

December 2, 2019

[English translation]

## **Notice Concerning the Establishment of a Special Investigation Committee**

As announced in the disclosure made on November 27, 2019 titled "Regarding a Notification Received from a Former JDI Employee", Japan Display Inc. ("JDI") received notification from a former employee of JDI's administrative division who was dismissed after discovering this employee had engaged in fraud (the "Former Employee"), stating that the Former Employee had conducted improper accounting of JDI's past financial results. JDI has filed a criminal complaint against the Former Employee. The Former Employee alleged in his notification that the reason for the improper accounting treatment was that the Former Employee was acting under instructions from senior management during his tenure at JDI. In regard to this matter, today the JDI Board of Directors decided to establish a Special Investigation Committee to conduct a fact-finding investigation of this matter and any other relevant matters.

JDI apologizes deeply for causing serious concerns to our shareholders, business partners and other stakeholders in regard to this matter.

### **1. Background to the establishment of a Special Investigation Committee**

In order to conduct a thorough and prompt investigation with a high degree of transparency of the allege by the Former Employee that JDI engaged in improper accounting treatment in previous fiscal years (the "Allegation"), today the JDI Board of Directors decided to establish a Special Investigative Committee that will include the participation of external experts.

### **2. Purpose of the establishment of a Special Investigation Committee**

- (1) To investigate the facts related to the Allegation
- (2) To investigate the presence or absence of other matters similar to the Allegation
- (3) If improper accounting treatment is found, calculate the impact
- (4) If improper accounting treatment is found, investigate the cause and propose necessary measures to prevent a recurrence
- (5) Review other matters deemed necessary by the Special Investigation Committee

### **3. Members of the Special Investigation Committee**

The members of the Special Investigation Committee will include:

- Yasuhiko Fujitsu, Lawyer, Partner of Mori Hamada & Matsumoto, who will chair the Committee
- Ken Araharu, CPA of EY Forensic & Integrity LLC
- Takuya Okada, Executive officer at JDI, Lawyer who oversees JDI's legal and compliance

The Mori Hamada & Matsumoto law office and Ernst & Young ShinNihon LLC will also be appointed to the committee to assist.

Regarding the investigation process, it is necessary to conduct a prompt investigation in light of JDI's current situation. The Former Employee alleges that, in regard to this Case, the Former Employee was acting under instruction from senior management during the Former Employee's tenure with JDI (until December 28, 2018). Since JDI changed its senior management team in September 2019, it should be noted that even if any part of the Former Employee's allegations is true, it is not a matter that directly involves any current senior management officials. In light of these circumstances, JDI has chosen the framework of an internal investigation so as to proceed to efficiently investigate and to conduct an investigation with a high degree of transparency. In order to accomplish this, two external experts (Lawyer and Certified Public Accountant) who have extensive experience in examining corporate malfeasance were appointed to the Special Investigation Committee, and the chair of the committee is an outside attorney while the final member is a JDI executive officer who is also a lawyer and oversees JDI's legal and compliance office.

### **4. Future action**

JDI will fully cooperate with the investigation by the Special Investigation Committee and intends to proceed the investigation promptly. In addition, JDI will promptly disclose the facts revealed as a result of the investigation by the Special Investigation Committee as soon as we receive the investigation report.

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