance to even greater levels of sustainability management throughout the next fiscal year.

The first area that JDI would benefit from is its efforts related to climate change. I hope to see JDI develop its medium-term targets with the aim of achieving the decarbonization mentioned in its management message, as well as conduct quantitative assessments of risks expected in the future by analyzing scenarios as listed in “Future Action” under its TCFD disclosure.

The next point to highlight is that sustainability management usually calls for a company to identify key environmental and social issues (materiality), and to disclose any related KPIs (key performance indicators) and data in its sustainability report—this is an area where I would like to see improvements made moving forward. Naturally, disclosure of data needs to match the results of the materiality analyses I mentioned above, and while this report contains ample data on key environmental issues, I hope to see JDI make more data available related to social issues, like efforts pertaining to its employee safety and health management or how it promotes diversity.

In addition to this report, JDI publishes corporate governance reports and securities reports to disclose non-financial information. Although the corporate governance report does include information on JDI’s gender diversity targets and on JDI’s progress so far in reaching those targets (information that is not included in this report), I think JDI would benefit from a greater level of consistency and coordination related to the non-financial information made available across all three of these reports.



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