

Third-Party Opinion

This opinion has been compiled based on interviews with the officers responsible for the contents published in this report and environmental, safety and personnel issues at JAL.

This report presents the JAL promotional systems that sup-

port the company's safety, environmental and social activities along with the views of its employees in a multifaceted, comprehensive manner. It is a report that represents the proactive stance and practices of the company towards CSR.

Commendable Points

- Flight-data analysis is fed back to flight crew in order to improve operational safety and reduce fuel consumption (page 20). I hope to see even more active efforts, including managing performance on an aircraft-model and/or individual basis, and recognizing and rewarding cases of excellence.
- The weight of cargo containers has been reduced significantly.
- As last year, detailed reports on safety incidents are included. The company is actively engaged in the analysis and prevention of human error on a daily basis, including implementing the Line Operations Safety Audit (LOSA) program and preparing case studies of unequivocal verbal communication (pages 20–23, 26–27). I would like to request that the company move to actively disclose examples of improve-

ments based on those efforts.

- The company has commenced the training of facilitators who will play a major role in offering family assistance if and when accidents occur (page 24). I would like to request that the company develop a system so that the know-how and mechanisms applied to family assistance can also be applied in cases of major flight cancellations or delays.
- In an ongoing trend, a large number of staff are returning to work following maternity/paternity leave and leave taken for child care. The fact that many people utilize these opportunities means that within the company conditions exist whereby it is easy to take leave, and this should be highly commended. The company also has a well-developed system supporting a variety of employment needs, such as part-time work and reemployment.

More Effort Required

- The company should call on passengers to support more actively JAL's efforts to reduce its environmental impact. It is vital to gain the cooperation of passengers in efforts to decrease the burden on the environment, and I would like to request that the company present concrete proposals and the results of follow-up efforts in its inflight magazine and on its website.

- The company points out that it is active in employing staff with disabilities (page 40). However, JAL has yet to fulfill legally stipulated employment levels, and I would like to see the company learn from the example of other firms that were pioneers in this area and move to diversify job classifications further.

Room for Improvement

- I would like to see JAL take more of an environment-friendly stance with regard to occupational safety and health, human rights and its procurement standards for plant, facilities and consumer goods, including inflight meals and novelty items.
- At JAL, there is a tendency to believe that quantifying performance levels and setting individual targets would lead to overly rigid management control. But this way of thinking is something I would like to see corrected. When questioned about implementing individual performance targets related to fuel consumption and specifying targets and performance

levels related to safety efforts on a work-site basis for each fiscal year, the company responded that such measures could not be implemented as they would lead to excessive workforce control on the part of management. Not only does that demonstrate an inadequate grasp of the issue, but it means that JAL is not capable of effective management. The company should not hesitate to undertake positive action simply because it cannot gain the full understanding of its employees: it needs to present a rational basis for its arguments, and I would hope to see JAL take prompt corrective measures to create a company culture that actively tackles problem-solving issues.

Hideto "DeDe" Kawakita, representative, International Institute for Human, Organization and the Earth (IIHOE)

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IIHOE was established in 1994 with the objective of promoting progress that is harmonious with all life on the planet. It supports NPOs and company management that is oriented towards social responsibility.

Hideto "DeDe" Kawakita

After graduating from university in 1987, Kawakita joined Recruit, which he left in 1991, serving as representative of an NGO promoting international youth exchanges and as political secretary of a Japanese member of parliament before founding IIHOE in 1994.



Response to the Third-Party Opinion in the 2006 CSR Report

Here are some of the actions that JAL has taken in response to the third-party opinion by Hideto Kawakita in JAL's 2006 CSR report.

Proposal 1

Set safety targets at each work site.

The Corporate Safety Division presents company-wide safety targets each fiscal year and stipulates concrete priority measures for each division and group company so that these targets can be achieved. Progress is monitored and results are reported at the end of the fiscal year.

Proposal 2

Present concrete examples of the causes of incidents and consider adopting an employee-evaluation system that rewards positive and penalizes negative actions.

The company used interviewing methods developed by Boeing to ascertain the cause of problems and errors (page 20). We established policies for dealing with human error and are building trust-based relationships between labor and management. We created an environment conducive to the active reporting of errors and established a mechanism for the accurate and timely transmission of information (page 21).

To achieve our corporate philosophy of pursuing safety and quality, Japan Airlines International has disclosed the job requirements for all positions. In fiscal 2005, the company introduced a personnel-evaluation system, which includes an assessment of the extent to which each of the above aims has been put into practice.

Proposal 3

Rapidly attain legally stipulated levels for the employment of staff with disabilities.

In furthering the hiring of disabled staff within the group, JAL Sunlight has expanded its general operations to provide staff with disabilities a broader base on which they can be actively employed. The company is trying to create new employment opportunities while learning from the examples of other companies that have made considerable efforts in this area. In January 2006, the company obtained the cooperation of a school for the blind in hiring visually impaired staff for a new massage service. We also cooperated with an NPO in May 2007 in setting up operations for printing and used-uniform disposal, employing staff with intellectual disabilities.

Proposal 4

Promote fuel efficiency and reward efforts made in this area.

A mechanism already exists for the automatic recording of data relating to the operation and performance of JAL flights. This data is used to maintain safe flight operations, but we also plan to apply it in our environment-conservation activities. As a first step, we are analyzing data from four-engine aircraft that shut down one engine for taxiing to the terminal after landing, and in future we will extend the use of such kinds of data to other conservation measures.

Regarding recognition and awards for merit, the existing Dream Skyward Award (page 41) includes Good Corporate Citizen and Global Environment Activities divisions, and we will make use of this system in appropriate areas.

Proposal 5

Call on users to cooperate in efforts to reduce the environmental burden.

We have included proposals to call actively upon passengers to cooperate with reducing the burden on the environment as one of the aims of the group's Sky Eco [2010] action plan, and we have defined this as a fundamental policy of the JAL Group. We aim to bring about early implementation of these proposals.

2006 Report Appraisal

In October 2006, the company hosted an informal discussion session on the 2006 CSR report at JAL headquarters, with Hideto Kawakita, provider of the third-party opinion, as coordinator. Twelve JAL Group staff from a variety of departments throughout the company had a lively discussion and referred to CSR reports from other companies. Among suggestions put forward were inclusion of more comments from figures outside the company and more coverage of low-key activities that are undertaken on a consistent basis. These ideas are embodied in the 2007 report.



Participation in the UN Global Compact

The Global Compact proposed by the UN calls for businesses around the world to implement 10 principles in the areas of human rights, labor, the environment and anticorruption. The JAL Group has participated in the Global Compact since December 2004, and we have taken steps to implement our responsibilities thoroughly as a corporate citizen in our operations.



The JAL Group aims to contribute to the peace and prosperity of Japan and the world through the people, cultures and corporate activities that bring them together and by firmly putting the 10 principles of the Global Compact into practice.

President & CEO

Haruka Nishimatsu